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The Transatlantic Bargain

The Transatlantic Bargain

volume edited by
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The Transatlantic Bargain

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The Center for Transatlantic Security Studies within the National Defense University’s Institute for National Strategic Studies, Washington, D.C., provides research and policy advice to senior Department of Defense and other U.S. Government leaders through studies, research projects, and outreach and education programs. CTSS draws on its unique interface with U.S. and international governments and research institutions to provide timely and relevant policy recommendations.

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Ambassador Robert E. Hunter¹

This project, on *The Transatlantic Bargain*, is designed to take a fresh look at the most basic elements of relations between the United States (and Canada) on one side of the Atlantic and European allies and partners on the other side. The requirement to take a fresh look derives from the radical changes that have taken place in so many areas in recent years, along with the need both to gain a basic understanding of the interests and values that motivate governments and peoples on the two sides of the North Atlantic and to provide a solid grounding of analysis to help shape policies for the future.

The Transatlantic Bargain was largely conceived by three people: Lt.Gen. James Soligan (USAF, Ret.), the first Director of National Defense University's Center for Transatlantic Security Studies (CTSS); Dr. Charles Barry, of NDU's Institute for National Strategic Studies (INSS); and Dr. Karl-Heinz Kamp, Director of the Research Division of the NATO Defense College (NDC) in Rome. They rightly understood the importance of including in the project noted authorities – both academics and government officials (current and former) – from both sides of the Atlantic. Drs. Barry and Kamp have continued to play key roles in the project through its completion, along with Ambassador Kurt Volker, co-author of the introductory essay; and this has been a true collaborative effort by NDU and NDC.

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TOWARDS A NEW TRANSATLANTIC BARGAIN

Chapeau Paper

Dr. Karl-Heinz Kamp and Ambassador Kurt D. Volker¹

NATO is often described as the most successful military alliance in history. In addition to longevity, those characterizing NATO this way are usually thinking of the Alliance's role in protecting freedom and guaranteeing peace in Europe against a hostile Soviet Union, right until the Iron Curtain fell. NATO's role in ending ethnic cleansing in the Balkans, and in helping to re-integrate Central and Eastern Europe into the mainstream of Europe, only added to this positive image of the Alliance.

For NATO to hold together all this time – even amid such monumental challenges as the Suez crisis, the Hungarian revolution, the Prague Spring, Vietnam, Pershing missiles and Kosovo – it is clear that Allies maintained an underlying commitment to each other and to the cause of an alliance greater than the sum of its parts. This recognition – that each side of the Atlantic was willing to sacrifice a bit to the other for the benefit of the whole – is what is meant by the concept of a “transatlantic bargain.” For decades, this transatlantic bargain – though predominantly unstated and uncodified – was instinctively understood and acted upon.

In more recent years, this transatlantic bond has been sorely

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tested – over the war in Iraq, over different perceptions of Russia, of missile defense, of terrorism, and even over differing interpretations of relations with Georgia and Ukraine. Whether or how NATO survives the severity of these tests still remains to be seen. NATO will surely come out best, however, if there is a renewed commitment on both sides of the Atlantic to some of the fundamentals of the Alliance that are important to both sides – a renewal of the transatlantic bargain.

Three Views of NATO

Many have argued that the glue holding the Alliance together was the existence of a powerful, common enemy and the imminence and proximity of an existential threat from the Soviet Union. According to this view, the end of the Cold War and disappearance of a Soviet threat naturally led to growing differences among the Allies. With the “glue” gone, differing views among Allies over how much to spend on defense, on what constitutes a threat to the Alliance, and on how much the Alliance should focus on “out-of-area” tasks, became more pronounced. Put another way (as matter of practice if not conscious judgment) the benefits of the common good were no longer seen as significant enough to justify suppressing nationally distinct views and policy preferences. In this way of thinking, the transatlantic bargain was destined to come undone.

But a second view argues the opposite. Was the Alliance really only rallying against an existential threat? Was there not something deeper at work – a commitment to the shared values of freedom, democracy, human rights and the rule of law? Was not NATO a vehicle for protecting and promoting these values, whether the Soviet Union existed or not? And as the Soviet threat disappeared, should NATO not organize to protect its members against new threats and challenges? This view of NATO explains why the Alliance intervened

in the Balkans, took over ISAF in Afghanistan, expanded Partnerships around the globe, and fought terrorism on the Mediterranean and piracy in-and-around the Gulf of Aden. According to this view, the end of the Cold War only meant that NATO needed to modernize and reorient itself to face the new challenges of the post-Cold War era.

Finally, a third *realpolitik* view argues that Allies adhere to NATO so long as it serves their national interest. Neither a single threat nor core values are the true bond. During the Cold War, warding off the Warsaw Pact was simply synonymous with NATO members pursuing their national interest in national survival. After 1991, NATO struggled to address its members' security interests beyond survival. It stabilized and ultimately included many former adversaries. It responded to crises threatening member-state interests, such as renewed war and fears of mass migration from the Balkans. Throughout, America's European allies wanted a more balanced transatlantic relationship with a greater voice for Europe, albeit with the United States still in the lead, i.e., a *primus inter pares*.

Having a greater voice would require Europe to commit a greater share of its resources to the common good of the Alliance. Instead of increasing defense spending, however, most European Allies decreased it. The United States continued to set the agenda, taking NATO farther and farther afield – e.g., to the International Security Assistance Force (ISAF) in Afghanistan after the terrorist attacks of September 11, 2001, and to Iraq for the NATO Training Mission (NTM-I). Many European Allies took part in ISAF and NTM-I not out of intrinsic national interests in Afghanistan or Iraq, but out of a national interest in showing solidarity with the United States. Yet while European governments took these decisions, European publics became more disenfranchised from a NATO that seemed divorced from their sense of their own national interests.

Whither the Transatlantic Bargain?

While each of these three views may have some validity, as a matter of practice, NATO rhetoric has followed the logic of the second view, which suggests that NATO need only update itself to match the changing global environment.

But in this re-vamped, outward-looking NATO, where is the transatlantic bargain, the shared sacrifice, and the belief in the greater common good? Even as NATO has taken on more and more roles over time, public support for these new roles – and just as tellingly, national budgetary support – has declined, perhaps because what NATO agrees to do is not well connected to perceived national interests. For publics on both sides of the Atlantic, NATO and the transatlantic relationship are no longer the most important organizing factor in national security policy. America looks to global hot spots and to Asia. Europeans look inwardly to building their own institutions. Young diplomats and military professionals look beyond NATO for the best career opportunities and greatest challenges.

Strategic Concepts – Answering the What, But Not the Why

Since the fall of the Berlin Wall, NATO has updated its Strategic Concept three times in an effort to answer this basic question: What is the purpose of the Alliance in a world far different from that of the Cold War? The first review, in 1991 – arguably the most significant as it broke with the Cold War mindset – kept NATO focused on collective defense, while removing the presumption of a hostile Soviet Union. The second review, in 1999, updated the 1991 Concept to incorporate new programs launched since 1991 – e.g., on partnership, crisis management, and response to new threats and challenges. Little known, the 1999 Concept encompassed potential NATO roles in

counter-terrorism and missile defense, among other things.

The 2010 Strategic Concept stands as the most recent milestone in the Alliance's transformation towards the new strategic landscape of the twenty-first century. It again updates the array of challenges facing the Alliance, and the diverse means by which NATO can seek to address them. Challenges now range from Article 5 armed attack to cyber-attacks to energy disruptions to failed states and insurgencies that threaten allied interests. The means the Alliance might use to tackle these challenges go from traditional military deterrence and defense to a "comprehensive approach" to crisis management, peacekeeping, security partnerships, cyber-security measures, sea-lane protection and so on.

Yet what the 2010 Strategic Concept could not do – just as its predecessors could not – is re-establish a transatlantic bargain. The 2010 Lisbon Summit provided a political mission statement, and several (even conflicting) tasks for the Alliance, without providing the political bargain needed to sustain and implement them. Thus NATO continues to require a political-level approach to whether a new transatlantic bargain in fact exists, can be created, or is necessary or even possible. And at the same time, it requires detailed follow-up to the Strategic Concept, including *resourced* implementation of core decisions. The 2010 Strategic Concept does not mark the end of a debate on NATO's future course, but rather its beginning.

Just as before 2010, the absence of a renewed transatlantic bargain has meant that implementation of specifics has suffered. Former U.S. Secretary of Defense Robert Gates pointed to many of these symptoms in his farewell address in Brussels in June 2011: insufficient military capabilities on the European side of the Atlantic; no fair sharing of the burdens of common security; and a lack of political will among many Allies to contribute to common operations.

Many Europeans would equally ask whether there remains a strong American commitment to Europe, and whether Washington is willing to lead. NATO's operation over Libya, despite the room it gave rebels to overthrow Muammar Gaddafi, cannot paper over the rifts within the Alliance over common goals and commitments, and raises new questions of its own about solidarity within NATO, and America's commitment to Alliance leadership.

Chicago 2012 – An Opportunity for a Needed Discussion

Against this background, the nature and the future of the transatlantic bargain *should* be the central issue to be tackled at the forthcoming NATO Summit in Chicago, Illinois. What future role for NATO can generate commitment from leaders, governments *and* publics on both sides of the Atlantic – to the point that they will dedicate the financial and human resources necessary to ensure Alliance success? How can NATO leaders strengthen the transatlantic consensus on future tasks and challenges? How can we achieve a fair distribution of costs and benefits among all NATO members? How can the Alliance keep up its efficiency and its capability to act under severe budgetary constraints?

To stimulate this kind of debate, the NATO Defense College in Rome and the National Defense University in Washington, DC, have collaborated in sponsoring a study of the most fundamental questions of the transatlantic relationship. The set of essays contained in this volume, written by a number of renowned experts on the transatlantic relationship, explore a complex set of questions:

- Was there ever a transatlantic bargain, and if so, what was it?
- What would a transatlantic bargain look like today?

- In such a bargain, what is the role of NATO? What needs to be done?

Was There Ever a Transatlantic Bargain?

In the first series of essays, Lawrence Kaplan, Diego Ruiz-Palmer, and Karl Kaiser offer their insights into the history of the transatlantic bargain. Kaiser in particular observes that while much of the transatlantic bargain was codified by treaty and political obligation, much of it was also implied and assumed, though never stated. This has given the transatlantic relationship a flexibility and vitality over decades; but equally, it means that the political will and vision dedicated to the transatlantic relationship is only as good as the leaders of day.

Despite the frequent use of the expression “transatlantic bargain”, one can doubt whether the term “bargain” ever really described the transatlantic relationship correctly. Most probably, the diplomats who negotiated the Washington Treaty in 1948-1949 did not have the notion of an American-European “*quid pro quo*” in mind. Instead, the term was coined a few years later, and was accepted in a more generic sense – the notion that the transatlantic relationship has to be seen as a two-way street. In that sense, the transatlantic bargain was indeed a set of unwritten rules that were based on shared interests, values and expectations. The transatlantic bargain always combined a mixture of “hard” self interests and “soft” democratic values and belief in a wider democratic community.

The transatlantic bargain was always considered in a broader context – never limited solely to the security policy field. NATO was one element in a network of transatlantic-centered institutions, alongside the European Communities (European Coal and Steel Community

(ECSC), European Atomic Energy Community (EURATOM), and the European Economic Community (EEC)) and later, the European Community (EC) and European Union (EU), the World Bank, the International Monetary Fund, the General Agreement on Tariffs and Trade (GATT), and so on.

It is true that *militarily*, the European allies agreed to maintain strong armed forces to help cope with the Soviet threat and in exchange, the United States promised to maintain a massive troop presence in Europe and extend the nuclear umbrella. But just as importantly, *politically*, the United States contributed to stability, security and the conditions for prosperity in Europe, and European allies accepted U.S. political leadership. *Economically*, the United States provided generous support for the reconstruction of Europe, partly as a bulwark against communism, but partly also because a stable and prosperous Western European would be an indispensable economic partner for the United States. It is not by chance that the European Union has its origins in the Marshall Plan – respectively in the mechanism to distribute the American reconstruction money properly.

Despite the bargain and two-way-street intentions, however, fair burden sharing hardly ever functioned in NATO as a matter of practice. Each side of the Atlantic had different expectations about how interests, values and obligations related to each other. Washington saw the transatlantic link more as a *contract*, expecting European Allies to “*do their part.*” Most European capitals, however, leaned towards the idea of a *compact*, expecting a static relationship, but not necessarily translating into specific commitment. As Harlan Cleveland famously noted, there was an inbuilt conflict right from the very existence of NATO: the Alliance seemed an “...organized controversy about who is going to do how much.” Still, Washington accepted the free riding of many European allies because NATO, as a whole, still served U.S. interests, some Europeans at least made serious efforts to meet military

requirements, and Europe accepted U.S. political leadership most of the time.

What Would Such a Bargain Look Like Today?

