

# Season 23

## Debating the 2022-2023 Stoa Policy Resolution

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*Resolved: The United States Federal Government should substantially reform its policy towards one or more countries in Europe*

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# History & Background of U.S. Policy Towards Europe

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## Stoa 2022-2023 Policy Resolution

***Resolved: The United States Federal Government should substantially reform its policy towards one or more countries in Europe***

This year's resolution calls our attention to US foreign policy towards countries in Europe. It's an incredibly broad resolution, and it will require a lot of reading and research for you to be able to intelligently debate it.

## Definitions – What is “Europe”?



<https://www.worldatlas.com/articles/how-many-countries-are-in-europe.html>

### Black and gray lines and comments added - VET

The concept of “Europe” as a continent goes back to ancient times but often as a cultural distinction rather than a hard geographical one. Europe and Asia run together and are often called “Eurasia,” unlike the other continents, which have much sharper and more obvious boundaries. The New Testament, in the first century AD, recognized a difference between Europe and Asia, putting it where the black line is in the map above.<sup>1</sup> That same line is standard in today’s geographical thinking as well.

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<sup>1</sup> Acts 16:6; 19:22; 20:4

## HISTORY & BACKGROUND OF U.S. POLICY TOWARDS EUROPE

Everyone agrees that a small part of Turkey (the pink zone just to the west of the black line) is in Europe, and the rest of Turkey (the orange part, east of the black line) is in Asia. That little bit of Turkey in Europe gets it into topical grounds for this year's debate resolution.

The problem is that the definition of Europe has always been somewhat of an artificial construction for points north of Turkey (the gray line in the map above – nobody knows for sure where that gray line should be).

Several countries will thus be classified as “Europe” by some sources (no doubt sources quoted by Affirmatives), while others will classify them as being in Asia. Examples include:

**Georgia** – lies northeast of the Asian part of Turkey and south of European Russia. NATO evidently believes Georgia is a European country, since they originated proceedings in 2008 to invite them to join. NATO's charter says it is open to any “European state in a position to further the principles of this Treaty and to contribute to the security of the North Atlantic area.”<sup>2</sup>

**Armenia and Azerbaijan** - both border Georgia and both are described in some literature as being part of Europe, while other sources label them as being in Asia. Some say they're partially in both at the same time (like Turkey).

"Although only a small portion of the country lies in Europe, Azerbaijan has strong ties with Europe and has joined several European organizations."<sup>3</sup>

"...it is difficult to say where Armenia belongs. Different people will have different views on the matter. Other countries in similar confusing situations as Armenia are Azerbaijan and Georgia. To avoid the confusion, others say the nation is in Eurasia."<sup>4</sup>

**Cyprus** - an island located south of the Asian part of Turkey in the eastern Mediterranean. Culturally, the island is divided between Turks in the north and Greeks in the south. In 1974, Turkey invaded Cyprus and took over the northern region, an action unrecognized by other nations, which all continue to recognize the Greek south as the legitimate government of Cyprus. Cyprus is a member of the European Union, a strong indicator of where it and other European countries consider it to be. "Cyprus is sometimes placed in Europe, Asia or even in the Middle East. Geographically, Cyprus is closer to Asia but is historically and culturally a European country."

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<sup>2</sup> [https://www.nato.int/nato\\_static\\_fl2014/assets/pdf/pdf\\_2016\\_07/20160627\\_1607-factsheet-enlargement-eng.pdf](https://www.nato.int/nato_static_fl2014/assets/pdf/pdf_2016_07/20160627_1607-factsheet-enlargement-eng.pdf)

<sup>3</sup> <https://www.worldatlas.com/articles/how-much-of-azerbaijan-is-in-europe.html>

<sup>4</sup> <https://www.worldatlas.com/articles/is-armenia-in-europe-or-asia.html>

## HISTORY & BACKGROUND OF U.S. POLICY TOWARDS EUROPE

### Overseas territories

The resolution merely says that the US policy change must be towards a country that is in Europe. It does not specify that the policy must be towards activities taking place on the continent of Europe itself, only that the target country is located in Europe. Although the days of global European empires are over, there are a lot of small outposts still owned by European nations in various remote parts of the world.<sup>5</sup> For example, a US policy change toward the Falkland Islands (off the coast of Argentina) would be a policy change toward Great Britain.

### Micro States

Europe has seven tiny sovereign countries remaining as relics from political events of past centuries. Research these on your own if you feel the time would be well spent. These countries would be topical to debate but might fail in the area of significance, if a Negative argues it's not worth two hours of time to debate policies having such tiny impact.<sup>6</sup> In alphabetical order:

Andorra - located in the Pyrenees Mountains between Spain and France.

Liechtenstein - last German-speaking monarchy, located between Austria and Switzerland.

Monaco - on the southeast, Mediterranean coast of France.

Malta - island nation in the Mediterranean south of Italy, smallest member of the EU.

San Marino - the oldest continuously existing nation in the world (founded in 301 AD), consisting of 24 square miles of landlocked territory in the northern mountains of Italy.

Sovereign Military Hospitaller Order of Saint John of Jerusalem, of Rhodes and of Malta - a Catholic charitable organization originating in 1099 AD, which issues its own coins, passports and stamps, has embassies in foreign countries, and signs treaties. It consists of a couple of office buildings in Rome and officially has only three citizens.<sup>7</sup>

Vatican City (a.k.a. "The Holy See") - consists of 121 acres and about 450 people, it is the headquarters of the Roman Catholic church and consists of several city blocks inside the city of Rome. The Pope is its head of state and it has embassies in countries all over the world, including the U.S.

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<sup>5</sup> For example, France has the distinction of having the most time zones (12) of any country in the world. The European part of France is entirely within one. The others are represented by remote territories still owned by France today.

<sup>6</sup> Although there was some real world "policy debate" surrounding US diplomatic recognition of the Vatican, which finally took place at Pres. Reagan's decision in 1984.

<sup>7</sup> Please do not write any debate cases changing US policy towards the Sovereign Military Hospitaller Order...

### In the beginning

While there were aboriginal inhabitants living in the Western Hemisphere from time immemorial, the United States as a nation derives its history, its culture, its language, its legal traditions, and many other features from the (relatively) recent arrival of European explorers, colonists and immigrants. Explorers wanted to expand the glory of their home continent's national empires. Colonists were, at least initially, expected to exploit the resources (and people) of the Western Hemisphere for the enrichment of the mother country. Others came seeking escape from religious persecution, or a new start in life after failures in the past, or new opportunities not available in the Old World. And some were imported against their will from Africa as slaves.

The American Revolution constituted a sharp and (to Europe) unexpected break from the past. Abandoning (violently rejecting) the British monarchy was the most visible, but not the only significant, feature of our nation's desire to chart a different course from the long pathway Europe had followed since the Roman Empire, the Middle Ages and the Renaissance.

A republic (not a monarchy) governed by a representative democracy with separation of powers, a written constitution, and a written Bill of Rights – these were radical experiments that were made possible by 3000 miles of ocean separating our forefathers from the old ways of Europe. The experiment called America would play out, flourish, flounder, shine forth, play the hypocrite, mend its ways, prosper, and ultimately grow into a dominant world power by charting that different course. While America traded with Europe, it wanted no part of the messy conflicts over religion, empire, monarchical succession, and colonial competition that had cost the nations of Europe so much blood and treasure since the fall of Rome. George Washington summarized it thus in his somewhat wordy 1796 Farewell Address:



"The great rule of conduct for us in regard to foreign nations is, in extending our commercial relations, to have with them as little political connection as possible. So far as we have already formed engagements, let them be fulfilled with perfect good faith. Here let us stop.

Europe has a set of primary interests, which to us have none or a very remote relation. Hence she must be engaged in frequent controversies, the causes of which are essentially foreign to our concerns. Hence therefore it must be unwise in us to implicate ourselves, by artificial ties, in the ordinary vicissitudes of her politics or the ordinary combinations and collisions of her friendships or enmities.

Our detached and distant situation invites and enables us to pursue a different course. If we remain one people under an efficient government, the period is not far

off when we may defy material injury from external annoyance; when we may take such an attitude as will cause the neutrality we may at any time resolve upon to be scrupulously respected; when belligerent nations, under the impossibility of making acquisitions upon us, will not lightly hazard the giving us provocation; when we may choose peace or war, as our interest guided by justice shall counsel. Why forgo the advantages of so peculiar a situation? Why quit our own to stand upon foreign ground? Why, by interweaving our destiny with that of any part of Europe, entangle our peace and prosperity in the toils of European ambition, rivalry, interest, humor, or caprice?"

