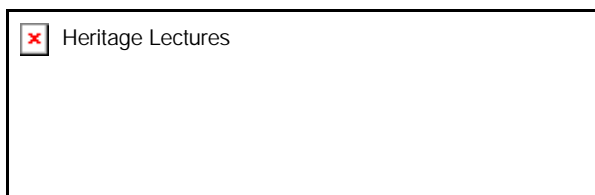


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THE UNITED STATES AND EUROPE IN THE 21ST CENTURY: PARTNERS OR COMPETITORS?

KIM R. HOLMES, PH.D.

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When I saw the topic for today's speech--"U.S.-European Relations in the 21st Century"--I thought of a remark by B. C. Forbes. He once said: "Any business arrangement that is not profitable to the other person will in the end prove unprofitable for you. The bargain that yields mutual satisfaction is the only one that is apt to be repeated."

Sound business advice, I thought. But sound advice for nations forming alliances as well. I asked myself whether America's security bargain with Europe, as reflected in the North Atlantic Treaty Organization, is as mutually profitable as it once was. If the answer were "yes," then the alliance would endure--or to use Forbes's phrase, it is "apt to be repeated."

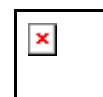
If, on the other hand, the relationship were not mutually profitable, then it would not last. Whether the Atlantic alliance will endure--and if so, in what form--is the question I would like to pose this morning.

I will argue that the current strategic bargain between America and Europe is increasingly "unprofitable" for the United States. In order for the Atlantic alliance to endure, a new strategic bargain will have to be struck. The old bargain forged in the Cold War is outdated and even harmful to American interests. We need a new security bargain that is more mutually profitable and thus more stable and enduring.

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There are two reasons why I believe a new strategic bargain is needed:

- First, the U.S. and Europe are developing different visions of the world and how it should be ordered; these different visions, although by no means so stark as to lead to confrontation, are nevertheless leading to different conclusions on basic questions of international security, trade, and law.
- Second, the inequitable security burden the United States must carry in Europe is beginning to undermine America's ability to defend and advance its interests outside of Europe.

SOURCES OF DISPUTE

To show you what I mean, I would like to describe a series of disputes that have bedeviled U.S.-European relations in recent years.

Security in the Persian Gulf. Perhaps most revealing have been the differences over how to handle security problems in the Persian Gulf.

The United States continues to favor strong sanctions against Iran. Most Europeans oppose these sanctions, partly for commercial reasons, but also because they disagree with the strategy of containment against Iran. Moreover, most Europeans are reluctant to see military force used against Iraq to force Saddam Hussein to allow U.N. arms inspections to resume. In fact, the lack of enthusiasm in Europe for military action against Saddam is a critical reason--arguably the main reason--why the United Nations' arms inspection regime in Iraq has collapsed.

This is historically important. The grand coalition George Bush put together in the Gulf War with Europe and Middle Eastern states exists no more. This coalition was supposed to be the classic post-Cold War model for international cooperation on regional security issues. It is dead today in no small part because Europe and the United States do not see eye to eye on the Gulf--because they view their strategic interests in the Gulf so differently.

International Criminal Court. Or let us look at disputes over multilateral organizations and international law. Recently, the United States refused to sign a protocol calling for the establishment of a permanent international criminal court. This caused much resentment among our European allies, particularly the Germans, which is unusual. U.S. officials went so far as to suggest that further European complaints might threaten America's military commitment to Europe.

Signing the Rome protocol on the International Criminal Court would have subjected the United States to unprecedented loss of national sovereignty. In its current form, the ICC could indict U.S. troops and officials as war criminals. Even domestic practices, such as capital punishment, could be prosecuted and sanctioned by the world court as human rights abuses.

Obviously, Europeans and Americans have different views of international law, national sovereignty, and human rights. To us, national sovereignty protects our Constitution and our rights as free men and women. To many Europeans, it is something "outdated" and even faintly sinister--a throwback to an age of nationalism.

The Europeans, of course, are not above compromising their human rights principles when commercial interests are at stake. In 1997, for example, after the French sale of Airbus aircraft to China, the French government softened its opposition in the United Nations to

Chinese human rights abuses. This undercut American efforts to encourage the Chinese to sign a U.N. declaration of support for political rights.

International Trade. Differences over human rights, international law, and international security are not the only source of tension between Europe and the United States. So, too, are disputes over international trade.