In the second set of essays, John Ikenberry, Wallace Thies, and Michael Rühle explore what a transatlantic bargain might look like today. Though they differ over how, the authors describe a transatlantic relationship that must adjust to a new global distribution of power and interests. The transatlantic allies could work together more to deal with external challenges, restructure their internal arrangements, or perhaps adopt a more modest set of expectations about what the transatlantic relationship can deliver. The very diversity of views expressed underscores the difficulty in defining, among twenty-eight individual nations, a single concept of a “transatlantic bargain” to be used today.

With the end of the Cold War, NATO’s role changed step-by-step from an alliance in “*being*” to an alliance in “*doing*.” The task of NATO as a strategic actor was no longer only to protect its member states against a direct attack, but also to protect proactively the security of the Allies and to shape the international environment in a positive way. The essence of the transatlantic bargain remained more or less unchanged in the first years after the Berlin Wall came down, as Allies adjusted cautiously to the end of the Soviet empire. The more this Soviet threat faded, the more new threats and challenges were offered as a continuing basis for the transatlantic bargain – from crisis management to jihadi terrorism to energy security to cyber-defense. Yet in changing these basic orientations, the nature of the transatlantic bargain itself was affected as well.

It is certainly true that new security challenges can lead allies

to continue to see common interests and pursue common action. At the same time, the fact that such challenges are not existential in nature means that commitments to dealing with them can vary. Specific Allied perceptions and actions must always be newly defined by consensus, without the disciplining effect of the bygone Soviet menace. Defining new challenges as common threats is increasingly difficult for three reasons:

1. Politically, the fact that new threats are not existential and do not affect all allies the same way makes consensus for collective action highly difficult to achieve;
2. Militarily, the different views in the Alliance on whether or not and how best to tackle new threats reveals the different military cultures within the Alliance – be it with respect to risk-taking, military doctrine, equipment or constitutional realities; and finally,
3. Institutionally, the new threats challenge the centrality of NATO as many of them are non-military in nature and require a non-military response.

NATO's 2010 Strategic Concept had an important signaling effect, as it emphasized the relevance of the new threats the Allies now face. But it did not succeed in establishing a strong political basis for determining NATO's role in addressing such threats. Critics point to the fact that the new strategy did not lead to a prioritization of NATO's future tasks or to an agreement on how to share the burden. Instead, it set out a long wish list of NATO activities, without underpinning them with financial means and/or political will. Thus, the question of how to adapt the transatlantic bargain to the post-Lisbon period remains a key question for the 2012 Chicago Summit.

Within Such a New Transatlantic Bargain, What Should be the Role of NATO?

In the third set of essays, Sean Kay, Stanley Sloan, and Rob de Wijk look more specifically at the role NATO could or *should* play in such a wider transatlantic bargain. While Sloan takes the 2010 Strategic Concept as the foundation on which NATO's future role must be built, Kay and de Wijk both argue for a more fundamental restructuring of the roles and assumptions within NATO as the means to make it more sustainable for the future.

Standing in the way of any vision for the future of NATO is the unforgiving financial scarcity affecting both sides of the Atlantic. Whether due to the broader international economic crisis or the changing priorities of individual NATO members, insufficient resources are a major impediment to any new transatlantic bargain having meaning in practice. This is by no means a new phenomenon NATO: former U.S. Secretary of Defense Gates' warnings about lacking European military capabilities had been expressed by previous U.S. Defense Secretaries time and time again.

Yet the current situation is new in three respects. First, even the "big spenders" within the Alliance (the United Kingdom, France, and Germany) have reached their limits and are now making major cuts to their defense budgets. Second, the broader debt crisis in Europe is unlike anything seen since the creation of the Alliance, and it will sap the resources of big and small Allies alike for years to come. And third, U.S. economic problems and a feeling of self-inflicted "overstretch" have sapped U.S. willingness and ability to lead.

Financial problems create an imperative of making better use of scarce defense resources, including through multi-nationality and

greater interoperability. Pooling and sharing of resources is good, efficient policy even in the best of times – and all the more so when budgets are tight. Increased collective efforts can mitigate the effect of cuts, and can have a positive effect on Alliance solidarity and cohesion. Yet there is no way around declining resources – less is less. In times of austerity, NATO can become more significant as an enabler of common action, even if it cannot compensate fully for the impact of defense cuts.

The 2011 Libya crisis encapsulated this duality in a very visible way. On the one hand, it displayed the difficulties in getting even major allies on board for common military action. Relatively few allies took part in the operation, some due to lack of finances, some to lack of relevant military capabilities, and some due to a lack of support for the military operation itself. These trends played out across the Alliance as a whole, ignoring any supposed “old Europe/new Europe” division. Libya also proved yet again that the European NATO members – even the most militarily potent ones – are incapable of conducting a major military operation without substantial U.S. enabling support.

On the other hand, NATO was quickly able to reach political agreement on the limited mission of protecting civilians in Libya, despite its vagueness, complexity and potential for failure. The United States and France, who for different reasons had each previously opposed NATO involvement in military operations in Libya, eventually pressed hard to get the mission to execute UNSCR 1973 under the NATO auspices.

The Libya operation also underlined another point: Europe’s Common Security and Defense Policy (ESDP) is not and cannot be an alternative to NATO. Despite prior ambitious rhetoric and long-standing efforts to enable the European Union (EU) to conduct autonomous military operations, the fact that even France did not consider having

the EU lead operations in Libya underscores the inherent limits in European-only (and thus EU) military action.

Strengthening the transatlantic bonds in the future will require new champions of NATO and renewed defense spending, on both sides of the Atlantic. It will likely entail doing less of what the United States wants beyond Europe, at least under a NATO flag. However, the United States still bears the mantle and cost of being the world's leading power. It needs the Alliance's treasures of political cohesion and military interoperability among twenty-eight members, thirty-five formal partners and many informal ones. And the European Allies need the United States to lead NATO. In sum, a future transatlantic bargain may be Europe and North America agreeing to nurture each other's strategic peace of mind by sustaining a healthy, cohesive NATO. Such a bargain would allow pursuit of national interest such as rebuilding the global economy, assured of a world mainly at peace and fully capable of responding to crises.

Observations on the Way Forward

While establishing a new and sustainable sense of a transatlantic bargain is exactly what is needed to define the future of NATO itself, the reality is that NATO's Chicago Summit is unlikely to tackle such a far-reaching question. Leaders are focused on survival as the domestic politics of financial crises relentlessly press inward. Budgets will be slashed on both sides of the Atlantic. NATO's operations are being driven downward, whether ending the operation in Libya, withdrawing from Afghanistan (ISAF) in 2014, or ending the NATO Training Mission in Iraq.

As a result, Chicago will be about the modest steps of the achievable, rather than the grand steps of transatlantic renewal. Even

for this, NATO needs an agenda that is ambitious enough, yet at the same time, realistic.

What is most likely and achievable is an approach centered on taking further certain aspects of the 2010 Strategic Concept by means of more assertive implementation: making better use of existing decisions and resources that have a basis in the Strategic Concept, but have not been pressed to full advantage. Among those worth considering are the following:

- NATO must start focusing on the post-2014 period in Afghanistan. At the moment, Allies are focused on a timetable for handover of responsibilities to Afghan leadership in 2014. Little time and focus has been given to (a) the prospect that Allies may need to stay longer if the Afghan security services are not ready to take full responsibility throughout the country; and (b) even in the event of full transfer of lead responsibility, what is the nature of the continuing Alliance role in Afghanistan, and what level of resources will be required to guarantee success.

- NATO must again serve as the key forum for transatlantic dialogue and political coordination on broad matters of security affecting the Allies. Much has changed positively over the last few years with regard to consultations according to Article 4 of the Washington Treaty. Even so, there remain abundant examples where Allies find it preferable to avoid discussion of security issues in the North Atlantic Council (NAC), rather than use such debate to build a stronger transatlantic position.

- NATO needs to be better connected to the international community, with respect to other international institutions as

well as with respect to other non-NATO countries. This holds true for NATO-EU relations, which are perennially blocked due to the Cyprus dispute, but equally so for NATO-UN, NATO-AU, and other institutional relationships. And NATO should work actively to promote cooperation with others, such as India, or dialogue with nations such as China. NATO should also continue to develop its relations with a community of like-minded democratic partners across the globe, including Australia, New Zealand, Japan, South Korea and others.

- NATO's partnerships with the countries in the Arab world have gained particular relevance in the context of the political developments in the Middle East and North Africa. NATO has a unique chance to contribute to the democratic transformations in some countries by providing (if asked) expertise in security sector reform. Moreover, despite the relief many Allies felt in declaring an end to Libya operations, NATO may again be called to carry out "hard" security tasks in the region, whether in Syria, Libya, or elsewhere. NATO should actively engage its partners in the region, as well as conduct quiet, prudent planning, given a wide range of potential developments in the broader Middle East region.

- The Allies should renew their commitment to the maintenance of a high readiness NATO Response Force (NRF), with defined, fully resourced commitments by Allies in providing trained, equipped and deployable forces on a permanent basis. The NRF is NATO's only means of deploying a highly capable military force on short notice for unseen contingencies. Everything else is either AWACs, C-17s, or a tin-cup exercise. It also ensures a long-term Alliance commitment to multi-nationality, operational excellence, and political risk sharing. The NRF is the only formation that gives

NATO decision-makers a genuine collective military option from the outset; it should therefore take priority in national resource decisions.

- As stressed in the NATO Secretary General’s “Smart Defense” initiative, in times of austerity Allies must make better use of the synergies in military capabilities among nations. Yet “pooling and sharing” is not a panacea. In particular, in order for multi-nationality to work in practice, Allies must have full confidence in the swift availability of capabilities declared by other Allies. Issues of readiness, political will, and parliamentary regulations need to be tackled in advance, in order to provide mutual trust that declared capabilities will indeed be delivered swiftly in case of need.

- While NATO has a defense spending target of only two percent of Gross Domestic Product (GDP), very few Allies actually meet this target, and the majority remain appallingly below, some even under one percent. There is no way to force Allies to spend more money, and the Euro-crisis makes it unlikely that any Allies will increase defense spending in the near future. At the same time, there is no way to fund all the activities NATO has signed up for in the 2010 Strategic Concept with the budgets currently provided. NATO needs to lower its Level of Ambition (LOA) (down from handling simultaneously two major contingencies and six minor ones) in the near term while also reinforcing the commitment to two percent of GDP for the long-term, when national budgets recover. There is nothing about shortcomings in NATO’s military capabilities that additional money from the nations could not fix.

Finally, we come back to the question of political will and decision-making. It is not enough for experts and technocrats to reach conclusions on the nature and future of the transatlantic Alliance. It

only matters if leaders at political levels believe in the importance of the transatlantic link and are willing to invest their own time and commitment in forging a fresh transatlantic bargain. At the moment, our leaders are absorbed by domestic politics and economic woes. Yet it is only our leaders – through an intensive effort at public discourse – who can create understanding of the new security challenges, of the necessity of a renewed NATO, and of the necessary sacrifices involved.

This kind of leadership is sorely lacking at the moment, but by no means out of reach. Let us hope that the challenges and opportunities of our time bring out the best among our elected leaders.

3

FOREWORD AND SUMMARY OF CHAPTERS

Mr. Mark D. Ducasse¹

Foreword

As Editor of this volume and overall Project Manager for this study, it is my pleasure to offer this publication to the reader. The Transatlantic Bargain project is a study co-sponsored by the Center for Transatlantic Security Studies (CTSS), Institute for National Strategic Studies, National Defense University, Washington, D.C., United States, and the NATO Defense College (NDC), Research Division, Rome, Italy. The purpose of this volume is to stimulate constructive debate and public interest surrounding the transatlantic security relationship, NATO and the Alliance's May 2012 Summit in Chicago, IL.

It is hoped that any discourse borne of this volume will facilitate the building of a stronger consensus around a revitalized transatlantic relationship through increased, shared understanding as to the *raison d'être* behind this fundamental political and military partnership.

This volume provides an in-depth investigation of the past, present, and future face of politico-military relations between the United States and its transatlantic allies. In previous decades, what became known as the "Transatlantic Bargain" was characterized by Western European willingness to build strong political, military, and economic links with the United States and, where appropriate, to follow

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American leadership in return for access to substantial resources and the commitment to keep Europe free and secure.

The fall of the Berlin Wall in 1989 and the collapse of the Soviet Union in 1991 marked the end to the predictable “us” versus “them” environment that defined over forty years of bipolarity. The international community witnessed the birth of unipolarity – with the United States as the sole remaining hegemon – and the lack of any unifying threat called into question the relevance of organizations such as NATO. Most Allies became less concerned with a possible Russian attack; and many of them became more eager to cash-in rapidly what was defined as “the peace dividend” – cutting defense expenditure, reducing military personnel, etc. Ultimately some began to argue that the Transatlantic Bargain was becoming outdated.