## 20<sup>th</sup> Century History: World War I 1914-1918

When the first “global” war broke out in Europe in 1914, the U.S. tried to continue its traditional policy of neutrality and resistance to being drawn into Europe’s troubles, a traditional strand of policy thought stretching back to Washington and Jefferson. But events eventually overtook those beliefs and moved American policy in a new direction.

In 1915, the British ocean liner Lusitania, carrying British war supplies and nearly 2,000 civilians (among them a number of American passengers), was sunk by a German submarine in the Atlantic. President Woodrow Wilson’s response, instead of declaring war on Germany immediately, was to demand that Germany refrain from sinking passenger ships, and give adequate warning to all ships in danger of attack.<sup>8</sup>

Wilson won re-election in 1916 on the campaign slogan “He kept us out of war.” But the war continued spilling into the lives of Americans. Germany had a submarine campaign in the Atlantic, which intended to sink ships attempting “to approach either the ports of Great Britain and Ireland or the western coasts of Europe or any of the ports controlled by the enemies of Germany within the Mediterranean.”<sup>9</sup>

The German announcement of “unrestricted submarine warfare” in 1917 resulted in more American civilian casualties on the high seas, raising the stakes and provoking American anger. Probably the last straw was the discovery of the “Zimmerman Telegram,” a diplomatic message in which Germany offered an alliance with Mexico that could enable Mexico to recover its lost territory in the American southwest. Congress declared war on Germany in 1917.

US intervention in World War I from 1917-1918 turned the tide of the war and ensured Germany’s defeat. While the US resisted early intervention in a conflict not their own (hundreds of US citizens had been killed before it got involved), it became a precedent for American involvement in European affairs. It also created a policy of using the military abroad to spread or defend an ideology: “Make the world safe for democracy,” said President Wilson.

The United States was now clearly recognized as a global power, but there was no long-term American military presence in Europe at the end of the First World War.<sup>10</sup> After the war was over, Pres. Wilson proposed the League of Nations, to guarantee faster intervention and

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<sup>8</sup> <http://select.nytimes.com/gst/abstract.html?res=F60C17F6385C13738DDDA80894DE405B858DF1D3>. For those eager to condemn Germany for the attack, you should know that the German government took out ads in the newspaper before the Lusitania set sail, advising the public that the ship was carrying British war supplies and was therefore a legitimate military target, and vulnerable to submarine attack. Every passenger knew the risk they were taking before they boarded the vessel. Arguably, Wilson’s response should have been to simply tell the American public to stop taking ocean voyages on ships carrying military supplies during a war.

<sup>9</sup> <http://archive.org/stream/addressofpreside00unit#page/8/mode/2up>

<sup>10</sup> Although some US troops did stick around long enough to invade Russia in a failed attempt to influence the outcome of their civil war to prevent the Bolshevik revolution from succeeding, which it ultimately did anyway.



restoration of world peace by a global community of concerned nations whenever a war broke out. But the US Senate, responsible for ratifying treaties, wanted just the opposite: a return to the non-interventionist policies of Washington and Jefferson. Sen. William Borah (R-Idaho), a leading opponent of Wilson's post-war policy outlined in the Treaty of Versailles, explicitly cited in his Senate speeches the Founding Fathers and their policy of avoiding entanglement in Europe. The Senate agreed with Borah and refused to ratify Wilson's scheme. The League of Nations carried on without US participation and accomplished little.

## 20<sup>th</sup> Century History: World War II (1939-1945)

The Treaty of Versailles, which ended World War I in Europe, contained within its terms the seeds of a second war. The punitive reparations terms and assignment of blame dumped on Germany created resentment as the defeated<sup>11</sup> nation tried to recover its wrecked economy and shattered political system.

### The "Iron Curtain" - 1946

From Stettin in the Baltic to Trieste in the Adriatic an **iron curtain** has descended across the Continent. Behind that line lie all the capitals of the ancient states of Central and Eastern Europe. Warsaw, Berlin, Prague, Vienna, Budapest, Belgrade, Bucharest and Sofia; all these famous cities and the populations around them lie in what I must call the Soviet sphere, and all are subject, in one form or another, not only to Soviet influence but to a very high and in some cases increasing measure of control from Moscow.

Winston Churchill, speech at  
Westminster College, Fulton, Missouri,  
5 March 1946



War again broke out in Europe on a grand scale in 1939 when German leader Adolf Hitler ordered the invasion of Poland. As with the first great war, the U.S. remained on the sidelines but provided aid and encouragement to Britain, which was left to carry on the war after France was defeated in 1940. Public resistance to active American military intervention lasted until Dec. 7, 1941. The Japanese attack on Pearl Harbor, which killed over 2,000 Americans and inflicted major damage on the US Navy, immediately ended the debate over intervention in foreign wars and

entanglement in foreign alliances.

World War II ended in Europe with the defeat of Germany in the spring of 1945. The war against Japan was finished when the United States dropped atomic bombs on the Japanese cities of Hiroshima and Nagasaki in August 1945. The war left Europe and Japan in smoldering ruins and the United States as a global superpower, with a monopoly on the most horrific weapon ever invented and troops spread out around the globe.

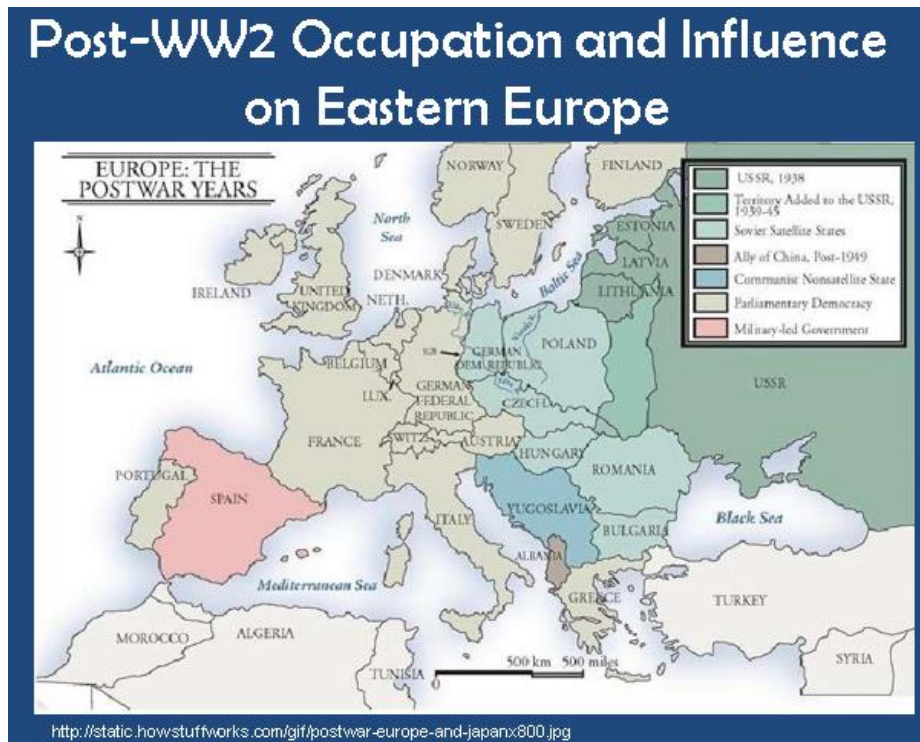
The aftermath in the American mindset was substantial. Pearl Harbor had proven to many that the United States could not sit safely in isolation behind two oceans. And the fact that American

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<sup>11</sup> Defeated? Germany had forced the surrender of the great empire of Russia in 1917. In 1918, German troops were still occupying large swaths of territory in Belgium and France, and there were no foreign troops occupying German soil. Their ability to fight, and their economic viability were shattered, so they were indeed defeated. But they were not vanquished, and angry revisionist politicians in the 1920s leading the backlash to restore Germany to its former glory (like Adolf Hitler) argued that Germany's surrender had been an unjustified betrayal of its brave soldiers (like himself) and should be reversed by any means necessary.



troops had been called in, not once, but twice in a generation to save the free nations of Europe from totalitarian aggression suggested that we needed a new foreign policy that would prevent such crises from recurring. Instead of belatedly reacting to European wars and being drawn in reluctantly after much damage had been done, perhaps it was time to put our forces in place before they were needed. This could either deter future wars from happening, or else win them faster, if deterrence didn't work.