For example, the European Union is trying to restrict U.S. imports of genetically modified food, even though there is no scientific evidence that it is harmful. Why? Because they want to protect their agricultural markets. Eighty-three percent of all agricultural subsidies in the world are provided by the EU's common agricultural policy. European agriculture is so heavily subsidized that it cannot compete in a globalized market. Europeans are more trade protectionist than Americans because their states are so heavily involved in their economies.

It is true that quarreling among Europeans and Americans is nothing new. We have been doing it for decades. But these quarrels are different in kind, if not in number. Unlike during the Cold War, when we would argue with the Europeans over how many missiles to deploy or how tough to be on the Soviets, we are today quarreling over basic principles--over human rights, international law, international trade, and even international security.

Don't get me wrong. I am not suggesting that Europe and America are heading for conflict or that we are ideological enemies. We are not. We Americans still agree with Europeans (at least the democratic ones) more than we do with the Chinese, the Russians, and most Middle Easterners, Africans, and even Latin Americans.

No, I am suggesting that with the Cold War over, our submerged cultural and political differences, which have existed all along, are becoming more pronounced. Shorn of the need to show a common front against a common enemy, the Americans and Europeans will find their differences as important as their similarities.

THE LACK OF CONSENSUS

Now, I can almost hear some of you saying: What about Kosovo and Bosnia? Didn't our cooperation in the Balkans prove that we Americans and Europeans still share a common vision and common values, and that we can act on them?

I think you have to be careful drawing such a conclusion. I believe that America's heavy military involvements in Bosnia and Kosovo are not typical--not typical of how we normally define our interests in Europe, and not typical of what to expect from the United States in the future.

These Balkan interventions have not brought lasting peace to the region. They never enjoyed bipartisan support in the United States. And they were unnatural for the United States, occurring only after a politically sensitive President succumbed to tremendous pressure from the Europeans and the mass media.

I would argue that the more natural position was articulated by President George Bush, and even by Bill Clinton in his first few years in office. Both argued that no security interest warranted military intervention by the United States in the Balkans.

My point is this: Despite Bosnia and Kosovo, the United States and Europe have not yet found an enduring consensus on how to ensure the collective security of Europe. Bosnia and Kosovo are still unfolding stories, and not very successful ones at that. And they are not likely to be models for future U.S. interventions.

BURDEN SHARING, POWER SHARING

The growing rift in U.S.-European relations is not caused by a sudden bout of American unilateralism or European ingratitude. America has always had a tendency to act unilaterally, and most Europeans have always been ambivalent about--and some even opposed to--American dominance in the Atlantic alliance.

Rather, the cause is a tectonic political shift that has taken place in transatlantic relations since the collapse of the Soviet Union--a shift that is the root cause of much of our disagreements.¹

Transatlantic relations during the Cold War were based on a basic strategic bargain, reflected mainly in the Atlantic alliance. In plain terms, Western Europe and America were more or less equal partners in deterring the Soviet Union from attacking and intimidating Europe. Even though the United States, by virtue of its superpower status, was the leader of the alliance, the U.S. and Western Europe benefited more or less equally from this bargain. There were shared threats, shared interests, and shared values in accomplishing the common goal of securing democracy and deterring aggression in Europe.

Today that bargain has changed. The main strategic goal of NATO today is not deterrence (although this remains a residual goal), but peacekeeping, crisis management, and conflict prevention. The United States and its European allies do not benefit equally from peacekeeping operations. In fact, not even all Europeans benefit equally, as is often evident by the fact that some contribute more than others. All Europe may benefit from NATO's peacekeeping, but they do not benefit equally--at least, not as equally as they used to benefit from deterring the Soviet Union.

THE GLARING IMBALANCE

This mismatch of benefits and contributions can be seen in NATO's peacekeeping operation in Bosnia and Kosovo. Indeed, the war in Kosovo revealed a glaring imbalance in the NATO alliance. It showed that NATO is no longer an alliance of equal partners, but rather a largely American institution through which American resources are funneled and American power is exercised in Europe on behalf of Europeans.

Let me give you some examples. In Kosovo, U.S. aircraft flew two-thirds of the strike missions. Nearly every precision-guided missile was launched from an American aircraft. U.S. intelligence identified nearly all of the bombing targets in Serbia and Kosovo.

Why did the Americans dominate so? Not merely because they like to throw their weight around, as some Europeans have claimed. Rather, the reason is that the Americans were the only ones who had the military forces capable of doing the job effectively. The Europeans have gutted their military forces since the end of the Cold War.