Twenty-two years later, the Alliance has moved away from a single mission tied almost entirely to the European continent during the Cold War, and is now potentially even farther afield than the area-of-operations used to redefine NATO’s role during the early post-Cold War era. NATO’s 2010 Lisbon Summit successfully laid out an ambitious new Strategic Concept, yet enduring global challenges and unprecedented fiscal restrictions have made NATO ever more vulnerable to defense budget cuts and pressure for troop withdrawals. To overcome this, the Alliance needs to obtain greater public support and leadership commitment; otherwise, NATO will continue to face resource shortages and a chronic lack of political will. The Transatlantic Bargain project is aimed at framing and renewing the political and military commitments needed to sustain execution of the 2010 Strategic Concept. The Allies also need to address what role the European Union (EU) now plays in the transatlantic relationship – the Strategic Concept outlines NATO’s role, but what about a wider U.S.-European strategic alliance? This project will serve as an opportunity to make a beneficial impact on U.S.-European strategic cooperation

in addressing global challenges and overcoming skeptics who argue Europe is passé.

In fulfillment of this study, this volume includes contributions by six American and three European authors offering the reader differing perspectives from both sides of the Atlantic. In addition, these nine policy papers have been supplemented by a succinct Chapeau Paper jointly authored by the European and U.S. Project Leaders: Karl-Heinz Kamp (NDC), and Ambassador Kurt Volker (CTSS), respectively. The final thoughts for the reader are offered via a simulating Epilogue authored by this project's Lead Facilitator, Charles Barry. Both the Chapeau and Epilogue incorporate the key thoughts and ideas of the nine papers into two executive summary style documents aimed at policymakers and senior officials following the publication of this product by NDC Press in early 2012.

Summary of Chapters

Throughout this volume, we argue that the Transatlantic Bargain, in the initially described set of unwritten rules which were based on shared interests, values and expectations, is still intact. NATO, however, has structural problems stemming from a changed strategic landscape in which threats no longer have the same unifying effect as during the Cold War. The Alliance remains a community of the likeminded and NATO remains the institution of choice for the United States to deal with their European partners, despite occasional frustrations.

The structure of investigation focused around three core questions. First, what has the Transatlantic Bargain been and what has it evolved into today? Second, what would a new Transatlantic Bargain look like? And third, what is NATO's role in a new Transatlantic

Bargain? In answering these questions, two American authors and one European author were assigned to each of the above questions with the aim of conveying a broad understanding of this topic to the reader.

For question one – what has the Transatlantic Bargain been and what has it evolved into today? – the American authors Lawrence Kaplan (Georgetown University) and Diego Ruiz Palmer (NATO HQ), and the European author Karl Kaiser (Harvard University) address whether there was such a thing as a Transatlantic Bargain and, if so, if the notion of such a bargain is of relevance today. In his contribution, Lawrence Kaplan asserts that the Transatlantic Bargain historically encapsulated the United States’ commitment to rebuild, both economically and militarily, Western Europe following the devastation of World War II. In exchange for this commitment, Europe must organize itself in its own defense – rebuilding, maintaining, and investing-in the apparatus of hard power. In so doing, Kaplan explains, America’s initial goal was to establish a united and prosperous West that could keep the Soviet Union in check. This “West” was to incorporate likeminded nations that would in turn serve as partners to the United States in an Atlantic community embodied in the creation of the North Atlantic Treaty Organization (NATO) in 1949. For Europeans, Kaplan puts forward that this bargain meant security for them from both internal and external aggression, allowing Europe to focus primarily on economic recovery and an eventual “United States of Europe.” However, with the end of the Cold War and the collapse of the Soviet threat, Kaplan asks whether this “old” bargain is still viable. Kaplan proceeds to highlight the tests, strains and adaptations this relationship has undertaken in order to remain relevant today.

Fellow American author, Diego Ruiz Palmer, expands to Kaplan’s discourse furthering our understanding of the U.S. perspective in relation to this question. In his contribution, Ruiz-Palmer contends that the concept of the Transatlantic Bargain was never one borne of

a deterministic quid-pro-quo, but rather a process of institutionalizing mutual negotiation through political consultation and politico-military solidarity through NATO and Article's 4 and 5 of its founding 1949 Washington Treaty. For Ruiz Palmer, the term "Transatlantic Bargain" is a convenient "catch-all" found within public and academic discourse employed to remind Europeans that the transatlantic relationship must be a two-way street. Ruiz Palmer further contends that the term "bargain" is offensive to Europeans as it connotes a conditional, almost mercantilist approach to the transatlantic relationship. The author explains that where a "bargain" suggests a "contract," as in a business-like relationship, Europeans think of a "compact," one that unites Europe and America in a single "common destiny." In short, Ruiz Palmer argues that while the transatlantic relationship involves much more than NATO, including a degree of economic and societal interaction across the Atlantic Ocean with no equivalent around the world, the Atlantic Alliance is its political, military and institutional core. NATO, therefore, provides the most reliable reflection, politically and institutionally, of how the United States and its allies have pursued and implemented their transatlantic understanding.

Karl Kaiser offers the reader a European perspective to this question. Kaiser explains that the Transatlantic Bargain is based on a set of shared interests, goals, and expectations all of which serve to bind the transatlantic partners together. For Kaiser, many of these binding facets were explicit and codified through treaties and arrangements such as the post-World War II Marshall Plan and the 1949 Washington Treaty. On the other hand, Kaiser highlights how many of the politically salient elements of the bargain were uncoded and ad hoc in nature. These unwritten rules were to be observed and ensured an element of flexibility to the transatlantic relationship. Kaiser goes on to contend that without this innate flexibility and ability to adapt to ever-changing circumstances, the Transatlantic Bargain would not have preserved its validity and relevance today. For Kaiser, NATO's flexibility and ability

to institutionalize lessons-learned is now key to the enduring success of the transatlantic security relationship. In short, the author argues that given the evolution of the international system, the growing threats to global stability and the rise of new global powers centers, national approaches by European states are totally inadequate to deal with the problems of the future. Only a united Europe acting as a partner of the United States will be able to successfully meet the security challenges of the future.

For question two – what would a new Transatlantic Bargain look like? – the American authors G. John Ikenberry (Princeton University) and Wallace Thies (Catholic University of America), and the European author Michael Rühle (NATO HQ) ask whether transatlantic relationship and the NATO alliance should remain as the guiding security relationship in the twenty-first century. In his contribution, G. John Ikenberry contends that the transatlantic relationship is far more deeply ingrained than the NATO alliance alone. Ikenberry explains the transatlantic relationship also manifests itself in the wider fields of strategic, political, economic, and societal ties, all of which serve to bind these two pillars of Western world (Europe and North America) together. For Ikenberry, the transatlantic security relationship is a security partnership built around common values, special relationships, and convergent interests, layers of institutions, and long-standing strategic partnerships that have catalyzed the creation of political bargains. Ikenberry goes on to examine the transatlantic relationship following the end of the Cold War. He asserts that the rapid and ongoing shifts in global wealth, centers of power, and security interdependence indicates that the United States and Europe need to rethink the terms of their strategic partnership and shared institutions. Ikenberry asks what the United States and Europe should be doing together given the threats and opportunities both face in the twenty-first century.

The second American author, Wallace Thies, contends that we

have already witnessed the establishment of two transatlantic bargains, but the establishment of a third such bargain remains problematic. Thies elaborates, explaining that previous bargains, 1948-1949, and 1989-1990, coincided with radical structural change to the global distribution of power and influence. The first bargain followed the end of World War II coupled with the emergence of bipolarity. The second coincided with the end of the Cold War, German reunification, the break-up of the Soviet Union, and emergent unipolarity with the United States as the sole remaining hegemon. In short, Thies' contention is if there is to be another transatlantic bargain, it too will likely be the product of structural change – namely, a reversal from unipolarity back to bipolarity or even the emergence of multipolarity. Thies explains that such a shift in the global distribution of power would require the United States to move military assets earmarked for Europe and NATO to other parts of the world, thereby necessitating a third such bargain to be struck. However, Thies notes that the Allies will likely resist such political changes until the continuation of the status quo becomes infeasible.

Michael Rühle offers a European perspective in regards to this question (what would a new Transatlantic Bargain look like?). In his contribution, Rühle explains that the notion of a “bargain” implies a mutually favorable give-and-take, whereas the true nature of the transatlantic security relationship is characterized by one side pushing the other in line with prevailing national security requirements of individual States. Rühle states that NATO's political and military agenda has broadened far beyond its original Cold War remit, and it has become painfully obvious that the future of the Alliance cannot be determined by simply extrapolating past successes. Rühle's final assertion is that no new “grand bargain” or other far-reaching proposals to “re-vitalize” the transatlantic security relationship is likely to materialize, as nothing in the last 60 years of the transatlantic security relationship suggests that such a new bargain could eventually

be struck.

Regarding the third and final question – what is NATO’s role in a new Transatlantic Bargain? – the American authors Sean Kay (Ohio Wesleyan University) and Stanley Sloan (CTSS subject matter expert and Visiting Scholar at Middlebury College), and European author Rob de Wijk (The Hague Center for Strategic Studies) investigate what a new “Transatlantic Bargain” would imply for the NATO alliance. The American author Sean Kay argues that the transatlantic security relationship requires a fundamental rebalancing facilitated through a major realignment of NATO. At present, Kay contends that NATO perpetuates a structural imbalance on the transatlantic security paradigm, vis-à-vis European over-reliance on the United States. This imbalance, Kay believes, was dangerously exposed in the 2011 Libya war in which European countries found it difficult to conduct a relatively minor military operation when the United States did not take the lead. Kay contends that the United States cannot afford to maintain this status quo and must now hand over security relationships and responsibilities to its European Allies. This realignment, Kay argues, will complete an unfulfilled founding mission for NATO – to create a condition in which Europe no longer heavily relies on a United States military presence – thereby strengthening the foundations of the original transatlantic bargain. In short, Kay argues that now is the time for Washington and European capitals to see NATO as it is, not as they wish it could be. In so doing, Kay asserts that the United States can preserve NATO at the heart of a new and balanced transatlantic relationship that enhances mutual security interests in the transatlantic bargain.

The second American contribution, authored by Stanley Sloan, seeks to answer two main questions. First, what will be the nature of the new bargain? Second, should we ask what NATO’s role will be (predictive), or what it should be (normative)? In answering

these questions, Sloan applies the assumption that the “new bargain” is one that can be constructed or evolved from the agreements and consensus reached from NATO’s latest (2010) Strategic Concept; this consensus supplemented by lessons-learned from the Alliance’s recent involvements in Afghanistan and Libya. For Sloan, NATO’s role in the future of the Transatlantic Bargain is simple. Through the Alliance, he argues, the United States will continue to contribute to Europe’s security as long as the Europeans make their own contributions to the security of the collective, mitigating European over-dependency on the United States. However, Sloan notes that U.S. policy needs to be realistic about how much can actually be changed in the current transatlantic relationship. Sloan adds that history has shown that relations among Alliance members change slowly, and respond more to underlying interests and perceptions than to unified policy declarations. Sloan’s overriding contention is that at this point in history, a new transatlantic bargain is not going to look much different than the one that we currently know but, building on the consensus reached in NATO’s 2010 Strategic Concept, some additional elaborations and improvements certainly are worth pursuing, particularly in relations to Article 4 and 5 operations.

The final paper offered by Rob de Wijk’s provides the final European perspective in relation to this question (what is NATO’s role in a new Transatlantic Bargain?). de Wijk argues that the transatlantic partnership requires a complete “reset,” and that any new Transatlantic Bargain borne of this reset should not be based on obsolete rhetoric of “shared values” and “shared history,” but on a new understanding of common interests in an increasingly unstable world. For de Wijk, the main obstacle for a new Transatlantic Bargain is the different political and strategic cultures coupled with the demise of a single, clear, and unifying threat. Any discussion on such a bargain based around these old understandings is meaningless, unless those differences are taken into account. This should be the point of departure of a EU-NATO

summit on common challenges and common interests that should broker a new Transatlantic Bargain. In short, de Wijk asserts that the key challenge is how the United States and Europe can maintain their respective power to shape international relations according to their interests while accepting that geopolitical change is real and will have profound implications for their individual and shared economies and security interests in the future.

This volume offers the reader both the historical perspectives of the Transatlantic Bargain and an analysis of current and foreseeable challenges and opportunities that will shape the future of the transatlantic relationship and the NATO alliance. For the sake of brevity, it focuses on the U.S. and European dimension, not dealing specifically with the perspective from Canada or from non-EU countries, like Turkey. The old adage of, “to know where you are going, it helps to know where you have come from,” has never rung so true for the Alliance. It is hoped that the papers and debate conveyed in this volume will advance the transatlantic relationship by offering insights and stimulus for policymakers on both sides of the Atlantic to maintain and strengthen this most special of political arrangement via continued mutual understanding and further debate.