## 20<sup>th</sup> Century History: NATO & the Cold War

George Washington's farewell plea, urging Americans to "steer clear of permanent alliances with any portion of the foreign world" died its formal death after World War II. The bitter ideological struggle of Communism versus democracy, often called the "Cold War," reversed the wartime cooperation between the United States and the Soviet Union and had a dramatic impact on US foreign policy from the 1940's through the 1990's.

Lots of experts in the 1940s, including Winston Churchill, who expressed the concern during his eloquent "Iron Curtain" speech in 1946, believed the Soviet Union was on the path of repeating the path of aggression and expansion taken by Germany in the 1930s. In 1949, the North Atlantic Treaty Organization (NATO) began, according to its first Secretary General, Lord Ismay, with a desire to "keep the Russians out, the Americans in, and the Germans down." The treaty declares that all of its members should consider an attack on one to be an attack on them all. The goal was to prevent the forces of Communism, led by the Soviet Union, to do what the forces of Nazism and fascism led by Germany had done earlier: build up military might, pick off small countries one at a time, and build a totalitarian empire that would again mount an existential threat to the Western democracies.

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The Soviet Union responded<sup>12</sup> to the formation of NATO by establishing its own alliance of communist countries known as the Warsaw Pact. It may have gone down in history as the only alliance that twice invaded its own members (Hungary 1956 and Czechoslovakia 1968).

The Cold War ended in 1991 with the collapse of the Communist government and the accompanying dissolution of the Warsaw Pact. But to Russia's surprise and dismay, NATO, far from dissolving, has continued adding new members in the decades since. Russia views this as a betrayal, since they believed that NATO would stand down, or at least not expand, if Russia relaxed its menacing posture in Eastern Europe. Russia kept its end of the bargain, but NATO did the reverse, expanding its membership right up to the western border of Russia in Europe.



Comprising 30 countries today, NATO offers the promise of security to its smaller members, some of which were former allies under duress or even components of the Soviet Union and still fear Russian hegemony. But questions remain about whether NATO is still necessary. Is Russia really going to invade Western Europe? Is there a risk that it creates a “moral hazard” by incentivizing European countries to reduce their own defense spending and simply rely on US military protection. Too, the United States faces increased risk of involvement in many more conflicts – conflicts we might have avoided had we not been committed by the treaty. Others argue that NATO

provides international legitimacy for US military actions.

For this topic, changing US policy towards NATO as a whole might be problematic on the grounds of extra-topicality.<sup>13</sup> Besides the US, NATO contains one country (Canada) that is not in Europe. Thus, changing US policy toward the entirety of NATO would involve changing a US policy toward a non-European country plus a lot of European countries. There might, however, be debatable topical US policies involving things NATO is doing entirely within Europe, like the deployment of tactical nuclear weapons, none of which are in Canada.

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<sup>12</sup> I have seen mistaken references to the Cold War period discussing NATO as a response to the communist alliance in eastern Europe. But in reality, NATO came first, and the Warsaw Pact was a response to NATO.

<sup>13</sup> XT refers to the problem in debate theory where an Affirmative plan does “the resolution plus more” and the “plus more” is essential to achieving the benefits of the plan. Affirmatives are supposed to be limited by the exact terms of the resolution. If not, the result would be an infinite number of possible cases by Affirmatives simply doing at least one little thing in the resolution and then whatever else they really want to do. This would be abusive to Negatives, since researching an infinite number of cases is impossible.

## 20<sup>th</sup> Century History: The Balkans

The Balkans are a region in southeastern Europe known traditionally as a boiling cauldron of trouble that occasionally spills over with bad consequences into the rest of Europe. In the English language today, the words "Balkanize" and "Balkanization" are used to refer to situations where a society or region is fragmented into small quarreling groups that constantly fight with each other and never seem to be able to reconcile their differences. The colorful mosaic map on the right tells the context. The region's history tells the reason.



<https://mapsontheweb.zoom-maps.com/post/190677851320/ethno-linguistic-map-of-the-balkans-and-nearby>

**Yellow outline = former Yugoslavia**

**All labels and annotations on the map added by V.E.T.**

The Austro-Hungarian Empire under the Hapsburg monarchs was able for centuries to hold together the many diverse ethnic groups (at least a dozen languages plus numerous variants and dialects) of this region into some semblance of unity. But trouble was always brewing beneath the surface. Serbian nationalist Gavrilo Princip assassinated the heir to the Austrian throne, Archduke Franz Ferdinand, in June 1914 as part of a terrorist conspiracy struggling against Hapsburg rule in the Balkans. His goal was to free Serbs and other Slavic peoples in the Empire to unite and form their own independent nation. Austria's declaration of war on Serbia in retaliation for the assassination triggered a series of events that resulted in what would later be called World War I. Princip died in prison in 1918 and didn't live long enough to see the fulfillment of his dream, the nation of Yugoslavia, in the 1920's. But it



## HISTORY & BACKGROUND OF U.S. POLICY TOWARDS EUROPE

came at the awful cost of millions of deaths in the world war (1914-1918) that followed, arguably, from the firing of two bullets.<sup>14</sup>

Allied with Germany and sharing its defeat in World War I, the Hapsburg empire was dissolved, leading to the formation of several new nations: Yugoslavia, Austria, Hungary, and Czechoslovakia. Other territories were added or subtracted to and from former Empire lands and its neighbors like Ukraine, Romania, Italy and Poland. While possibly more stable than what had preceded it, the new boundaries still did not put every member of every ethnic/linguistic/religious group inside boundaries with their kinsman. Such would probably have been impossible.

During World War II, Germany overran the Kingdom of Yugoslavia and the country suffered greatly. In the end, resistance forces led by Marshal Josip Broz Tito gained the upper hand in the fight against Germany and the struggle for power after the war ended in May 1945. Tito, a long time and devoted communist, replaced the old Kingdom of Yugoslavia with the Socialist Federal Republic of Yugoslavia. He did not, however, join the alliance of other communist nations in eastern Europe and did not take orders from the Soviet Union, preferring instead to chart his own course independently of both NATO and the Warsaw Pact.

Following Tito's death in 1980, Yugoslavia spiraled downhill economically and politically. Ethnic divisions that had been papered over or compromised quietly started flaring up again. The declining ability of communism as a uniting ideology, in the wake of its global failures, further opened the doors of division. The major

**Successor states to the former Yugoslavia**



<https://yugotour.com/blog/yugoslavia-intro/>  
[Vojvodina is an "autonomous province" of Serbia, not an independent nation]

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<sup>14</sup> The driver of the car in which the Archduke and his wife were riding in Sarajevo when they were shot had made a wrong turn and momentarily stopped, right at the spot where Princip was standing with a pistol. Had the driver not made that wrong turn, he would not have passed Princip and the entire history of the 20<sup>th</sup> century might have turned out much differently. Sad as well is the irony that the Archduke he killed was an advocate for greater rights for the Slavic peoples of the Empire. Had he lived to inherit the throne, the people Princip was fighting for might have been much better off.

groups at odds with each other, Albanians, Serbs, Slovenes, Croats, and Muslims<sup>15</sup>, began in 1990 to dissolve the nation into smaller units aligned with their ethnicities. Fighting among the various groups persisted throughout the 1990's. The U.S. and its NATO allies intervened with aerial bombing (no deployment of ground troops) in 1995 and 1999 to support groups declaring independence from the Yugoslav government.

When the dust settled, even more new independent nations had been created from the dissolution of Yugoslavia: Bosnia & Herzegovina<sup>16</sup>, Croatia, Kosovo, Montenegro, North Macedonia, Serbia and Slovenia. Of these, Slovenia, Croatia, Montenegro and North Macedonia have joined NATO.

## The European Union

### Origins of the European Union

The two devastating world wars (WWI 1914-1918 and WW2 1939-1945) each produced mass death and destruction on a wide scale, along with severe economic hardship. After each war, repairing the damage and rebuilding the economies of both the victors and the vanquished came at great cost. After World War 2 ended, many in Europe hoped for some kind of mechanism that would hold European nations together in ways that would counteract the forces that so often drove them to conflict.

America was, to some degree, a role model, as a union of 48 states that had started from 13 independent colonies choosing to give up some of their sovereignty to a federal government in exchange for the benefits they gained by standing together united and breaking down trade and financial barriers between them. Could the diverse nations of Europe try something similar, giving up some of their sovereignty to find a way to unite themselves under a single banner for the common good?

It couldn't happen all at once, but it began with small steps. The first was the establishment of the European Coal & Steel Community in 1951. That agreement joined the coal and steel industries of Belgium, France, (West) Germany, Italy, Luxembourg and the Netherlands into a common market. Eliminating competition over such key industrial resources was viewed by its founders as a way to reduce the risk of future wars, given that such competition had factored into past conflicts. It also allowed these industries to grow into a scale large enough to compete with the "great powers," something these smaller nations could not foreseeably do on their own.