As *The Economist* recently reported, Western Europe's defense budgets are almost two-thirds that of America, and Europe produces less than one-quarter of America's deployable fighting strength.² The Europeans are behind the Americans in practically every measure of military power. Compared to the U.S. forces, European forces--many of which are still conscript armies--are like dinosaurs.

There is a huge and growing technological gap between European and U.S. forces. Europe's equipment is outdated and increasingly incompatible with America's high-tech systems. The Europeans lack strategic transport and logistical and intelligence support. And the U.S.

spends nearly four times as much as the European allies on defense research and development.

As the recently retired chairman of NATO's military committee, German General Klaus Naumann, has said, the day is fast approaching when the United States and its European allies "will not even be able to fight on the same battlefield."³

Why are the Europeans spending so little on defense? Because they want to save the European welfare state. To meet deficit and debt limits imposed by the Maastricht Treaty, West European governments must cut government spending. Some are making modest progress in curtailing domestic spending, but most of the cuts have been in defense budgets.

Rather than liberalize their economies as the United States and the United Kingdom have done, the French, Germans, and other continental Europeans cling to their welfare states like a child to a security blanket.

Because they don't want to spend more on defense, the Europeans are all too happy to let the Americans do their defense for them. In spite of all of the European complaints about American domination of NATO, most Europeans would rather have American forces take the lead in the Balkans than spend more on defense.

But this poses a hard question for the United States: Why must America do so much to solve a problem that matters so little to its own security interests? And why do the Europeans do so little to solve a problem that matters so much to them?

True, Serbia is a menace to the Balkans, and even threatens to destabilize Europe. But it does not directly threaten the United States as the Soviet Union once did.

Why, then, must Americans carry an even larger share of the security burden today even though the direct threat to the United States is less than it was during the Cold War? And why should the United States weaken itself only because the Europeans refuse to pay more for their own defense?

When the Europeans undermine U.S. policies toward Iraq, China, or North Korea, they are striking at the heart of America's security interests. Iraq, China, and North Korea are potentially far more dangerous for the United States than Serbia.

Moreover, when the Balkans tie down 12,500 U.S. troops for peacekeeping operations, these forces are not available for other contingencies. They also lose their fighting edge performing civilian duties in peacekeeping operations. U.S. troops in Kosovo are acting as mayors, civil engineers, and even social workers. Such duties and the long downtime for which peacekeeping is notorious blunt their combat skills and take them away from the combat training they need.

A GROWING SENSE OF RESENTMENT

This situation breeds resentment inside the United States. Americans wonder why they must care so much for Europe's security interests in the Balkans if some Europeans care so little about U.S. security outside of Europe, in the Gulf, the Middle East, and even Asia.

Europeans, on the other hand, complain that American leadership has become too heavy-handed and unilateral. They complain of American arrogance. Increasingly, American attempts to assert global leadership outside of Europe are met in Europe with resentment and

even resistance.

We should understand the introduction of the euro and the Common European Foreign and Security Policy, and the European Security Defense Identity, in this context.

Few would dispute the fact that a major motivation behind the euro and the Common Foreign and Security Policy is to make Europe more independent of the United States and to improve the prospects for a more independent global role for Europe. A common European currency that can rival the dollar, it is thought, can not only increase Europe's economic weight in the world, but serve as an economic foundation for a greater global role as well.

The same is true for the European security and defense identity--the effort by Europeans to create a European pillar inside NATO.

So far, however, there has been more talk than action. The Europeans talk endlessly about new architectures, organizations, and plans, but most still refuse to raise their defense budgets.

The fact is that Europe is not ready for a common foreign policy. The machinery for creating one remains very limited because Europeans are reluctant to relinquish national sovereignty over foreign policy to a common European body.

This contradiction between rhetoric and reality reflects a central weakness in the new strategic bargain. It is as if Europe is heading at full speed in two opposite directions: one direction toward unification and independence and the other toward becoming even more dependent on the United States for its security.

As for the United States, at the same time Washington is downgrading its military capabilities, it is not only continuing its high level of existing military commitments, but actually increasing them--particularly in places like the Balkans.

UNDERMINING AMERICA'S MILITARY STRENGTH

The mismatch between declining resources and rising commitments is having a negative impact on America's military strength.