4

**QUESTION ONE:
WHAT HAS THE TRANSATLANTIC BARGAIN
BEEN AND EVOLVED INTO TODAY?**

4.a. U.S. Authors

4 a.i.

Dr. Lawrence S. Kaplan¹

The “Transatlantic Bargain” may be one of those convenient short hand expressions that students of the Alliance have attached to NATO over the years. The assertion, for example, that the Korean War put the “O” in NATO distorts the Alliance’s history. The transatlantic bargain may be similarly challenged. In NATO’s formative years, it was a one-sided arrangement. To win support of the U.S. Senate – and the American public – for the abandonment of a hundred and fifty-year old tradition of non-entanglement with Europe, the United States insisted on a series of obligations that the European allies had to accept before the treaty could be ratified and military aid extended. In essence they had to conform to the principles laid out in the Marshall Plan: Evidence of self-help and progress toward the breakdown of barriers that had divided Western Europe in the past. It was a bargain that Europeans reluctantly acknowledged. They would have preferred the United States joining the Western Union and offering its military assistance without strings attached. Failing to achieve these objectives, they agreed to the senior partner’s terms while hoping to modify them

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in practice.²

The basic construct of a transatlantic bargain, however, is certainly valid. Stanley R. Sloan, one of the most perceptive analysts of NATO's history utilized the bargain effectively and convincingly as a framework for three important books on the subject.³ The term itself originated with Harlan Cleveland, U.S. Permanent Representative on the North Atlantic Council from 1965 to 1969. In its simplest form, the bargain was the United States' commitment to the rebuilding, both economically and militarily, of Western Europe after the devastation of World War II – in exchange for Europe organizing itself in its own defense. Writing twenty years after the framing of the North Atlantic Treaty, Cleveland claimed that the bargain worked “because the bargaining goes on within a framework of common interest, perceived and acknowledged.”⁴

Dealing with the national interests of fifteen (as of 1970) NATO members required continuing revisions of the bargain. Harlan Cleveland maintained that the “North Atlantic Alliance is thus an organized controversy about who is going to do how much, but no matter how much the bargain changes, the constant is a consensus among allies that there has to be a bargain.”⁵ Its goal from the American perspective was a united and prosperous West that could keep the Soviet Union in check, and serve as a partner in an Atlantic community. For Europeans it meant security from internal and external aggression as it worked its way toward a “united states” of Europe.

² Lawrence S. Kaplan, *NATO 1948: The Birth of the Transatlantic Alliance*, Lanham, MD, Rowman & Littlefield, 2007.

³ Stanley R. Sloan, *NATO's Future: Toward a New Transatlantic Bargain*, Washington, DC, National Defense University Press, 1985; *NATO, the European Union, and the Atlantic Community: The Transatlantic Bargain Reconsidered*, Lanham, MD, Rowman and Littlefield, 2003; *Permanent Alliance: NATO and the Transatlantic Bargain from Truman to Obama*, New York, Continuum, 2010.

⁴ Harlan Cleveland, *NATO: The Transatlantic Bargain*, New York, Harper & Row, 1970, p. 5.

⁵ *Ibid*

Cleveland recognized that there was nothing automatic about the cooperation expected from the treaty. The experience of NATO's formative years showed how fragile the bargain was. The year before the Korean War revealed the many strains that putting signatures on the document could not conceal. The United States, after prolonged congressional debate, was willing to provide military aid to Europeans but under conditions that undermined the commonality of their efforts. Bilateral agreements had to be concluded with each of the Allies that involved the granting of base rights in exchange of assistance. There was no doubt that the first Strategic Concept in January 1950 clearly displayed the inferior position of the European allies; the United States would supply strategic air power, the Europeans ground forces. Unhappy Europeans had no choice but to accept humiliating provisions allowing Americans in each capital to supervise the utilization of aid. But the United States soothed French feelings by removing the word "advisory" from the American team in Paris, and limiting full diplomatic status for their counterparts in London.⁶

Although the United States insisted on bilateral arrangements in areas sensitive to Europeans, its conception of Europe's defense centered on a balanced collective force, with each member serving the Alliance in accordance with its special assets – implied in the Strategic Concept. Repeatedly, U.S. Secretary of State Dean Acheson demanded at North Atlantic Council meetings that the European allies overcome their parochial obsession with national forces and accept integration of their forces. The U.S. military assistance program was designed to help Europeans to develop specialized strengths to serve the common welfare of the Alliance. The Europeans agreed with the principle but only if these forces would defend their country. Without a balanced "national" force encompassing all their military branches they could not be assured, as Norwegian Foreign Minister Halvard

⁶ U.S. Ambassador to France (Bruce) to Secretary of State, 18 November 1949, 8420.20/11-1649, RG 59, NARA; Acheson to U.K. Ambassador to the United States Oliver Franks, 17 December 1949, *Acheson Papers*, Harry S. Truman Library, Independence, MO.

Lange observed in May 1950, that they could be protected in the event of an invasion.⁷

Just as the United States overcame European objections to its bilateral plans, the Europeans were able to evade American demands. A communiqué at the London meeting of the North Atlantic Council on 18 May 1950 gave lip service to balanced collective forces without abandoning consideration of their national forces. Similarly, the European allies were able to force the United States to scrap its short-term defense plan, which initially would have relinquished the Continent in the event of an invasion. In its place NATO adopted a medium term defense plan that covered Europe, at least to the Rhine.

In essence, the allies in NATO's formative years struck a number of bargains within the framework of the original bargain. The process was often improvised and untidy but, as Harold Callender of the *New York Times*, reported, the 18 May 1950 meeting in London created a new sense of unity, to which the United States solidly integrated itself with Western Europe. Callender marveled that "the mere agreement on the machinery for creating such unity in the use of force for a common end is something that sovereign nations, including the United States, would have found fantastic a few years ago."⁸

Some of the putative successes of the Alliance in its first year may have been illusory but the transatlantic bargain was not. The Korean War strengthened it by increasing Europe's reliance upon the United States and NATO's dependence on German resources. New tensions arose in the 1950s and 1960s that required new bargains. One source that had its origins in relations among the Europeans was the dominance of Britain and France within the Western Union and their

⁷ Acheson to Acting Secretary of State, 16 May 1950, Foreign Relations of the United States, 1950, III, pp. 108-09.

⁸ *New York Times*, 21 May 1950.

subsequent membership in the Standing Group of NATO's Military Committee. The perception of exclusion of the smaller members from NATO's decision-making process riled them. The requirement of consensus in the North Atlantic Council lost credibility if the United States, Britain, and France controlled policy. In 1956, their discontent was expressed in a report of the Committee of Three on non-military cooperation in NATO. The committee was composed of the foreign ministers, of Canada, Italy, and Norway, the three "Wise Men". They asked for closer consultation with all members to develop greater unity within the Atlantic Community.⁹ If the report went unheeded it was partly because it coincided with the destructive Suez crisis that absorbed the attention of the major powers.

The issue did not end in 1956. Within a decade the withdrawal of France from NATO's military structure combined with the United States' preoccupation with its Vietnam War emboldened the smaller allies to renew their efforts to reshape the bargain. When Belgium's foreign minister, Pierre Harmel, proposed a broad examination of the political tasks facing the Alliance in December 1967, he was repeating the appeal of the Wise Men who had tried in vain to tell the larger powers that their voices should be heard. In 1967, the smaller nations won not just a vague promise of future consultations but a specific program that elevated détente to the level of defense as a major function of the Alliance. The results were evident in the flurry of negotiations with the Soviet Union that led to the Mutual and Balanced Force Reductions talks in Vienna in 1973 and to the Helsinki Final Agreement in 1975. The latter, a product of the Conference on Security and Cooperation in Europe (CSCE), was essentially a declaration of co-existence between NATO and the Warsaw bloc as well as a promise of freedom of movement and freedom of information in the Soviet bloc.¹⁰ Despite

⁹ North Atlantic Council Final Communiqué, Paris, 11-14 December 1956, Approval of the Committee of Three's report, NATO, http://www.nato.int/cps/en/natolive/official_texts_17483.htm?

¹⁰ North Atlantic Council Communiqué, Brussels, 11-12 December 1975, Notification off the adoption of the CSCE's Final Act, http://www.nato.int/cps/en/natolive/official_texts_26916.htm?

transatlantic disillusionment over the progress of détente, the smaller nations managed to exercise an influence in these years that the transatlantic bargain had not provided in the past.

By the end of the 1970s the pendulum swung again to the larger powers in NATO and to new challenges from the Soviet Union. One of them was over the perennial question of “burdensharing” that had co-existed with the smaller nations pressures for détente. In the late 1960s and early 1970s, they centered on Germany’s contribution and on U.S. threats of reducing its troop commitment in Europe unless its complaints were redressed. Essentially, they were resolved in a new bargain requiring Germany to pick up some of the financial burden that the United States felt it unfairly carried.

More difficult to resolve was the revival of fears among the European Allies in the Carter and Reagan administrations over new Soviet challenges to their security and the presumed inadequacy of U.S. responses. As the Soviets targeted European cities with medium-range missiles at the same time that the United States displayed weakness over the deployment of the neutron bomb, the Allies led by German Chancellor Helmut Schmidt, demanded and received assurances in 1979 that Soviet intimidation would be countered by U.S. ground-launched missiles based in Europe. This adjusted bargain was embedded in a dual-track decision of the North Atlantic Council in 1979 that paid deference to the concept of détente but essentially reversed the Harmel initiative, by giving priority to defense over détente.¹¹

The transatlantic bargain was always in flux, but never in danger of a permanent breakdown during the Cold War. No member had invoked Article 13 of the treaty to renounce its membership in NATO,

¹¹ North Atlantic Council Communiqué, Brussels, 12 December 1979, Special Meeting of Foreign and Defense Ministers on deployment of U.S. ground-launched missiles, <http://www.nato.int/docu/comm./49-95/c791212a.htm>

even though some members had withdrawn from its military structure in 1966 and 1974. There were too many centripetal elements in play. It was not until the abrupt end of the Cold War with the unexpected collapse of the Soviet Union and the dissolution of its empire that the continuation of the Alliance was in question. The termination of the Cold War and the implosion of the communist empire took NATO by surprise. Only one month before the Berlin Wall was torn down, NATO's debate over the wisdom of updating the Lance nuclear weapon was considered the most important problem of 1989. The possibility that the issue of the Lance missile would become irrelevant to NATO did not cross the minds of NATO policymakers.¹²

The removal of the Soviet Union as a seemingly permanent adversary highlighted the fault lines that had made the bargain fragile from time to time. The distrust of Germany, never fully allayed in France or to most victims of Nazi occupation, manifested itself in reluctance of France and Britain to accelerate the unification of that country in 1990. The U.S. backing of German unification in opposition both to its allies and to the Soviet Union was a source of potential schism within the Alliance. Additionally, Europe's grudging acceptance of American dominance during the Cold War was now replaced with an appreciation for a growing European Union that could compete with the United States on almost equal terms. In turn, America's suspicions of Europe's ambitions as a united entity had long superseded its expectation of Europe's role as a grateful inferior partner.

The result was an alliance in crisis when a weakened Russia succeeded the communist enemy. Was the old bargain between Europe and America inapplicable in the 1990s? Could the United Nations or the new European Union provide European security in the future? This question was answered in the North Atlantic Council meeting at Rome

¹² North Atlantic Council Communiqué, Brussels, 14-15 December 1989, Review of historic changes with no mention of Lance missiles, <http://www.nato.int/docu/comm/49-95/c891215a.htm>

in November 1991 when the Allies, facing conflict in the Persian Gulf, and, closer to home, with the breakdown of the Yugoslav Republics. Crisis management in place of defense against invasion was the mantra of the 1990s and the major outcome of the Rome meeting.¹³

The Balkans were an appropriate test of crisis management as well as an occasion to display a new component of the transatlantic bargain. Serbia's aggression against its former partners could affect NATO countries bordering the former Yugoslavia. The old bargain now extended to "out-of-area" issues covered by Article 4 of the North Atlantic Treaty. Initially, the United States intended to play no part in what the first Bush administration and the European Union (EU) felt was a matter Europeans should and could handle by themselves under a UN umbrella. They failed. Neither the EU nor the UN could stop the ethnic cleansing of parts of Croatia and all of Bosnia without U.S. intervention. While the bargain was vital to the success of the U.S. campaigns against Serbia over Bosnia in 1995 and Kosovo in 1999, the cost to the Alliance was heavy. The war ended with loss of status of both the UN and EU, and with consequent European resentment over the renewal of the senior partner's dominance. The bargain appeared to be unraveling.