The next step was for these same six nations to expand their economic cooperation in 1957 with the formation of the European Economic Community, or "Common Market." The EEC

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<sup>15</sup> Muslims are a sizable minority in the region as a legacy of the Ottoman Empire (run by Turkish Muslims), which had ruled much of southeastern Europe before the 20<sup>th</sup> century, and had also dissolved as a consequence of losing World War I.

<sup>16</sup> "Bosnia & Herzegovina" is the name of one nation, not two. Sometimes it's referred to just as "Bosnia."

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eliminated customs duties (tariffs on imports) and moved these countries toward forming a customs union (an arrangement by which the nations agree on a single tariff toward outside nations and none amongst themselves). The ultimate goal was integration of all the economies of its members.

In 1958, the EEC formed the “European Parliament” (EP) to manage the new arrangement. It consisted of representatives taken from each member country’s existing parliaments and was not elected directly by the citizens. Additional nations joined the EEC in the 1960s and 1970s. Direct election of EP members was established in 1979. EP parliament representation is proportional to the population of the EU member countries (much like the US House of Representatives).

“On March 25, 1957, representatives of six European nations signed two treaties in Rome. One created the European Atomic Energy Community (Euratom) for the common and peaceful development of Europe’s nuclear resources. The other created the EEC. In the Common Market, trade barriers between member nations were gradually eliminated, and common policies regarding transportation, agriculture, and economic relations with nonmember countries were implemented. Eventually, labor and capital were permitted to move freely within the boundaries of the community. The EEC, the ECSC, and Euratom were served by a single council of ministers, representative assembly, and court of justice. In 1967, the three organizations were fully merged as the European Community (EC).”<sup>17</sup>

The 1970s saw the EC become more concerned with social welfare and business regulation. Programs transferring wealth from richer to poorer regions were enacted. European environmental regulations also came into effect. And the EC nations began the process of planning for a single European currency.<sup>18</sup>

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<sup>17</sup> <https://www.history.com/this-day-in-history/common-market-founded>

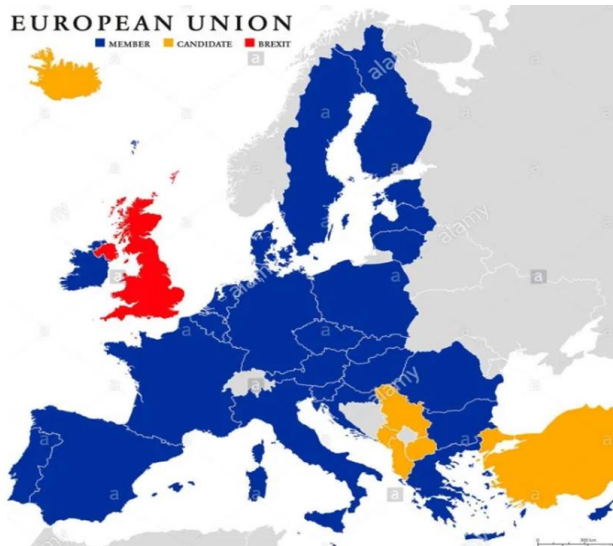
<sup>18</sup> Recall that before the US constitution was enacted, the 13 states had their own currencies, creating inconveniences and expenses for interstate trade and travel, hence the Founders’ insistence on the US federal government being the only one constitutionally authorized to issue money and denying that power to the states.

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In the 1980s, more nations joined the EC, one left (Greenland), and one submitted an application for membership in 1987 that is still pending 35 years later (Turkey). During the '80s, the EC began enacting tighter restrictions on immigration as well. Doubtless this was at least in part due to the increasing emphasis on social welfare policies (generous unemployment benefits, poverty relief programs, subsidized housing, public health insurance, etc.). European citizens, having experienced post-war economic growth, had achieved a comfortable standard of living and were willing to pay the taxes necessary to buy the security of a comforting, but expensive, welfare state that could insure them against distress. But such generous benefits attract newcomers like bees to honey, motivating



Many European countries have no passport checks, allowing free travel within the "Schengen" area. In this picture, Coach Vance is standing in France taking the photo, while his daughter (at left) stands with her friend in Belgium. There is no border checkpoint.



- Goods
- Services
- Money
- People

The first three of these were facilitated by plans for creating the European Central Bank (ECB, in 1998) and a common currency (the Euro, 2002), which came about in the following decade as well as by the elimination of trade barriers within Europe (much like the free movement of goods in interstate commerce in the USA; there are no customs checkpoints at state borders to inspect or tax the movement of products across state lines).

newcomers like bees to honey, motivating non-taxpaying or low-income (low tax paying ability) outsiders to swarm into the social welfare system to enjoy its benefits without paying for them. Immigration thus becomes a concern to European taxpayers who are willing to pay for their own social benefits, but not for the rest of the poverty-stricken world.

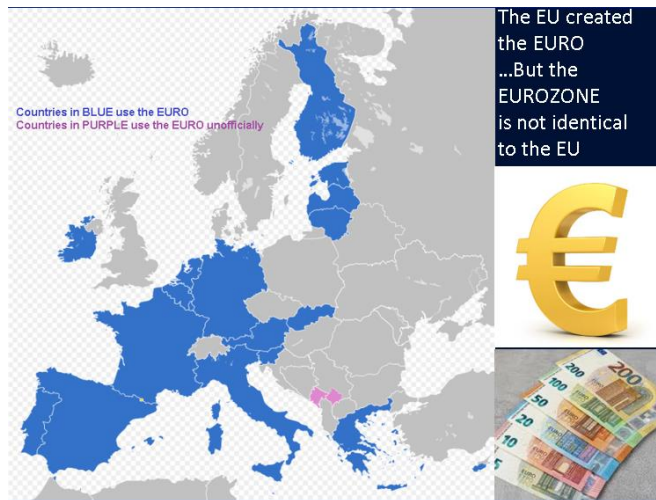
### Development of the European Union

In 1993 the nations comprising the EC signed the Maastricht Treaty to complete the integration of their market and officially change their identity to the "European Union." The new Union was based on "Four Freedoms of Movement":



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The “Schengen Agreement” of 1995 is also pertinent here, though it is not the same as the EU<sup>19</sup>. Both the EU and Schengen break down barriers of travel between European nations by abolishing customs checkpoints and passport controls at the borders. Today you can cross from France into Belgium, for example, by simply walking across a city street or driving down a highway, much like passing from North Carolina to South Carolina on the interstate. There is a road sign indicating you have crossed a border, but no guard shack and no passport check.



### The Euro

The EU single currency, the euro<sup>20</sup>, was created by the European Union but is not synonymous with it. Several EU member nations never adopted the euro as their currency and simply continued using their original historical currencies after joining the EU. The euro is also used by a few small states that are not EU members. But the adoption of a single currency across many countries that formerly had diverse currencies has expedited the flow of trade and eased the hassles of travel among those nations.

It has also created some unexpected side-effects among countries in the Eurozone (as these nations are called). Abolishing a national currency and adopting the euro means that a nation loses control of its monetary policy and hands it over to the European Central Bank. Nations that formerly issued bonds (government debt) in their own currency had to pay interest rates commensurate with the risks investors perceived in their local economy (higher risk countries = higher interest rate bonds). But after adopting the euro, nations at least believed that they could issue government debt at rates similar to EU bulwarks France and Germany. For a while they could, until investors caught on to the fact that some of them could not pay these debts back.



<sup>19</sup> They involve many of the same countries but not all the same. For example, Switzerland is in Schengen but not in the EU. Ireland is in the EU but not in Schengen.

<sup>20</sup> The symbol € is for the Euro just like \$ symbolizes the dollar. “€500” is read as “five hundred euros.” Sometimes you may see it written as EUR500. For comparison, US dollar amounts are sometimes written as USD500. On 13 June 2022, the euro was valued at \$1.04.

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Had Greece, for example, been outside the Eurozone during its debt crisis 10 years ago, it would have been issuing high-interest government bonds denominated in drachmas (its old currency). And when the bonds came due, the Greek government could have printed enough drachmas to pay back bondholders. This would have run inflation through the roof as it greatly devalues the currency, but you do what you have to do...as long as it doesn't involve raising taxes or cutting government spending, which are sure ways not to get your political party re-elected. But since Greek bonds were denominated in euros, the Greek government actually had to come up with the euros to pay the interest and principal on the bonds. When it couldn't find them in the budget and couldn't print them, a crisis ensued that involved investors losing money and other EU governments providing bailouts (to rescue confidence in their own currency). A sovereign debt crisis in one Eurozone country now has implications across the continent, whereas before it would have simply been Greece's problem. The collapse of the drachma would have harmed 10 million Greeks. A collapse of the euro would harm 400 million Europeans.