Every credible defense expert agrees that the United States armed forces are seriously underfunded. As a matter of fact, the chiefs of the military services say they are no longer confident their forces are ready for combat. It is increasingly difficult to retain good men and women in the armed forces, and to attract new ones. Most of the services are not meeting their recruiting goals.

Defense budget cuts have caused a severe shortage of spare parts for weapons and military equipment. For example, over the past two years the Air Force has spent 178,000 maintenance man-hours removing parts from existing B-1b bombers, F-16 fighters, and C-5 transport planes to put them in other planes. Cannibalization rates for the Navy's front-line aircraft have doubled over the past four years.

The cumulative impact of spare parts shortages, and the lack of funding for maintenance and training, have caused a readiness crisis. Admiral James Loy, the Coast Guard Commandant, recently said that a "lack of [combat] readiness may already be costing us lives."⁴

But the problem is deeper than just readiness. It also affects the ability to maintain our

military strength in the future.

In 1995, the Pentagon said it would have to spend at least \$60 billion a year on procuring new weapons. Since the Clinton Administration never met this target, it now says more money will be needed to reach its goals--up to \$70 billion a year. The Congressional Budget Office says that amount is not enough--that we must spend \$90 billion a year to reach targets set back in 1995.

And what was the reason Pentagon officials gave for missing their procurement targets over the past five years? The answer: the unexpected costs of the military operations in the Balkans and elsewhere that drained money from the procurement account.

In other words, the United States has postponed modernizing its weaponry for five years partly because of the high costs of military operations in the Balkans. We have failed to invest in our future security because the Europeans refuse to pay for theirs now.

The problem could not be clearer. The unequal security burden shared by the United States and Europe is not some inconvenience that can be tolerated because we are so rich and powerful, or because inequity is the price of world leadership. We should not delude ourselves into thinking that the benefits of calling the shots in NATO will outweigh the costs of becoming a waning and weak military power.

THE HIGH COST OF EUROPEAN DEPENDENCY

There is a direct and increasingly high cost to pay in our own security if we continue carrying a disproportionately high burden of Europe's defense.

I do not think that this situation can be sustained. So long as the threats in Europe are relatively low and manageable, I suppose it can, but I fear that the contradiction at the heart of the Atlantic alliance--the contradictions in the new strategic bargain--will become unbearable if Americans perceive Europe's refusal to carry its own weight as a cause of America's weakness.

If this were to happen, the weaknesses of the new strategic bargain would be exposed for all to see. Americans would view the Europeans as free riders who undermine American security when it serves their interests. Europeans, resentful of U.S. demands, could then challenge U.S. policy around the globe with greater intensity to demonstrate their independence.

I believe that the U.S.-European relationship, for all of its longevity and depth, has a built-in instability--a sort of hidden time bomb. Yes, we have a long history of common action, interests, and values that cannot be denied. But I am concerned that if we continue on our current path, either we will slowly drift apart to the point of no return, or we will shipwreck the Atlantic alliance over some issue that we can now scarcely imagine.

A NEW STRATEGIC BARGAIN

I think that this terrible fate for the Atlantic alliance can be avoided. And let me be clear: I hope that it will be avoided. I have been a strong supporter of NATO all my professional life, and I remain a strong supporter. The critique I have given today is intended to save NATO, not destroy it. But to salvage NATO we need to shed old Cold War thinking and old delusions. We need to begin thinking very differently about what NATO is and what it can and should do.

We need a new strategic bargain between the United States and Europe: a new bargain that more realistically reflects the benefits and costs of the alliance and more clearly advances and supports the different level of interests that the United States and Europe have not only in Europe, but in the world at large.

My colleague, [John Hulsman](#), who is a senior analyst for European affairs at The Heritage Foundation, has devised a new concept that I think promises to solve the burden-sharing problem.

In what he calls the "grand bargain," the United States would cede more authority to the Europeans in NATO in return for the Europeans providing more resources for their own defense.

If the Europeans modernized their armed forces by raising defense spending to 3 percent of gross domestic product, the United States would agree to restructuring NATO's commands to place European commanders where now Americans are in charge. For example, some theater commands, plus the southern command in Naples, could be turned over to Europeans.

In addition, in this new arrangement, "coalitions of the willing" would be formed to conduct operations such as Bosnia or Kosovo. The United States might or might not participate, depending on an assessment of its interests. If the U.S. chose not to participate, it would not be considered an end of the alliance or the end even of America's leadership role in NATO, as would now be the case.