Al Qaida's shocking attack on the United States on 11 September 2001 instantly restored the credibility of the transatlantic bargain, if only for a brief period. NATO condemned the terrorist acts and invoked Article 5 in support of its transatlantic partner, dispatching aid to the stricken American partner – primarily with the deployment of NATO Airborne Warning and Control System (AWACS) aircraft under the auspices of Operation Eagle Assist.¹⁴ The spirit of unity did not last long. Remembering the confusion in the management of

¹³ North Atlantic Council Communiqué, Rome 7-8 November 1991, The Alliance's New Strategic Concept, http://www.nato.int/cps/en/natolive/official_texts_23847.htm

¹⁴ North Atlantic Council Communiqué, 6 December 2001, on NATO's Invocation of Article 5, <http://www.nato.int/docu/pr/2001/p01-259e.htm>

the Kosovo operation, the United States rejected the Allies' offer of assistance in ousting the Taliban from Afghanistan in the fall of 2001. Relations within the Alliance further worsened when the United States identified Iraq as its central target in 2002 and in 2003 invaded that country despite the vehement opposition of France and Germany – two key NATO and European partners. NATO appeared split over U.S. unilateral actions, with France and Germany in open defiance of U.S. leadership. The bargain was jeopardized as the Iraq operation became mired in a civil war with many of the European allies refusing to come to U.S. assistance. Arguably, 2003 was the year the bargain could have been irrevocably revoked.

NATO survived. The United States worked to repair relations in Iraq, and succeeded, at least in the ongoing Afghanistan conflict, to convert the UN operation into a NATO responsibility.¹⁵ The course of intra-NATO relations has not been smooth; many of the allies in Afghanistan have offered only limited cooperation. But transatlantic recognition of both the limits of U.S. unilateralism and the continuing European need for an American role in Afghanistan, Iraq, and currently in Libya has kept the bargain intact.

The world has changed since 1949, as have the terms of the bargain. The European partners possess strength in numbers and in wealth, equal if not superior, to the United States. In the form of the European Union, European allies carry weight in the UN General Assembly that the United States cannot match. Although the transatlantic partnership has lost the status and stature that it had in 1949, the transatlantic bargain is still viable. With some difficulty both parties seek accommodation with each other's interests and have reason to keep the bargain in place. America's military resources are so stretched today that European collaboration is more important than at any time in the past. But no matter how reduced the capabilities of

¹⁵ UN Security Council Resolution 1510, 13 October 2003, <http://daccess.ods.un.org/TMP/3018099.06959534.html>

the United States are in the twenty-first century, the Europeans are arguably even more in need of transatlantic support. The European Union is beset by economic problems and inadequate military budgets. Only the United States has the military technology to help Europe maintain the security that the transatlantic bargain was designed to secure. NATO's air campaign in 2011 against Gadhafi's Libya not only illuminates frictions among the allies but also illuminates their mutual dependence.

After more than sixty years it is hardly surprising that the bargain has undergone substantial changes. In 1949, the United States was just coming to grips with the implications of the new responsibilities it was assuming in Europe. The memory of non-interventionism in the affairs of the Old World weighed heavily on the framers of the Atlantic Alliance. To ensure the continuing commitment of the U.S. to its Western European partners, weakened by the experience of World War II and threatened now with the menace of Soviet-led communism, acceded to the demands for a new order in Europe.

Few of the original circumstances are in place today. Over two generations the United States has been the prime mover in enlarging both the membership of the organization and the scope of its obligations. Europeans over the same span of time have followed an uneven path toward integration, and in doing so, have achieved a measure of equality with their transatlantic partner. The European Union in the twenty-first century has performed services to NATO that the organization could not manage by itself. Granting the centrifugal pressures that will continue to test the relationship, the essential bargain remains viable in 2011.

4.a.ii***Mr. Diego A. Ruiz Palmer¹*****“The Bargain that Wasn’t and The ‘Compact’ that Was”**

The notion that the transatlantic relationship between the United States and its European allies and partners is underpinned by a “bargain” has gained currency ever since Harlan Cleveland, U.S. ambassador to NATO in 1965-1969, coined the concept and used it as the title for his book on NATO published in 1970.² Cleveland’s book was followed by several others on the same theme, which gave the concept of a transatlantic bargain further resonance.³ The notion that a “contract” is inseparable from the mutual undertakings embedded in the North Atlantic Treaty and other transatlantic arrangements dating back to the late 1940s has subsequently taken on a life of its own. It has been invoked by commentators in the United States periodically as a means to vent American exasperation with perceived European fecklessness in providing sufficient contributions to, and a fair share of, the “common defense”.

Of “Bargains” and “Understandings”

An important problem with the notion of a “grand” transatlantic bargain is that the historical record provides little evidence that American, Canadian or European diplomats and decision-makers in

¹ Mr. Diego A. Ruiz Palmer is Head of the Planning Section in NATO’s Operations Division, NATO HQ in Brussels, Belgium.

² The author is grateful to Mark D. Ducasse, Stanislava Mladenova, Michael Rühle, Jamie Shea and David S. Yost for their helpful comments on earlier versions of this chapter. Harlan Cleveland, *NATO: The Transatlantic Bargain*, New York, Hooper & Row, 1970.

³ Most prominent examples are two books by Stanley R. Sloan, *NATO’s Future: Toward a New Transatlantic Bargain*, Washington, D.C., National Defense University, 1985, and *Permanent Alliance? NATO and the Transatlantic Bargain from Truman to Obama*, New York, The Continuum International Publishing Group Inc., 2010.

the late 1940s were striving for or negotiating a “transatlantic bargain” as such.⁴ Nor is there much evidence to suggest that successive American administrations developed U.S. policy towards NATO on anything less than a broad conception of the collective Alliance interest. Actually, a reading of Harlan Cleveland’s book reveals that his concept of the transatlantic bargain was not of a deterministic *quid-pro-quo*, but rather of a process of mutual negotiation through consultation. Cleveland even asserts, rather than concedes, that a transatlantic arrangement whereby the United States would make its commitment to the common defense contingent on the effort of the other allies could be self-defeating: “[But] that is a mirage. Whatever we say, no European politician would feel he could take a more serious view of Soviet intentions and capabilities than the United States does. With a U.S. reduction, the European effort would also be less; the leader is followed when he walks uphill and also when he walks downhill.”⁵ General of the Army Dwight D. Eisenhower, NATO’s first Supreme Allied Commander, Europe (SACEUR), said as much in an address to the U.S. Congress a couple of months before assuming his duties at SHAPE headquarters in Paris in 1951: “What we are trying to do, ladies and gentlemen, is to start a sort of reciprocal action across the Atlantic. We do one thing that inspires our friends to do something and that gives us greater confidence in their thoroughness, their readiness for sacrifice. We do something more and we establish an upward-going spiral which meets the problem of strength and morale.”⁶

Rather, following Cleveland’s book – which came out at a time when the United States was experiencing serious balance of payments

⁴ On the origins of the Atlantic Alliance, see Timothy P. Ireland, *Creating the Entangling Alliance: The origins of the North Atlantic Treaty Organization*, London, Aldwych Press, 1981; Lawrence S. Kaplan, *NATO 1948- the United States and NATO: The Formative Years*, Lexington, University Press of Kentucky, 1984; Don Cook, *Forging the Alliance: NATO, 1945-1950*, New York, Arbor House/William Monow, 1999; and Lawrence S. Kaplan, *NATO 1948: The Birth of the Transatlantic Alliance*, Lanham, Md. Rowan & Littlefield, 2007.

⁵ Cleveland, *ibid*, p. 111.

⁶ Robert E. Osgood, *NATO: The Entangling Alliance*, Chicago, University of Chicago Press, 1962, p.78.

deficits and was looking for financial relief from the costs of stationing a large body of forces in Europe – the concept of a bargain became a convenient, but mostly unsuccessful, tool in the public discourse to remind the Europeans that the transatlantic relationship must be a two-way street.⁷ A good part of the reason why this concept has been mostly unsuccessful as a regulator of the transatlantic relationship is that it never gained recognition in Europe. This concept is an American intellectual construct that serves to legitimate U.S. purposes, whether expressed in the form of initiatives to strengthen common bonds or protect collective interests, or of complaints, but it has no standing, nor following in Europe. Books and articles by European practitioners or observers of transatlantic relations rarely mention this notion of a bargain and, if they do, it is in reference and deference to an American idea, not a shared concept.

This is not to say that the European allies do not grasp that the transatlantic relationship is a joint endeavor that requires mutual efforts and a reasonable sharing of risks, resources and benefits, even if the record of defense spending among European allies has rarely, if ever, been satisfactory over NATO's six decades of existence. But, the very term of "bargain" is offensive to Europeans. It connotes a conditional, almost mercantilist approach to the transatlantic relationship that is at variance with its profoundly philosophical and political underpinnings. Whereas "bargain" suggests a "contract", as in a business-like relationship, Europeans think of a "compact" that unites Europe and North America in a common understanding.

Paradoxically, the notion of a bargain, as applied to the transatlantic relationship, is as alien to the idealistic, but at the same time hard-headed, impulse that drove the United States to respond generously and in a far-sighted way to European requests for economic

⁷ On the transatlantic burden-sharing debate of the 1960s, and its associated offset arrangements with the Federal Republic of Germany and the United Kingdom, see Phil Williams, *The Senate and U.S. Troops in Europe*, New York, St Martin's Press, 1985.

assistance and military support in 1947-1950, as it is to the European political mindset.⁸ In his book, Cleveland conceded that the concept of a “bargain” often did not find favor in the United States, stating, “Some Americans do not like to use words like ‘deal’ or ‘bargain’ in describing the Atlantic Alliance. [...] The United States, they like to feel, keeps the peace in Europe as an act of enlightened self-interest.”⁹ While European nations, notably the United Kingdom, aspired to lock the United States into a standing commitment, it was America’s compelling support of an “Atlantic Community” which provided the essential impetus to bring the United States, Canada and an expanding group of European nations into a permanent, enduring alliance.

Rather than a bargain, with its slightly transactional and negative connotation, the transatlantic relationship has been sustained over six decades, notwithstanding recurrent crises and daily friction, by a positive-minded and formidably potent and successful understanding: that the benevolent purposes and effects of American political influence, as well as economic and military power, would be magnified, to the benefit of the United States and that of its allies, by harnessing that power and influence to a common, transatlantic endeavor. Furthermore, the understanding also involved the firm expectation that, in a reciprocal, mix-and-match fashion, through intra-European and transatlantic cooperation, the limitations in terms of individual power and resources of European nations would be overcome and give way to an increasingly cohesive and powerful European “pillar” sustaining the transatlantic bridge.

As powerfully stated in a compelling way in the *Alliance Reborn*

⁸ It is worth noting, in this respect, that a study effort conducted by four think-tanks in the United States, ahead of NATO’s 60th anniversary summit meeting in Strasbourg-Kehl, aimed at giving a new impetus to the transatlantic relationship, made the concept of an “Atlantic Compact” the center of gravity of its final report. Daniel Hamilton, Charles Barry, Hans Binnendijk, Stephen Flanagan, Julianne Smith and James Townsend, *Alliance Reborn: An Atlantic Compact for the 21st Century*, Washington, D.C., The Washington NATO Project, February 2009.

⁹ Cleveland, *ibid*, p. 6.

report prepared in February 2009, “North America’s relationship with Europe enables each of us to achieve goals together that neither can alone – for ourselves and for the world. This still distinguishes our relationships: when we agree, we are usually the core of any effective global coalition. When we disagree, no global coalition is likely to be very effective.”¹⁰

In the original vision of the Alliance’s “founding fathers,” the transatlantic compact would be much more than the sum of its parts. By design, NATO would not be a classic alliance assembled for transient purposes. As remarked by Stanley Sloan, “During the 1949 Senate hearings on the Treaty, [then U.S. Secretary of State Dean] Acheson and other Truman administration witnesses argued that what they were proposing was very different from previous military alliance systems.”¹¹

This compelling understanding found expression in a constellation of international and, as the Cold War cast an increasingly long shadow, the transatlantic institutions and *ad hoc* arrangements. These included, on a global basis, the World Bank and the International Monetary Fund, and, on a transatlantic basis, NATO, the Organization for European Economic Cooperation (established to help manage collectively the assistance provided by the United States under the Marshall Plan and the predecessor to the now 50-year old OECD), the now defunct Coordinating Committee (COCOM) for Multilateral Export Controls (established to regulate the export of sensitive technologies to the former Warsaw Pact countries) and the long-gone *Live Oak* organization (created to protect Western access to, and help defend, West Berlin).

While the transatlantic relationship involves much more than

¹⁰ Daniel Hamilton et al., *Alliance Reborn*, p. x.

¹¹ Stanley R. Sloan, *Permanent Alliance?*, p. 6.

NATO, including a degree of economic and societal interaction across the Atlantic Ocean with no equivalent around the world, the Atlantic Alliance is its political, military and institutional core. NATO, therefore, provides the most reliable reflection, politically and institutionally, of how the United States and its allies have pursued and implemented their transatlantic understanding. Essentially, the formula underpinning NATO's durability can be expressed as follows: NATO is the political and institutional *enabler* for American *leadership* and European *co-ownership* of transatlantic security.