### European Union Government

The EU proposed an official Constitution to be ratified by its members in 2005, but it was rejected by voters in France and the Netherlands, so it was never put into effect. Instead, the EU is governed by rules laid down in various treaties that its members have signed.

EU laws are officially supposed to originate with proposals from the European Commission<sup>21</sup>, which is run by a committee of 27 commissioners, one appointed (not elected) from each EU country. Once the European Commission drafts a bill, they send it simultaneously to the Council of the European Union, the EU Parliament, and the national parliaments of all 27 member nations.

The Council of the European Union is made up of policy ministers<sup>22</sup> from the national governments of the member states. These leaders meet to review legislation pertaining to their assigned field; for example, the "Finance Ministers" of the EU countries might meet to discuss a proposed EU banking law.<sup>23</sup>

If the Council and the Parliament accept the Commission's proposal, it is enacted into law. They might also send it back for amendments, or simply reject it. While all of this is going on, the national parliaments of the EU countries also have the right to review the proposal. If a

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<sup>21</sup> Although other groups have the right to petition the Commission to draft new laws, such as the EU Parliament.

<sup>22</sup> In the US we might call them "Cabinet secretaries," like the Secretary of Defense or the Secretary of the Treasury.

<sup>23</sup> Do not confuse the Council of the EU with the "European Council." They are not the same thing at all. The European Council is a meeting of the heads of government of the EU member states and determines high-level political priorities and direction. It does not vote on any specific legislation. Also, do not confuse it with the "Council of Europe," which is a human rights advocacy organization and is technically separate from the EU. All members of the EU are members of the Council of Europe, but not all members of the Council of Europe are members of the EU.

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sufficient number of them vote to object to the legislation, the legislation can be delayed for further review or stopped altogether.

In 2009, the Treaty of Lisbon came into effect, which updated previous EU treaties and modified some of the mechanisms of legislative procedures and the balance of power between the Parliament and the Council. It also established a “Charter of Fundamental Rights,” which would have been enacted by the 2005 Constitution, had it been ratified then.

### Laws and Jurisdiction

What are the boundaries of where EU law ends and national member state law begins? Even in the U.S., we struggle sometimes with working out the limits of federal versus state jurisdiction, and the EU has similar problems. The chart below outlines these boundaries.

Competences of the European Union in relation to those of its member states <sup>[1]</sup>			
Exclusive competence	Shared competence		Supporting competence
<i>The Union has exclusive competence to make directives and conclude international agreements when provided for in a Union legislative act as to ...</i>	<i>Member States cannot exercise competence in areas where the Union has done so, that is ...</i>		<i>The Union can carry out actions to support, coordinate or supplement Member States' actions in ...</i>
<ul style="list-style-type: none"><li>the customs union</li><li>the establishing of the competition rules necessary for the functioning of the internal market</li><li>monetary policy for the Member States whose currency is the euro</li><li>the conservation of marine biological resources under the common fisheries policy</li><li>Common Commercial Policy</li><li>conclusion of certain international agreements</li></ul>	<ul style="list-style-type: none"><li>the internal market</li><li>social policy, for the aspects defined in this Treaty</li><li>economic, social and territorial cohesion</li><li>agriculture and fisheries, excluding the conservation of marine biological resources</li><li>environment</li><li>consumer protection</li><li>transport</li><li>trans-European networks</li><li>energy</li><li>the area of freedom, security and justice</li><li>common safety concerns in public health matters, for the aspects defined in this Treaty</li></ul>	<ul style="list-style-type: none"><li>research, technological development and (outer) space</li><li>development cooperation, humanitarian aid</li></ul> <i>The Union coordinates Member States policies or implements supplemental to their common policies not covered elsewhere in ...</i> <ul style="list-style-type: none"><li>the coordination of economic, employment and social policies</li><li>common foreign, security and defence policies</li></ul>	<ul style="list-style-type: none"><li>the protection and improvement of human health</li><li>industry</li><li>culture</li><li>tourism</li><li>education, youth, sport and vocational training</li><li>civil protection (disaster prevention)</li><li>administrative cooperation</li></ul>

1. <sup>▲</sup> As outlined in Title I of Part I of the consolidated Treaty on the Functioning of the European Union

[https://en.wikipedia.org/wiki/Template:EU\\_competences#cite\\_note-1](https://en.wikipedia.org/wiki/Template:EU_competences#cite_note-1)

In the chart above, “Exclusive Competence”<sup>24</sup> items are those on which the EU and only the EU can legislate for its members. For example, only the EU can modify monetary policy for the euro, and the individual member nations cannot do anything about it. This is similar to the US constitution’s rule that the federal government has exclusive jurisdiction over issuance of currency, and the states cannot do anything about it.

The first “Shared Competence” column lists areas where member states can enact their own laws but only if they do not conflict with EU law. For example, a member state could enact within its own boundaries an environmental protection regulation that covers additional hazards not mentioned in any EU law.

The second “Shared Competence” column describes things the EU can do that do not override EU member states’ policies. For example, if the EU launches a space exploration program, the

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<sup>24</sup> In this context, “competence” refers to jurisdiction and authority, not to capability or skills.

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nation of France could also launch its own space program simultaneously and separately if it wanted to do so.

The final “Supporting Competence” column describes activities the EU does where it merely assists or adds onto policies enacted by member states, but does not override, modify or regulate them. For example, if the EU funded a youth soccer league, it might coordinate with local soccer leagues in the various member nations that wanted to participate.

### Foreign Trade Policy

The European Union conducts its trade policies as a unified entity. The EU is a “customs union,” which means it operates the same way the US federal government controls foreign trade in relation to the 50 states, where the central government has jurisdiction and there are no internal border controls between the states. Imports coming into any EU country are managed according to EU trade policy. Subsequently, those imports may travel freely across any other EU country border without hindrance or taxation.

The impact for Affirmative debaters is that most trade policy changes toward “one or more countries in Europe” must take into account that individual countries that are members of the European Union cannot negotiate trade policies with the United States nor respond to proposals we offer to them. The U.S. could offer a free trade agreement to the EU, but it could not, with any effect, offer an FTA just to France, for example. The U.S. could, however, offer an FTA to individual countries like Britain, Switzerland and Georgia, which are not members of the EU. Affirmative debaters could not fiat in their plan that these governments or the EU would accept the offer, but they could run an FTA “offer” plan if they have evidence that says the foreign government “would” accept if it were offered.

### Britain’s Exit (Brexit)

Disgruntled by the perception of over-regulation from unelected Eurocrats and worried about the rising tide of immigrants/refugees and the taxpayer costs of maintaining them, a political movement began gathering steam in Great Britain to exit the European Union. In June 2016, British voters approved by 51.9% majority a referendum to exit the EU. The vote sent shockwaves throughout the world, given the size of the British economy and the potential consequences on business, travel, immigration, foreign workers, and many other factors.

Countries that join the EU spend years integrating their laws, trade policies, labor policies, and regulations into compliance with EU policies. Now, the entire process had to be undone, which would also take years to accomplish. The negotiations dragged on seemingly forever until a final conclusion was reached that had Britain’s exit would be concluded on 31 December 2020.

One question still to be resolved is how to (or whether to) reinstate the international border between the British territory of Northern Ireland and the rest of the island, which is the Republic of Ireland and still a member of the European Union. While Britain and Ireland were both EU members, the border didn’t matter for purposes of trade and travel, any more than the border between, for example, North and South Carolina. Now that the border officially does matter

again (think of the changes that would happen at the NC/SC border if N. Carolina suddenly joined Canada), the integration between the two parts of the island is in limbo. And it's not merely hypothetical. Before Brexit, goods entering Ireland could travel to Northern Ireland and throughout Britain and the rest of the EU without any customs stops or taxes at borders. If the border between the Irish Republic and Northern Ireland were not reinstated, that free flow of trade could continue, which would circumvent and bypass one of the purposes of Brexit (separating the British economy and trade from the EU). If it is fully reinstated, some of the conflicts that historically have led to violence and terrorism over the division of Ireland could flare up again.<sup>25</sup>

### Russia and its discontents

Russia expanded across eastern Europe and Asia to become an empire with the rise of Czar Peter the Great (reigned 1682-1725)<sup>26</sup> and even greater under Catherine the Great (r. 1762-1796). It began a series of swings back and forth between adopting Western European ideas and culture, and then rejecting them to pursue its own course, and then turning west again in the next generation.