If some Europeans failed to meet their spending targets, they would have little say in NATO's military operations, even though they would be expected to contribute to covering the cost of the operation.

If the non-compliant countries protested, refused, or otherwise failed to meet even these modest financial obligations, then the United States would have no choice but to conduct so-called operations other than war--i.e., peacekeeping and humanitarian operations and the like--only with compliant countries. Non-compliant countries would not be involved directly in the decision-making process regarding such operations.

The U.S. commitment to the collective defense of NATO Europe would remain. We would still continue to honor our so-called Article Five commitment to Europe, referring to the article in NATO's founding treaty that says an attack on one is an attack on all. In other words, if Russia or somebody else attacked a NATO member, no matter whether they were compliant with defense spending guidelines or not, the United States would come to their defense.

But the United States would not engage in peacekeeping with any European country or on behalf of such a country if they were not meeting their defense obligations.

Such an arrangement would make NATO highly flexible. It would create a multi-speed alliance in which countries that are willing to shoulder the responsibility would be given the authority to act. Incentives to act more responsibly by meeting spending guidelines would be high under this new arrangement because the penalty for not acting would be high as well.

BREAKING THE PSYCHOLOGY OF DEPENDENCE

What would happen if nobody signed up to this new bargain? The Europeans would have made clear that they have no intention of shouldering their share of the defense burden. Under this circumstance, the United States would have no choice but to reconsider its

position within the alliance. If the Europeans stonewall completely, the United States should withdraw most permanently based combat troops in Europe, leaving only command and support staff or, if they are needed, a sufficient number of forward-based troops for "out of area" operations--in the Middle East, for example.

We would still keep our Article Five commitment to the defense of Europe, but we would do it with far fewer permanently deployed troops on the ground in Europe. However, if the Russians were to re-emerge as a major threat to European security, we would have to reconsider this plan. We should not be withdrawing forces--in fact, we might have to increase them--if an anti-democratic Russia were threatening Europe.

We should remember that the United States had no permanently deployed troops in Europe from 1947-1952, even though we had committed ourselves to the NATO alliance. It took the Korean War--and the Cold War--to cause our deployment of a permanent garrison of troops in Europe.

Well, now the Cold War is long over, and the need for our troops is far less than it once was. Although I would hope that it would not come to withdrawing U.S. troops out of Europe, if it did, it would not mean, any more than it did in 1947-1952, that we are not committed to defending Europe from aggression.

I don't think that matters would come to this. First of all, the British and French already are near to reaching the 3 percent goal in defense spending. There is, therefore, a strong core on which Europeans can build. Besides, a serious effort by the U.S. to create inescapable choices for the Europeans would undermine the cycle of dependency that has blocked reform in the past. It also would focus the attention of the Europeans on their most important priorities. As David Gompert and Richard Kugler of the RAND Corporation say, "the allies lack motivation to remedy their shortcomings, knowing that the U.S. can and evidently will protect common interests with or without them."

We need to break the psychology of dependence once and for all. Once the Europeans know that we will not, protect their interests without their help, they will likely become more motivated to care for themselves. They will be forced to make the hard choices that their dependence on us now gives them the luxury to avoid.

CONCLUSION

In conclusion, I think the time has come to rethink America's role in the Atlantic alliance. It has been one of the most stunning successes in history, and it is still very much needed for the security of Europe. But it must change to survive. Not even the most successful alliance can last if it refuses to bend with the winds of history. Adjusting to the new times, NATO will endure at least for another 50 years.

--[Kim R. Holmes, Ph.D.](#) is Vice President and Director of the Kathryn and Shelby Cullom Davis Institute for International Studies at The Heritage Foundation. He spoke at the Center for Constructive Alternatives Seminar, Hillsdale College, on February 10, 2000.

Endnotes

1. See Kim R. Holmes, "[U.S.-European Strategic Bargains: Old and New](#)," *Heritage Lecture* No. 627, November 13, 1998.

2. Bruce Clark, "Armies and Arms," *The Economist*, April 24, 1999.
3. Quoted in William Drozdiak, "U.S. Allies' Air Power Was Lacking in Conflict," *The Orlando Sentinel*, July 11, 1999.
4. Robert Suro, "For U.S. Aviators, Readiness Woes Are a Two-Front Struggle," *The Washington Post*, February 3, 2000, p. A4.



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