Cold War Legacy

From NATO's early days, this understanding was reflected, politically and militarily, in every facet of NATO, by design: in its command structures, conventional force dispositions, nuclear-sharing arrangements, consultation procedures, and reinforcement plans.

Command Structures

As in all other aspects of the Alliance's institutional set-up, command arrangements have sought to combine U.S. leadership and engagement with the twin objectives of allied co-ownership and empowerment. Accordingly, "flag-to-post" command position allocations have reflected a delicate mix between political commitment and military capability, influenced by considerations related to geography, historical experience, and a balanced and fair representation of all Allies. In the 1950s and 1960s, anchoring the United States and the United Kingdom in Europe's defense meant that, together, they held most of the 4-star positions. France held the key position of Commander-in-Chief, Allied Forces, Central Europe (CINCENT), but the successive incumbents of that position, from Marshall Alphonse Juin onwards, had to wage a lonely and losing campaign to obtain

the military assets that were expected to sustain France's claim to that position against the drain on resources occasioned by France's engagements in Indochina and Algeria. In the end, France withdrew from the integrated military structure in 1966 and West Germany, having by then become the dominant military power in the Alliance's Central Region, naturally inherited the position.¹² In 1978, a second position of Deputy SACEUR was established at SHAPE, to reflect West Germany's military ascendancy in the Alliance. It was disbanded when the position of Chief of Staff, SHAPE, was transferred from the United States to Germany in 1993.

Conventional Force Dispositions

From 1950 onwards, the United States deployed continuously for the four decades of the Cold War approximately five-division equivalents in West Germany and some ten fighter wings in Western Europe. Until the *Bundeswehr* completed its build-up to 12 divisions in 1965, the 7th U.S. Army was NATO's single largest contingent in the Central Region. Even after 1965, because the U.S. divisions were deployed side-by-side in the southern half of the Federal Republic of Germany, whereas West German divisions were spread out in several formations across the country, the U.S. Army was the single most powerful maneuver force. U.S. Army Europe (USAREUR) thereby embodied the United States' commitment to lead in the build-up and maintenance of a strong forward defense, and to serve as the anchor of a European engagement to take ownership of this collective endeavor. The U.S. deployment was not a conditional commitment: the United States was leading by example, building the necessary foundation for a European deployment of forces that, in time, would add-up, numerically, to some four times the U.S. contingent in peacetime.¹³

¹² Diego A. Ruiz Palmer, *High Command: Allied Military Leadership, Coalition-Building and the Defense of Central Europe, 1948-1967*, March 2009, paper presented at a conference sponsored by NATO's Archives Committee, NATO Headquarters, Brussels, on the occasion of the Alliance's 60th anniversary.

¹³ West Germany assigned 11 of its 12 divisions to the defense of NATO's Central Region. The United

Nuclear-Sharing Arrangements

In the summer of 1952, the United States stationed its first wing of nuclear-capable fighter-bombers in Europe, and in the autumn of 1953 the first atomic cannons were delivered to USAREUR in West Germany; U.S. forces were becoming “dual-capable”.¹⁴ In a remarkable move, and a departure from earlier policy, the United States offered that the conventional forces of all willing allies be made dual-capable with the provision of U.S. nuclear warheads, under bilateral programs of cooperation.¹⁵ Under these nuclear-sharing agreements, the warheads were to remain under the positive control and physical custody of the United States in peacetime, but, in wartime, would be released for employment by NATO-certified allied units as part of a collective Allied response to aggression. Here again, U.S. leadership in giving a collective nuclear dimension to the Alliance opened the way to European co-ownership of this dimension in the form of the acquisition and deployment of U.S.-designed, nuclear-capable delivery vehicles.¹⁶

Conventional Force and Nuclear Planning and Consultation Procedures

In the NATO historical record, the Kennedy Administration

Kingdom, The Netherlands, Belgium and France (the latter under special protocols with SHAPE following its withdrawal from integration in 1966) contributed a combined total of 9 (before reinforcement and mobilization), adding-up to 20 European divisions, although none were as well equipped and powerful as U.S. and West German divisions.

¹⁴ Rebecca Grant, “Heritage: 20th Fighter Wing first tactical nuclear unit in ‘50s”, in *Air Force Magazine*, March 2011. Robert J. Dumphy, “Two cannon put through paces for press”, in *Stars & Stripes*, (European Edition), 24 October 1953.

¹⁵ NATO’s nuclear-sharing agreements were made possible through amendments to the Atomic Energy Act of August 1946 (the so-called McMahon Act), in the form of the Atomic Energy Act of August 1954.

¹⁶ Delivery systems have included the Republic F-84F *Thunderstreak*, Lockheed F-104G *Starfighter* and General Dynamics F-16 *Fighting Falcon* fighter-bombers; towed and self-propelled artillery howitzers; *Honest John*, *Lacrosse*, *Corporal*, *Sargeant*, *Lance* and *Pershing* 1A surface-to-surface rockets and missiles; and *Nike-Hercules* surface-to-air missiles.

is most vividly remembered for its campaign to move NATO away from what Washington perceived at the time to be an over-reliance on the prospective early use of nuclear weapons as a result of systemic conventional shortfalls, which it sought to overcome. Often neglected or forgotten are the initiatives by U.S. Secretary of Defense Robert S. McNamara to multilateralize NATO's conventional and nuclear planning, in order to enhance allied trust and engagement in both processes and expand European ownership. McNamara pursued these objectives by proposing and getting agreement to the following measures: to link organically NATO to U.S. strategic nuclear planning (as the latter was coming under expanded Secretary of Defense supervision in the form of the Single Integrated Operations Plan); to move the center of gravity of NATO's conventional and nuclear force planning from SHAPE to NATO Headquarters; to shift authority over both from SACEUR to the NATO Secretary General; and to create standing political-military consultation structures at the level of NATO ambassadors, as well as ministers, for their management (in the form of the Defense Planning Committee and the Nuclear Planning Group).¹⁷

Years later, in 1990, the late NATO Secretary General, Dr. Manfred Wörner, would remark in one of his landmark speeches, as the tide of history was overtaking the division of Europe: "One of the historic achievements of the Alliance has been to convert nuclear weapons into the ultimate instrument of peace-keeping. The Alliance has secured nuclear deterrence; it has also facilitated its members' participation in collective nuclear planning. Given that arms control can reduce but never disinvent the nuclear weapon, Europeans would be well advised to retain the controlling structure that the Alliance represents".¹⁸

¹⁷ The Defense Planning Committee started to meet at ambassadorial level in 1963 and at ministerial level in 1966, following France's withdrawal from the Alliance's integrated military structure. The Nuclear Planning Group began meeting at both ambassadorial and ministerial meetings in 1967.

¹⁸ Manfred Wörner, "*NATO and a new European Order*," Address given by the Secretary General to the Italian Senate, Rome, 19 April 1990, available at <http://www.nato.int/docu/speech/1990/s900419a-e.htm>

Reinforcement Plans

Until the late-1970s, when SACEUR's Rapid Reinforcement Plan (RRP) came into being, NATO's reinforcement plans were a disparate assortment of bilateral arrangements between "sending nations" (primarily, Canada, the United Kingdom, and the United States) and "receiving nations" (the rest of the Alliance), with limited political coherence and operational synergy among them. The RRP expanded the geographic scope of the U.S. reinforcement commitments from the Central Region to Western Europe as a whole. It also increased their volume and accelerated their speed of arrival at pre-planned air and seaports of debarkation in Europe.¹⁹ In parallel, in the late 1970s, at the initiative of U.S. Secretary of Defense Harold Brown and his special adviser for NATO affairs, Ambassador Robert "Blowtorch" Komer, the United States doubled its pre-positioned equipment sets from three to six (the first two dating back to 1963, following the 1961 Berlin crisis, and the third to 1968).²⁰ The RRP introduced a new, virtuous dynamic between the defense preparations of the "sending" and "receiving" Allies, by making the assurance of rapid reinforcement in times of tension an incentive for the "front-line" Allies (Norway, Denmark, Germany, Italy, Greece and Turkey) to invest in robust forward defenses that could leverage the incoming reinforcements. As in other areas, the United States did not make its reinforcement commitments embedded in the RRP conditional on fellow Allies' strengthening their forward defenses, as in an explicit bargain. Rather, the genius behind the RRP was to make the former a trigger for the latter.

¹⁹ The United States set a target of having 10 divisions (four stationed in the FRG and six deploying from the United States by airlift, with their equipment prepositioned in Europe) combat-ready in Europe within 10 days of a reinforcement decision. This was known at the time, in DoD parlance, as the "10 in 10" concept.

²⁰ These equipment sets were known by the barbaric name and acronym of "Prepositioned Overseas Materiel Configured in Unit Sets" or POMCUS.

None of these arrangements were perfect. NATO's Cold War conventional defenses never reached the desired level. In addition, fully developed political guidelines for nuclear use were not agreed until late in the Cold War, in 1986. Nevertheless, these arrangements achieved their purpose of establishing a reasonable sharing of risks, roles and responsibilities, not between the United States and Europe – as in “us versus them” – but among allies, which eventually helped bring the Cold War to a peaceful end. In this fundamental sense, the title of long-time U.S. Department of Defense planner Richard Kugler's book on NATO during the Cold War – *Commitment to Purpose* – is much closer to the reality of the transatlantic compact than the title of Cleveland's book.²¹

Post-Cold War Experience

As NATO transitioned from being an “alliance in-being” to an “alliance in action,” the criteria and conditions for exercising U.S. leadership and European co-ownership of transatlantic security naturally shifted from the static defense arrangements of the Cold War to new indicators more closely associated with expeditionary operations, such as usability, deployability and sustainability. This inevitably created among many Allies unprecedented distortions between relatively large, standing military establishments and relatively small deployment capabilities, outdated static command structures and the requirement for adaptable command and control arrangements, etc. These distortions, however, did not bring to an end the well-established patterns of allied military cooperation that had served the Allies so well during the four decades of the Cold War, notably: (i) U.S. leadership of NATO by example, by facilitating the contributions of Allies and partners to NATO and NATO-led operations through logistical or

²¹ Richard L. Kugler, *Commitment to Purpose: How Alliance partnership won the Cold War*, Santa Monica, The RAND Corporation, 1993.

financial support or the provision of key operational enablers; and (ii) transformation efforts by European allies to enable their forces to operate with U.S. forces, such as the establishment of deployable high readiness land and maritime headquarters, and the procurement of secure communications, non-traditional ISR sensors and precision-guided air-to-ground munitions for their fighter aircraft.

On a number of occasions since the end of the Cold War, the Alliance has demonstrated its unique value as the political and institutional framework that has enabled European Allies and Canada to take military action collectively, with the indispensable operational support of the United States available through NATO, in ways which would have been impossible without NATO or less politically attractive in an *ad hoc* U.S.-led coalition format.²² These occasions have included leadership of NATO operations in Bosnia and in Kosovo by the United Kingdom (with the UK-led Allied Rapid Reaction Force acting as the NATO initial entry force into both theatres), Germany (with the German-led Allied Land Forces, Central Europe command providing the follow-on headquarters for both KFOR and ISAF, once the latter had transferred to NATO command in 2003) and France (French leadership of the NATO Extraction Force deployed in the Former Yugoslav Republic of Macedonia in 1998 to protect the monitors of the OSCE's Kosovo Verification Mission, as well as important national contributions to the 1999 *Allied Force* and 2011 *Unified Protector* air campaigns). In each instance, NATO was the essential enabler for a unique combination of transatlantic resolve and capabilities, with, in almost every case, the United States playing the essential role of catalyst for the generation of both resolve and capabilities.

Unavoidably, the transformation of NATO into an alliance “in action” has tested the innermost beliefs of Allies regarding the

²² Allies such as Belgium, Canada, Denmark, The Netherlands and Norway are able to punch above their weight politically and militarily – witness Belgian Air Force F-16 kinetic sorties over Afghanistan and Libya under NATO command and control – thanks to the Alliance's enabling function.

purpose and roles of the Alliance in the new environment, including implied or expected mutual commitments to common action in ways that were unprecedented. At the same time, NATO's enlargement and partnerships, the Alliance's operations and missions in the Balkans, Afghanistan, Iraq and Libya, the creation of the NATO Response Force, and the standing-up of a territorial missile defense capability in Europe, all bear testimony, in their distinct ways, to the enduring commitment of the Allies to endowing NATO with a mission to "act strategically." None of these accomplishments since the end of the Cold War would have been imaginable, let alone achievable, without the leadership of the United States, forged in a deep-seated conviction and a long experience that there is no such thing as a vibrant NATO without U.S. leadership, from either "in front or behind."