Russia was generations behind the West in moving into modern technology, economic systems, and political ideas, continuing into the early 20<sup>th</sup> century looking more like a medieval relic than a European world power. Nonetheless, Russia was vast in manpower and resources and was a major player on the world scene. Or, at least appeared and aspired to be.

Great imperial Russia's 1905 defeat by the small nation of Japan in the Russo-Japanese War stunned its monarch and its people. And it fueled the rising discontent among the population at the poverty, backwardness and oppression felt among peasants ruled by an absolute emperor with no interest in democracy and little concern for their well-being.



**"When we hang the capitalists, they will sell us the rope."  
Vladimir Lenin - 1917**

Then the disaster of the Great War<sup>27</sup> (1914-1918) happened. Russia's army was vast in manpower, but lacking technology, poorly trained, incompetently led, inadequately supplied, and doomed to fail. Germany defeated Russia in 1917 and Russia fell into chaos. The czar had lost all credibility, the economy had collapsed, and the people were hungry and angry. The

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<sup>25</sup> For more info on how Brexit affects the Irish border, see here: <https://www.washingtonpost.com/world/2022/06/14/brexit-northern-ireland-protocol/>. Irish history is complex and beyond the scope of this article, but you can research it further with articles like this: <https://www.britannica.com/event/The-Troubles-Northern-Ireland-history>

<sup>26</sup> The word "czar," also sometimes spelled "tsar," derives from the Latin title "Caesar," suggesting the power of the Russian ruler as an emperor in the tradition of the Roman Empire.

<sup>27</sup> Nobody knew it was going to be World War "One" because no one knew about war number two yet.

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Communists, under the leadership of Vladimir Lenin, promising “Peace! Bread! Land!” pulled off a successful revolution, executed the czar, and fought a lengthy civil war to consolidate its power over the vast nation.

Russia, along with other associated regions that had been part of its empire, began the first great experiment in designing a new nation, the Union of Soviet Socialist Republics (USSR or Soviet Union), according to the communist philosophy of Karl Marx. Communism’s main tenets were the denial of most forms of private property and government ownership<sup>28</sup> of the means of production (businesses, factories, farms, etc.) so that they can be run for the benefit of the workers rather than capitalist investors. This would have the end result of a guaranteed job and minimum standard of living for all citizens and equality of economic outcomes without wide gaps between rich and poor. All of this required centralized government economic planning instead of free markets.

Communism promised many things, but it never promised a transition to democracy, and it never delivered one. The Soviet government became even more oppressive under the rule of Lenin’s successor, Josef Stalin (in office 1924-1953). Stalin, through dictatorial power, mass imprisonments, famines, executions, and force of will, brought the Soviet Union into the industrial age at a terrible human cost.

Before World War 2 broke out, Stalin allied himself with Hitler’s Germany in hopes, successfully, of gaining the spoils of weaker nations in eastern Europe to be divided between them. But that evil plan soon backfired: Hitler double-crossed Stalin and launched a sudden unexpected massive invasion of the Soviet Union in 1941. The Soviet Union just barely survived and was ultimately able to turn the tide and push the German army all the way back to Berlin, even as American and allied forces pushed into Germany from the west. Along the way, the Soviet army occupied the nations of eastern Europe, with long-lasting consequences that persisted after the war was over.

The communist governments they installed in Eastern Europe became their allies in the Cold War ideological struggle and their partners in the Warsaw Pact to stare down NATO. They also became a buffer against further invasions from the West, which Russia had endured from:

- Turkey (1570)
- Poland (1609)
- Sweden (1610)
- Sweden again (1708)
- France (Napoleon, 1812)

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<sup>28</sup> For complete accuracy, original communist ideology advocated for the "workers" to own the means of production, rather than the government. In practice, this wasn't possible without the government taking them over first. After that, it either wasn't desirable (from the government's point of view) or practical (which workers do you give things to?) to actually carry out the transfer to the workers.

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- Britain and France (Crimean War 1853)
- Germany (1914)
- US, Britain, France and others (1918)
- Germany again (1941)

Russia competed with the U.S. as a global superpower in military strength, nuclear weapons deployment, ideological influence, military aid to other nations, and space exploration. But by the mid 1980's, communism was slowly descending into stagnation and failure, as its broken incentives, inefficient bureaucracy, and rule by force proved no match for the dynamic growth and prosperity enjoyed in the capitalist West.

Mikhail Gorbachev came to power as the last communist leader of the Soviet Union in 1985. He initiated reforms intended to make communism work better, but, discovering it was broken beyond repair, ended up removing it altogether. The Soviet Union dissolved in 1991, and its component republics like Russia, Ukraine, Georgia, Armenia, etc. went back to being independent nations. Its east European allies also abandoned communism and started working their way towards democratic forms of government.

But the ghost of the USSR still looms large. Current Russian President Vladimir Putin (a former officer in the KGB, the Soviet equivalent of our CIA) famously decried the collapse of the USSR as "the greatest geopolitical catastrophe of the century." While not urging a return to communism, Putin is determined to "make Russia great again," by re-exerting its hegemony, its dominance, over its neighbors, as it had in the bad old days of the Soviet Union and the czarist Russian empire.

To that end, Putin has launched several risky military actions in recent years. In 2008, Russian forces intervened in Georgia to promote the separation of two breakaway provinces. In 2014, Russia invaded and annexed the Ukrainian territory of Crimea. And most recently in February 2022, Russia launched a full-scale invasion of Ukraine itself, with the apparent goal of bringing down its pro-Western government and replacing it with one more to Moscow's liking.

## US Trade Policies

The EU and other European nations carry out vast amounts of import and export trade with the United States, and it is certain that trade policies will be debated this year. Let's look at the history of US trade policies to gain a better understanding of the issues involved.

In addition to raising revenues, some of the Founders (e.g. Alexander Hamilton) and many others since (e.g. Donald Trump, Bernie Sanders) have advocated for high import tariffs for the purpose of protecting American industries from overseas competition. Hamilton's argument was that because America was a new, underdeveloped country whose "infant industries" had not had time to reach maturity and competitiveness, they needed to be "protected" for a while by high tariffs.

"Protectionism," or the use of high tariffs as a barrier to foreign competition with domestic industries, is quite simple: Tariffs raise the price of imported goods, making them more



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expensive compared to domestically-produced items. Consumers thus are more likely to purchase the (artificially) cheaper domestic item, thus growing and "protecting" the industrial base and employment in domestic industry.



"Hence the undertakers of a new manufacture have to contend not only with the natural disadvantages of a new undertaking, but with the gratuities and remunerations which other governments bestow. To be enabled to contend with success, it is evident, that the interference and aid of their own government are indispensable."

- Alexander Hamilton 1791

And other industries who are not "infants" might also want such protection. Industries that have fallen on hard times (think US automakers in the 1970s and '80s) sometimes lobby their governments for higher tariffs on foreign competitors, in the belief that blocking the competition will give them time to regroup and become more competitive. Or, at the very least, preserve what jobs and market share remain and not lose any more.

Another justification for a protectionist trade policy (sometimes involving other tools besides tariffs), at least in certain industries, is national security. The U.S. military is the most advanced technologically capable military in the world, but its capabilities depend on the availability of certain raw material inputs and manufacturing facilities. If companies that produce, for example, advanced jet aircraft are vulnerable to foreign competition and in danger of ending their production in this country, it might be in the federal government's best interest to intervene in the markets to assure their continued domestic existence. American political and military leaders might consider it an unacceptable risk to national security to have key defense technologies depend on imports from abroad.

The downsides to protectionism are several. First, the "infant industries," never having to compete squarely against others in the market, may never "grow up." They will always have some reason why the protection must continue indefinitely. And mature industries that ask for protection often do so because it is easier than fixing the issues that made them uncompetitive in the first place. Why spend millions of dollars on more efficient equipment when you can just ask Congress to block the competition?

And let's not forget who is paying for this protection: The consumers. Remember them? They are the millions of folks whose pockets are being picked by the artificially higher prices they are forced to pay due to the imposition of the tariff. Protectionist tariffs are in some ways a transfer of wealth from millions of consumers to a few domestic producers.

As noted above, Alexander Hamilton was a key advocate for a protectionist import tariff policy, and he persuaded Pres. George Washington to sign legislation imposing such tariffs. A generation later, Pres. John Quincy Adams would also sign similar legislation. It was not a coincidence that Hamilton (from New York) and Adams (from Massachusetts) were from states which, along with other northern states, had manufacturing interests that benefited from being "protected" from competition with European manufacturers. Southern states and their leaders, like Thomas Jefferson among the Founders and Andrew Jackson a generation later, opposed high

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tariffs. Such tariffs made consumer goods more expensive for consumers in states like theirs that were importing them, where they had little or no manufacturing industries of their own to be “protected.” For them, the tariffs were all cost and no benefit.

Tariffs were reduced during the presidencies of Jackson and his political protégé Pres. James Polk, in accordance with their priority of concern for the consumers over the manufacturers. But the Civil War (1861-1865) created a need for massive new federal revenues. President Abraham Lincoln and the new Republican Party (whose base of support was in the industrialized North) had Congress raise high tariffs to pay the debts created by the war. And, as long as tariffs were going to be high anyway, they used them as public policy to protect US industries from foreign competition after the war. The country remained sharply divided between the merits of free(er) trade and protection of industry in the late 1800’s. Republicans generally favored tariffs, while



Rep. Willis Hawley and  
Sen. Reed Smoot, 1929

Democrats opposed them. The rapid industrial growth in the US economy during the “Gilded Age” between the Civil War and the turn of the 20<sup>th</sup> century occurred with many American industries largely protected behind high tariffs.

The passage of the 16<sup>th</sup> Amendment, which enabled the federal government to impose an income tax starting in 1913, came during the presidency of Democrat Woodrow Wilson. The increased revenue from the income tax reduced some of the political support for tariffs, and lower tariffs prevailed, for a while.

The pendulum swung back again sharply with the arrival of the most well-known “protective” tariff in US history - the infamous “Smoot-Hawley” tariff of 1930. Enacted as the Great Depression was wiping out jobs and businesses all across America, its goal was to raise tariffs high enough to discourage imports, thus redirecting consumer demand to American goods and preserving jobs. Many historians, however, believe it worsened the Depression because of its easily predictable side-effect: foreign retaliation. Other nations quickly reacted to Smoot-Hawley by enacting high tariffs of their own, so American jobs in export industries evaporated quickly.

After World War 2 ended in 1945, the tide shifted again, back to freer trade.

“With Democrats now enjoying a commanding position in American politics, tariff rates began a steady decline that would last for decades. The free-trade consensus became clear. The General Agreement on Tariffs and Trade (GATT) was established in 1947 to reduce trade barriers and promote unfettered trade among capitalist nations.”<sup>29</sup>

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<sup>29</sup> Robert W. Merry 2016. “America’s History of Protectionism” <https://nationalinterest.org/feature/americas-history-protectionism-18093?page=0%2C2>

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Then along came the economic downturns characterized by high inflation and high unemployment in the 1970s and early 1980s. Numerous US industries were struggling, and blocking foreign competition once again seemed a viable way to stop the bleeding.

When the economy recovered in the mid-1980s, and the free market philosophy of Pres. Ronald Reagan became the spirit of the age, support for freer trade and lower tariffs began crossing party lines. The Republican Party of Reagan and his successor, Pres. George H.W. Bush, and the Democratic Party of Pres. Bill Clinton both began advocating and carrying out free trade policies whenever they were in power.

“Meanwhile, the impetus for free-trade agreements grew, leading to Reagan’s Canada-U.S. Free Trade Agreement of 1987 and to President Bill Clinton’s far more momentous North American Free Trade Agreement of 1994, called NAFTA.”<sup>30</sup>

GATT was replaced in 1995 by the World Trade Organization. WTO membership entitles countries to favorable, low-tariff trade with other WTO members under the condition that they extend the same trade privileges to all other WTO members. It was a further step in the direction of a global consensus that trade policies should move away from protectionism and towards freer trade.

Most recently, the Donald Trump administration swung the pendulum back again, taking the Republican Party back to its 19<sup>th</sup> century roots as the party of high tariffs and protection of US industries, especially directing his wrath against what he viewed as “unfair” competition from China. It remains to be seen where the administration of Pres. Joe Biden and a sharply divided Congress will go on these issues.

## Export Controls

In addition to obvious military equipment like guns and rockets, the US imposes export restrictions on things that could theoretically be used in a military context even if that is not their intended or immediate use. A good example is the recent federal action to block export to China of a U.S. supercomputer.<sup>31</sup> Russia is also a frequent target of US export controls. So-called “dual use” items, goods that have a legitimate industrial or consumer use but could also help a foreign enemy increase its military capability, are restricted by Export Controls. Companies who produce certain high-tech items have to get exports of those items reviewed by the federal government before they can be exported to certain countries.

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<sup>30</sup> Merry 2016.

<sup>31</sup> Wall Street Journal <http://www.wsj.com/articles/u-s-agencies-block-technology-exports-for-supercomputer-in-china-1428561987>

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Some believe export controls are an effective way to prevent enemies or potential enemies from developing advanced weapons that could ultimately be pointed back at American troops someday. Even European countries sometimes are debated as possible targets of export control policies. Russia, obviously, but even friendlier European nations, who themselves might not turn our technology against us, but might sell it to someone else who would.

Others say that export controls are mostly useless because anyone could obtain pretty much equivalent technology off the shelf at Best Buy, or from some European or Japanese competitor. Meanwhile, American businesses lose jobs and money as foreign suppliers replace them on world markets.

## Arms Exports

The US is the number one world dealer in military equipment, accounting for 39% of all arms exports worldwide.<sup>32</sup> Some arms exports are merely “approved” by the federal government (known as “Direct Commercial Sales” or DCS), where a foreign country spends its own money on American made military equipment and the manufacturer gets a license to export it. Others are not only approved but financed and paid for by the US government (“Foreign Military Sales” or FMS) as a form of military aid.

During the Cold War era (1946-1989) the US and the Soviet Union both competed on the world stage for influence and allies in a great ideological struggle. Both liberally salted and peppered the globe with weapons exports that were designed to strengthen allies, buy the friendship of potential allies, or aid a combatant fighting one side in a local war against forces supported by the other. After the collapse of the Soviet Union and communism in Europe, the US and Russia continued to export arms, although not to maintain an ideological struggle. The same motivations of buying influence and



<sup>32</sup> William Hartung, March 2022, FORBES. <https://www.forbes.com/sites/williamhartung/2022/03/18/were-1-the-us-government-is-the-worlds-largest-arms-dealer/?sh=48d6bea35bb9>

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friends continued, as well as the fact that weapons manufacturing is an industry providing a lot of good paying jobs.

Concerns about the need to uphold human rights as a consideration or a screening criterion in our arms exports ebb and flow from time to time. Pres. John F. Kennedy in his inaugural address in 1961 promised a foreign policy that would "support any friend, oppose any foe." Pres. Jimmy Carter (in office 1977-1981) found some of those friends we were supporting were a bit (or a lot) unsavory and not at all upholding the values of liberty we were supposed to be defending. He announced a policy of raising human rights as a major consideration in our arms exports and our foreign policy and alliances in general. He soon found that geopolitical realities often conflicted with good intentions. Pres. Ronald Reagan moved the pendulum back to supporting any friend with arms exports that would shove back against the insidious influence of the "Evil Empire" of communism abroad.

That tension is still unresolved in our foreign policy today. There are laws on the books that require certain standards of human rights as a prerequisite to approving arms sales. But they often contain loopholes that allow the President to make exceptions if he says it's in the national security interest of the U.S. And he almost always does, regardless of political party and regardless of the track record of the target country. On paper, human rights are a clear policy consideration in our choice of countries to which we export arms. In practice, not so much.



Let every nation know, whether it wishes us well or ill, that we shall pay any price, bear any burden, meet any hardship, support any friend, oppose any foe to assure the survival and the success of liberty.

- John F. Kennedy

Inaugural Address Jan 20, 1961

Some arms exports are uncontroversial, such as sales to countries like Australia or Great Britain. But others (e.g. Saudi Arabia, Egypt, Israel, Philippines) bring controversy and will likely appear in some of your debates this year. Arms exports can buy influence, build alliances with countries the U.S. "needs" (to what extent and for what?), or promote stability for a country under threat by outside forces. But they may also be used in harmful ways, such as oppression of their own population or invading neighboring countries. They might signal US support for a governmental regime we probably shouldn't be endorsing, if it has a terrible track record on human rights. Or, they may simply be a poor country's waste of money on hardware designed to bring prestige to generals without actually adding any security benefits – while the money squandered on them could have been used to feed the poor or house the homeless.