Reflections on NATO as an Alliance with Strategic Intent and Impact

NATO was designed, in purpose and structure, as an alliance with an inherent capacity to "act strategically." The ultimate expression of NATO's personality as a strategic actor was the assignment of U.S. strategic nuclear forces to the Alliance from its early days, making NATO a nuclear alliance virtually from the outset.²³ During the Cold

²³ From 1952 through 1965, when the last B-47 *Stratojet* bombers of the U.S. Air Force's Strategic Air Command were withdrawn from Europe, the U.S. strategic nuclear guarantee extended to the Allies in the framework of NATO took the form of nuclear-armed, forward-deployed bombers. Those bombers, alongside those of the Royal Air Force's Bomber Command, would have ensured "the ability to carry out strategic bombing promptly by all means possible with all types of weapons, without exception", in accordance with guidelines set-out in NATO's first Strategic Concept, DC 6/1, approved by NATO's Defense Committee on 1 December 1949. *The Strategic Concept for the Defense of the North Atlantic Area*, 1 December 1949. Coordination between Commander-in-Chief, Strategic Air Command (CINCSAC) and SACEUR for the employment of these bombers in support of deterrence and defense in Europe was effected through SAC's 7th Air Division, headquartered in England, and the Air Deputy to SACEUR at SHAPE, Rocquencourt, France. Starting in 1963, the United States committed five Atlantic Fleet *Polaris* ballistic missile submarines (SSBN) to NATO, which gradually took over the strategic nuclear mission exercised until then by SAC bombers. *Report by the J-5 to the Joint Chiefs of Staff on NATO-US Targeting*, JCS 2305/462, pp. 2545-2550, 24 April 1961. I am indebted to Professor David S. Yost for having raised to my attention the content of DC 6/1.

War, acting strategically meant having a collective capacity in being able to deter general war in Europe, to prevent the Soviet Union in times of rising tension, such as over Berlin between 1958 and 1962, from resorting to force, and, had deterrence and prevention failed, to defend the North Atlantic Treaty area against aggression. In a very tangible way, NATO shaped the Cold War's central strategic relationship in Europe.

Since the end of the Cold War, acting strategically has meant, literally, acting to shape the Alliance's external environment in favorable ways, by avoiding zero-sum and unilateral outcomes that would have been detrimental to international peace and security and to preserve NATO's standing in the international community. Accordingly, shaping the environment has involved pursuing a deliberate policy oriented towards cooperative security and conducting crisis-response diplomacy and operations when required, while maintaining a demonstrable capacity to provide intra-Alliance reassurance and honor collective defense commitments. These three core tasks are enshrined in the Alliance's most recent Strategic Concept, which was approved at the NATO's 2010 Lisbon Summit.

Looking to the future, the defining question for NATO is whether the Allies will have the common sense of purpose and the combined military capability necessary to sustain the undertakings subscribed to over six decades ago. In short, will NATO be able to "act strategically," not just to defend its members, but, more ambitiously, to help shape the international environment in positive ways? The Alliance's new Strategic Concept provides an auspicious and compelling answer to the first part of this question, but only provided the Allies are prepared to follow through with the required commitment of resources and assets. Such a pledge would help answer the second part of the question. In this sense, the Strategic Concept is the indispensable basis for the pursuit of virtually anything that the Allies would wish to undertake together

through NATO. Its approval was the necessary condition to begin determining whether the Alliance will be able to “act strategically” in the years ahead, but not a sufficient one.

Preparing NATO to act strategically would imply adoption of a new operating paradigm that would spread ownership of the transatlantic relationship more evenly among all Allies, while favoring intra-Alliance arrangements that tie the Allies more closely militarily. Making all Allies more engaged stakeholders would require, in turn:

(i) a greater readiness to consult, including with a widening range of NATO partner nations, on a range of transatlantic foreign policy challenges, particularly those that, if left unattended, could create favorable circumstances for intimidation or coercion being exercised against the Alliance; and

(ii) a willingness to give NATO a greater role in homeland defense vis-à-vis security challenges that threaten all the Allies, even if to varying degrees, such as terrorism, cyber attacks, and the proliferation of weapons of mass destruction.

In today’s strategic environment, most security challenges have overlapping international and domestic dimensions that are perceived instinctively by public opinion. If NATO is not seen to be a “part of the solution,” by helping develop compelling prevention and resilience strategies that provide protection, the Alliance’s legitimacy and standing will inevitably erode on both sides of the Atlantic Ocean. At the same time, a widespread popular view of NATO is that it can be counted upon to provide the “heavy metal” in a way that no other international organization can. This distinctive aspect of the Alliance is intrinsically obvious, but its enduring quality cannot be taken for

granted, particularly in today's austere budgetary circumstances. Smart power cannot be, in all cases, a clever substitute for hard power, even though hard power can no longer be just about tanks and bombs.

Paradoxically, declining European resources for defense and insufficient usable military capabilities, when combined with a legitimate U.S. desire to reduce foreign engagements and the operational tempo of U.S. forces in the wake of Iraq and Afghanistan, as well as the operational tempo of U.S. forces, means that, for all members of the Alliance, including the United States, NATO could well become, in many circumstances, *the only attractive option for collective military action, provided NATO is, institutionally robust and ready*. As the defense budget and the military capabilities of the United States decline in relation to their post-9/11 high point in the years ahead, to reflect pressing fiscal realities, the will and capacity of the United States to lead *ad hoc* coalitions of the willing using national command and control structures, such as the U.S. Central Command in the case of operations *Enduring Freedom* and *Iraqi Freedom*, will likely also diminish. In an increasingly resource-bound environment, NATO may well be the organization of choice to prepare and lead future multinational operations for both European allies and the United States, provided that there is confidence in the Alliance's political and military readiness to perform this enhanced role. A reflection of such confidence would see all Allies contributing to manning the headquarters of the new NATO Command Structure at nearly 100% in peacetime, rather than the more customary but debilitating 80%. Another would see the Alliance's military budget and common investment fund properly resourced for this new paradigm.

Therefore, rather than become a constraint, this prospect should be turned into an opportunity, by leveraging the Alliance's new Strategic Concept and the on-going Deterrence and Defense Posture Review as the building blocks of a reconfigured NATO ready and able

to perform its three core tasks – collective defense; crisis management; and cooperative security– in a resource-constrained but also, possibly, more adverse international environment. The goal must remain to develop North American and European forces that are more capable, compatible and complementary. To this end, following the agreement on a new NATO Command Structure in June 2011, and building upon the outcome of the DDPR in the spring of 2012, NATO should consider redirecting its defense planning towards the implementation of a forward-looking force design exercise. This design would be built around the following six key components:

(a) approval at the NATO Summit in May 2012 of a five-year plan to gradually realign all European defense spending on the agreed 2% of Gross Domestic Product target by 2016. As pointedly remarked by Paul Gebhard and Ralph Crosby in an Atlantic Council report a year ago, “Several government officials on both sides of the Atlantic have noted that there is nothing about NATO’s capabilities that additional money from nations could not fix”;²⁴

(b) agreement to make the new NATO Command Structure (NCS) – approved by allied defense ministers in June 2011 – truly robust and agile, by identifying clear command and control relationships among various headquarters below SHAPE; committing to the use of the standing NCS headquarters to conduct operations and rejecting *ad hoc* command and control solutions that undermine the credibility of the NCS among nations; clarifying command relationships between NCS and NATO Force Structure (NFS) headquarters; and ensuring that remaining NCS and NFS headquarters are fully staffed

²⁴ Paul Gebhard and Ralph Crosby, *NATO Defense Capabilities: A Guide for Action*, Issue Brief, Atlantic Council of the United States, Washington, D.C., April 2010, p. 2.

and resourced both during peacetime and crisis situations, including by pre-identifying augmentees expected from national headquarters;

(c) a resolution to continue to sustain a robust and ready NATO Response Force (NRF) that embodies an Alliance-wide commitment to multinationality, operational excellence, and political risk-sharing;

(d) identification of network-centric enabling capabilities that promote Alliance political cohesion and facilitate multinational force integration. In addition to missile defense, such enabling capabilities could address Alliance formations, such the NATO High Readiness Force (HRF) headquarters and units that are the flesh of the NRF; a desired operational capacity, such as an ability to conduct and sustain scalable air operations of varying intensity and duration; discrete enabling capabilities, such as deployable command and control; long-haul, high-volume and cyber-resistant communications; multinational logistics for enduring operations; and persistent intelligence, surveillance and reconnaissance;²⁵

(e) commitments by each individual Ally to contribute forces, assets or infrastructure, in discrete combinations, to the network-centric enabling capabilities identified above, including through mutually-supportive, but binding, rotational arrangements that spread the burden in a militarily cogent and politically acceptable way; and

²⁵ NATO operations in Afghanistan and over Libya have demonstrated the requirement for, and the value of, a persistent ISR capability for situational awareness, surveillance and targeting that can be generated rapidly, with some standing elements available nearly continuously. NATO had such a persistent ISR capability opposite the Warsaw Pact during the Cold War, combining NATO and mostly nationally owned assets, but has nothing equivalent today.

(f) targeted transatlantic and intra-European defense industrial cooperation, with the low-level NATO Industrial Advisory Group (NIAG) being succeeded by a high-powered NATO Industrial Strategy Board empowered to identify Alliance requirements where industry is prepared to play a leadership role in setting in place the necessary arrangements for successful transatlantic cooperation.

Only by addressing the financial, capability, force structure and industrial dimensions of NATO's transformation as a package, will the concerns of member nations for necessity, feasibility, affordability and a fair distribution of burdens and benefits be met.

But the Allies' level of ambition must extend beyond the Alliance's institutional boundaries and reflect renewed determination by European members of NATO to stand, shoulder-to-shoulder, with their North American allies across a spectrum of potential common missions. To this end, and leveraging the experience acquired at the headquarters of Combined Maritime Forces in Bahrain and of Joint Task Force – South in Key West, Florida, the United States should consider expanding participation by allied military officers and civil servants on the staffs of U.S. Africa Command and U.S. Central Command, well beyond current liaison arrangements. The United States should also take advantage of the establishment of a new Allied Land Command in Izmir, Turkey,²⁶ to set into place the conditions for a strong partnership between the new U.S. Army Europe headquarters in Wiesbaden, Germany, and this new NATO land headquarters in Izmir, once both are activated. Lastly, NATO should take a hard look at the compelling attractiveness of pursuing the transformation of Alliance forces on the basis of collectively agreed *missions*, rather than capabilities, as a means to better match national preferences

²⁶ It is worth recalling that from 1952 through 1999, the city of Izmir hosted one of NATO's leading land commands – Headquarters, Allied Land Forces Southeastern Europe (LANDSOUTHEAST).

and areas of recognized operational competence and capability with NATO requirements. Such a focus on mission would also facilitate task sharing and role specialization, while strengthening collectively agreed commitments by clusters of Allies to perform agreed NATO missions derived from the new Strategic Concept.

A Question of Statesmanship

It is fair to say that, contrary to Harlan Cleveland's opinion,²⁷ rather than a "great bargain" the transatlantic relationship has been inspired and sustained by a "grand design", whose compelling logic and power of attractiveness are no less potent today than sixty years ago. At the heart of this grand design has been the enduring commitment of the United States, over more than half-a-century, to the transatlantic relationship. And it has been the European Allies' rock-solid confidence in the irreversible nature of this commitment, rather than any bargain, that has prompted them to invest their security into sustaining this relationship. It is the considerable merit of the United States, by approaching the transatlantic relationship as a compact, rather than as a contract, to have inspired the good will and the commitment to this common endeavor of so many nations across an ever-expanding Atlantic Community. That era, however, is coming to an end.

It is abundantly clear today, that political and fiscal realities on both sides of the Atlantic will not allow either the United States to continue to lead by example when, too often, this role translates into a "gap filler" for capabilities that European Allies should and have the capacity to contribute, nor the other allies to sustain excessively fragmented and under-resourced defense policies and programs. It is remarkable that America's NATO allies acknowledge that there cannot be genuine and sustainable security without a tangible and

²⁷ Cleveland, *The Transatlantic Bargain*, p. ix.

demonstrable capacity for defense to back it up, and expect the United States to underpin this reality. Yet the systematic under-investment in defense by many of them could be interpreted as indicating that they are increasingly unpersuaded about its continuing validity and relevance.

This point was brought home by the former U.S. Secretary of Defense Robert Gates' farewell speech to NATO in Brussels in June 2010, in which he underlined what has become an increasingly louder message from Washington "that there will be dwindling appetite and patience in the U.S. Congress" to invest into the security of national unwilling to devote their fair share to the common defense. Stepping increasingly into the foreground, mounting financial pressures could force the United States to do exactly what it warned Allies about – step away from the driver's seat in an alliance which will only be sustainable if roles and burdens are shared more equitably among all.