The U.S. is currently exporting massive amounts of military equipment to Ukraine in order to assist that nation in its response to the Russian invasion.

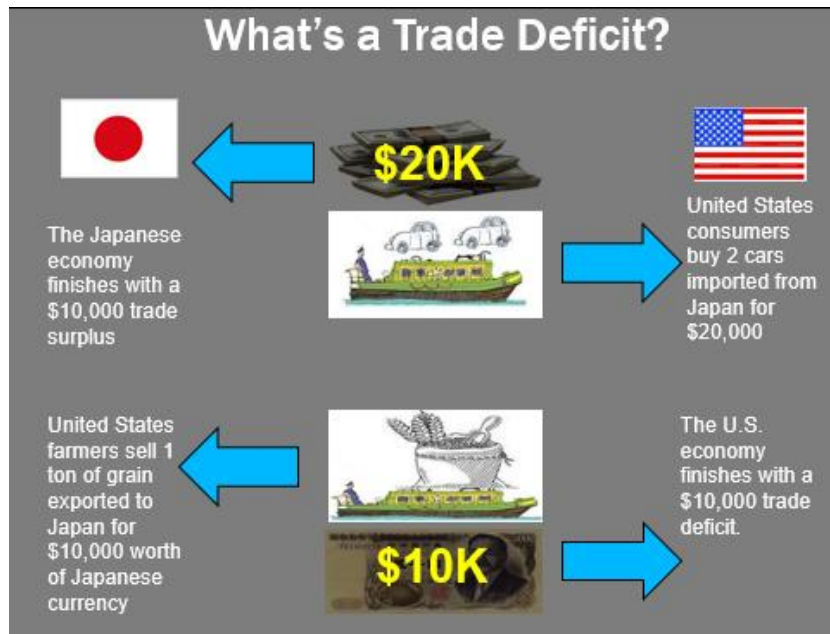


## “Balance of Trade” and “Trade Deficits”

These are some terms you will hear frequently in debates about trade policy. “Balance of trade” refers to the sum of a nation’s exports compared to its imports. If a nation exports more than it imports, its balance of trade is described as a “trade surplus.” If it imports more than it exports, it is said to have a “trade deficit.”

Don’t confuse a “trade deficit” with the “federal deficit.” The “trade deficit” is the difference between all the individual decisions of consumers and producers in the market place who are buying and selling, importing and exporting, when the import total exceeds the export total. It’s the result of millions of private economic choices made by individuals and corporations. No one decides or votes on what the trade deficit will be. By contrast, the “federal deficit” is the difference between how much money the federal government takes in, compared to how much more than that it spends. The excess government spending above revenue collection is the federal deficit. It’s the result of a political decision made by Congress voting how high taxes will be and voting how much they will spend in the federal budget. The sum total of all the federal deficits accumulated since George Washington is the national debt.

To further understand the trade deficit, consider the simplified model below, in which there are only two products being traded between the US and Japan, cars and grain.



At this point, we would say the US has a \$10,000 trade deficit with Japan, while Japan has a \$10,000 trade surplus. Is that good or bad for either Japan or the US? If consumers in both countries equally got exactly what they bargained for, is there a problem here to be solved?

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Many economists would say, Yes! The problem is that the Japanese economy has benefited at the expense of the US economy because of the relatively more jobs created in Japan by the \$20,000 spent on their cars, compared to only \$10,000 that was spent in the US economy. To simplify the model, assume that every \$10,000 spent in the economy requires 1 employee to produce the goods. In the picture above, 2 jobs were created in Japan (at the car factory) by this trade, and 1 job was created in America (at the farm).

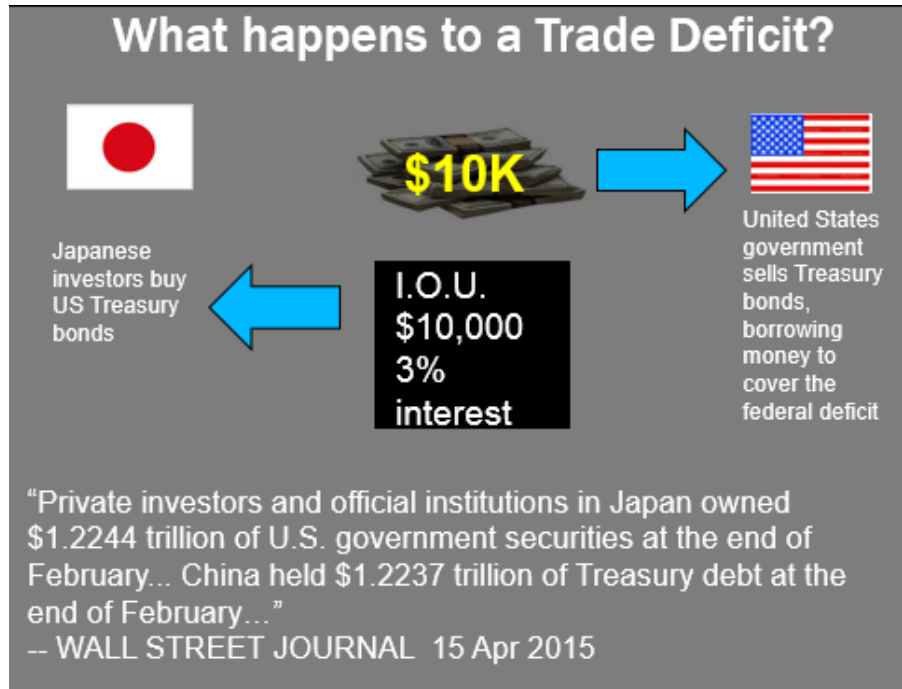
Imagine what would have happened instead if American consumers had spent just half their money on American cars instead of Japanese cars (in this example, they could have bought 1 Japanese car and 1 American car). There would have been no trade deficit, and the result would have been that half the jobs created in the Japanese automotive industry would have been created in the US automotive industry instead. In this illustration, it appears that our \$10,000 trade deficit has cost the US 1 job. In the alternative, imagine if the Japanese consumers had bought \$10,000 worth of grain plus some other product made in the U.S., let's say a \$10,000 airplane. That other purchase would have used up the surplus, created a job in the US, and balanced things out. Why didn't the Japanese consumers do that? Was it because they couldn't find anything in the US worth buying? Or was it because the Japanese government and industry put up barriers to the importation of American products into Japan?

Not so fast, reply another batch of economists. Maybe we've stopped the scenario too soon, because we haven't yet considered what happens next. Since US dollars are not legal currency in Japan, what do they do with the \$10,000 in trade surplus cash? They can't spend it in Japan, so instead they must spend it somewhere that takes US dollars. While there are some international places to spend it that would do so<sup>33</sup>, the most logical place where most of that money will end up is in the United States. And, indeed, it does, at the chart below shows.

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<sup>33</sup> Oil, for example, is priced on international markets in dollars, so a Japanese customer could buy oil from Saudi Arabia with those dollars. In addition, a few countries like Panama and El Salvador use the US dollar as their currency. The Japanese could also take it to the bank and trade it for yen. But in that case (or in the case of the Saudi oil trade), the bank (or the Saudis) will spend or invest it in the US, under this theory.





In this case, another word for a “trade deficit” is a “capital surplus.” The US is receiving more capital from other countries than it is exporting away. “Capital” means money invested rather than spent on goods to be consumed. That foreign capital may be buying bonds, stocks, real estate, or other assets in this country.

Interesting, reply the first economists, but that doesn’t mean the problem is solved. First, not all the money comes back, since some of it is held in foreign banks as reserve currency (used as a medium of trade between other nations trading among themselves and pricing their exchange in dollars). Second, dollars coming back in Treasury bonds are not the same as dollars coming back to buy airplanes or grain. These dollars aren’t creating jobs by employing anyone to manufacture anything.

Certainly they are, reply the second economists. The federal government immediately spends those deficit dollars in the US economy by paying the salaries of government employees and military servicemen, sending out Social Security checks to retirees, buying fighter jets and naval ships from defense contractors, and sending food stamps to the poor. All of that money goes directly into the US economy, and it must be creating jobs somewhere. And imagine if those Japanese investors stopped buying US bonds. The government would have to offer higher interest rates to attract other investors, and if interest rates go up, it will slow down job creation in the US economy by making business growth harder to finance.

Well, this will go on and on, but you see the point. There is a lot of debate about whether trade deficits are harmful, irrelevant, or even beneficial.

## **Summary & Conclusions**

It's impossible for us to cover all aspects of US and European history, but this introduction will give you a start at understanding some of the reasons why certain policies are under discussion in today's world.