Accordingly, the 2012 NATO Summit should be – *must be* – the opportunity to forge a new transatlantic understanding on the necessary mutual commitments that will sustain NATO into the future. The new Strategic Concept and the new Command Structure are paving the way. The Deterrence and Defense Posture Review could provide the necessary conceptual clarity on the desirable contributions and combinations of nuclear, conventional and missile defense capabilities. Lastly, following the 2012 Summit, the proposed force design exercise would identify the network-centric constellations of capabilities that could bind the Allies into a smaller, but more robust and responsive transatlantic pool of forces and assets.

NATO has faced dim prospects in every decade of its history, from the unfulfilled Lisbon force goals of 1952 onwards; every time, the United States stepped in and provided the necessary impetus, in terms of political leadership, resources and capabilities, to overcome this

seemingly insuperable adversity. This time, the stakes are much higher and the cost of failure strategically incalculable. Statesmanship will have to come from all sides. The alternative is, simply, unthinkable.

4.b. European Author

4 b.i.

Dr. Karl Kaiser¹

Characteristics of the Transatlantic Bargain during the Cold War

When Harland Cleveland coined the notion of the Transatlantic Bargain in the early days of the Cold War he caught the essence of the relationship in a manner that remains useful to this day though its substance has, of course, significantly evolved. Then as today the Transatlantic Bargain was based on a set of shared interests, goals and expectations. Many of them were explicit and even codified in treaties such as the treaties on NATO and OEEC (Organization for European Economic Co-operation), in agreements like COCOM (Coordinating Committee for Multilateral Export Controls), or in plans like the Marshall Plan. But many politically very relevant elements of the bargain were implicit, and not codified; they were unwritten rules to be observed, such as the custom of consulting the Allies when engaging in major initiatives vis-à-vis the Soviet Union or on major East/West issues in the UN (not that they were always followed).

The Transatlantic Bargain would not have preserved its vitality and relevance to this day without its continued adaptation to a changing environment, preserving the essence of transatlantic cooperation while adding or changing elements or structures. To be sure, some elements, notably the codified parts like the NATO Treaty, have remained constant, but have been repeatedly given new orientations, for example, when NATO, as a result of the “Harmel Exercise”, added détente and dialogue with the adversary to defense and deterrence as

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goals of the Alliance. Other examples are the creation of coordinating mechanisms for arms control or nuclear strategy within NATO, the regular summits between the EU and the U.S., or the Transatlantic Economic Council.

During the early years of the East/West conflict, the rigid limitation of the Transatlantic Bargain to the region of the NATO members, exemplified in the ritualized distinction between “in- and out-of-area” by NATO, began to soften as new challenges arose and the cooperation of non-participants in the Transatlantic Bargain became crucial to conducting effective policies. Economic cooperation extended to other democratic market economy countries and was associated with the transformation of OEEC into OECD (Organization for Economic Co-operation and Development). The same was true for energy security and the creation of the IEA (International Energy Agency) or intensified cooperation on non-proliferation in the Nuclear Suppliers Group extending to include even NATO’s main adversary, the Soviet Union, which shared common interests with the Atlantic nations on this issue.

The Transatlantic Bargain not only emerged in codified and un-codified forms but turned out to be highly adaptable, pragmatically transgressing the Atlantic borders when necessary for the effectiveness of policies. However, the bargain evolved quite differently in the fields of security, politics, and economics respectively.

The Transatlantic Security Bargain

The complementarity of interests between Europe (plus Canada) and the United States became the foundation of the Transatlantic Bargain in the early days of the Cold War: Western Europe, destroyed and weakened by World War II, faced the existential military and political

threat of the Soviet Union and the Warsaw Pact that only the United States, risen as the superior power among the Western democracies and willing to take the lead in the emerging East/West confrontation, could adequately counterbalance. American military protection vs. European (and Canadian) acceptance of U.S. leadership became the obvious deal in the interest of both. Not surprisingly that bargain experienced repeated crises when U.S. leadership was criticized or even rejected (as demonstrated under President Charles de Gaulle); nor was the United States always content with Europe's contribution that was often openly criticized as an inadequate counterpart to America's costly leadership role in the Alliance.

The collapse some decades later of the Soviet Union and the Warsaw Pact and the threat emanating from them was therefore bound to substantially weaken the foundation of the Transatlantic Bargain. But it was not eliminated for basically two reasons: First, a residual military threat from Russia – still perceived but slowly fading – remained and new emerging threats such as terrorism, ethnic conflict, and proliferation argued in favor of remaking and restructuring the bargain. Second, and more importantly, some of the non-military elements of the bargain remained active and useful and new ones had emerged.

As an essential corollary to the protection vs. acceptance of leadership bargain a command structure was created within NATO that integrated soldiers from different member countries, complemented by forward deployment of U.S. troops. This created a commitment for the U.S. to assist with its own troops in case of attack, since Article 5 of the NATO Treaty had left open the means and scope of assistance. In exchange the Allies accepted the military dominance of the United States within the command structure, most visible in the post of the Supreme Allied Commander Europe – always an American.

As the threat from the Soviet Union began to disappear in the 1990's, the rationale for America's military dominance within the NATO command structure was somewhat weakened but by no means disappeared, since the heavy weight of the U.S. military compared with the European share remained, both in terms of quality and quantity.

The possibility of a Soviet conventional or nuclear attack with its enormously destructive consequences not only gave constant legitimacy to the bargain and exerted a disciplining impact in the domestic politics of Alliance members; it also provided a relatively clear definition of what the threat was. This was the prerequisite for organizing the defense structure accordingly and mobilizing support in the body politic.

But that clarity disappeared with the end of the Cold War. Inevitably different perceptions evolved among NATO members as to whether or how the new challenges, like a terrorist movement, an internal conflict, or a failing state outside NATO represented a threat to their security. In fact, the formerly self-evident threat became replaced by a process through which a threat was to be defined by consensus. In this respect the Transatlantic Bargain must now rely on constant intra-Alliance diplomacy.

From its inception the security dimension of the Transatlantic Bargain was rigidly confined to the geographic boundaries of NATO as defined by the treaty. The United States wanted to make sure that it would not get implicated in the decolonization struggles of its European allies with colonies. Moreover, that limitation was necessary to ensure ratification of the treaty by the U.S. Senate. Later on Europeans found that limitation quite useful to distance themselves from conflicts in which the U.S. had gotten involved such as in Vietnam or the Middle East.

In this respect the changing security environment of the post-Cold War and 9/11 era has largely eliminated the geographic limitation of the security bargain within NATO. The Alliance's first use of power ever, in fact, occurred outside its borders during the Kosovo conflict in 1999. Notably after 9/11 it became clear that in a world of open borders, terrorism, WMD proliferation and cyber vulnerability NATO had to be concerned with threats *wherever* they arose, even in distant lands such as Afghanistan. The former geographic limitation was replaced by a consensus that without "out-of-area" the Alliance would be "out of business".

The collective security that the Transatlantic Bargain provided through NATO did not extend to democracies outside the organization, although they shared the Alliance's interest in deterring a Soviet attack and in preventing the rise of Communism. The United States responded to some of these concerns by concluding bi- or multilateral security treaties, as was the case with Japan as well as Australia and New Zealand (ANZUS). The European democracies which were officially neutral unofficially had a strong interest in the viability of NATO and were partial free riders of the security provided by the Alliance, partial only because most of them made quite a significant defense effort of their own, in the case of Sweden even secretly cooperating with NATO on air defense.

The events following the end of the Cold War completely changed the context and meaning of this limitation. Though the European Neutrals remained outside NATO, they became members of the EU with its expanded security policy role as well as beneficiaries of its own mutual assistance clause. Thus their security became linked in many ways with that of NATO, not in the least by a significant overlap of membership in both organizations and the growing cooperation with NATO on the new security challenges. The same is true for democracies outside Europe that have joined NATO efforts e.g., Japan

in the case of Afghanistan. The limited geographic focus of the original Transatlantic Security Bargain inevitably expanded as common threat perceptions became shared by a growing number of countries.

The original Transatlantic Security Bargain experimented with the idea of organizing Atlantic defense around what John F. Kennedy later described as a “dumbbell”, i.e., a Europe uniting its defense effort in the European Defense Community (EDC) tied to North America. That design failed because France rejected it. Ever since then defense has been strictly confined to an Atlantic framework. Attempts to organize defense at the European level, usually led by the very country that let the EDC fail, were strongly resisted by the U.S. and some European NATO members with Britain in the forefront. When the West European Union (WEU) was created in the 1950’s it remained a primarily political organization despite its strong mutual assistance clause, because the WEU Treaty delegated all defense activities to NATO.

The end of the Cold War attenuated the strictness of the confinement of defense to the Atlantic framework. In 1992, the Maastricht Treaty of the EU established a common foreign and security policy and within it a common security and defense policy. NATO in turn officially recognized the relevance of a “European Pillar” and negotiated agreements on cooperation between both groups (“Berlin Plus”). The U.S. remained skeptical if not opposed to a strong European defense structure. Madeleine Albright accused it of “Decoupling, Discrimination and Duplication”; a stance that only changed in the second Administration of George W. Bush and even more explicitly under the Obama Administration when Washington realized that it would be in the common interest to have a strong European defense contribution, if only the European would at last manage to set it up. But to this day they have failed to do so.

Although the original Transatlantic Bargain contained strong political and economic elements besides security, the military and non-military elements were always kept separated in organizing activities. To be sure, NATO referred to democracy and its values as a unifying bond and also set up committees on economic and technological issues, but they remained of marginal importance compared with the implementation of the Marshall Plan or the support of European integration.

This changed after the end of the Cold War, when it became obvious that the new security challenges required non-military answers, such as development, state building or mediation. Though NATO has remained a predominantly military organization it has increasingly had to take into account non-military goals and approaches and has attempted to coordinate its activities with other international organizations or NGOs active in this field, as illustrated in the Balkans and Afghanistan.

America's protective commitment in the early Transatlantic Bargain contained a strong nuclear element designed to deter both a nuclear attack and a conventional aggression, first under the strategy of "Massive Retaliation", later under "Flexible Response". The policy was essentially unilateral and entirely decided in Washington. However, that policy was changed to counteract French policy under Charles de Gaulle and any potential German drive for a national nuclear weapon by creating a "Nuclear Planning Group" within NATO. This move complemented the nuclear protection commitment in the Transatlantic Bargain by creating a mechanism for consultation and participation in nuclear decision-making (while retaining the U.S. President's ultimate right of decision over the use nuclear weapons).

The revised bargain in the nuclear field did not change with the end of the Cold War. It simply became less relevant. Not only has the

possibility of a major nuclear war become so low that it is merely a theoretical notion, but attention has shifted to other dimensions of the nuclear problem, namely to the proliferation of nuclear weapons or their use by terrorists or “rogue states” where the problems raised for NATO are quite different.

The Transatlantic Political Bargain

The Transatlantic Bargain did not emerge solely as a reaction to the threat of the Soviet Union and Communism; it was also inspired by the lessons drawn from the bloody past of wars among Europe’s nations. From the very beginning the bargain aimed to prevent a renationalization of security policy that would be detrimental to the joint Alliance efforts. This had become all the more necessary since it was feared that German rearmament, which had become indispensable for the common cause, would create a nationalist backlash in Europe. Besides locking in America’s commitment to Europe’s defense, the integrated command structure of NATO therefore had a second highly innovative purpose: to socialize cooperative attitudes and trust among the very elites which in an earlier period of history had fought each other through the close cooperation of military forces from different member states, joint training and exercises as well as stationing (often with families) in partner countries.

Neither the end of the Cold War nor the accession of new members in its wake diminished the relevance of this goal. However, the reduction of America’s military presence in Europe and the decrease in the number of commands in the military structure of NATO diminished the operational basis to promote this goal. In an unstable and interdependent world in which terrorism, WMD proliferation, failing states, and other challenges threaten the security of the Atlantic nations, a renationalization of their security policy would be as

detrimental as it would have been during the Cold War. A joint effort in meeting common threats remains as imperative as then.

The Transatlantic Bargain was based on a policy of cooperation, openness, and exchange among the members both at the level of elites and of societies, ultimately transforming the Atlantic area into a “security community” where the possibility of using military means to resolve a conflict was reliably eliminated (and which prevented a war between Greece and Turkey, where it might still have been possible).

Next to having prevented a potentially devastating war and successfully ending the East/West conflict, the transformation of the Atlantic region into a zone of internal peace ranks as one of the historic achievements of the Transatlantic Bargain and had significant consequences when the Cold War ended: First, it made the region and NATO membership particularly attractive to neighbors, notably the new democracies which had just emerged from the yoke of Communism and Soviet hegemony. Second, having emerged as a zone of peace and democracy after an otherwise bloody century represents an invaluable asset in a new century that is likely to produce a great deal of instability and violence.

As part of the early Transatlantic Bargain, the Alliance was to be used to re-integrate former adversaries, notably Germany, into the circle of Western democracies. This goal was initially more adamantly supported by the United States than the somewhat reluctant European members, as became obvious on the eve of the signing of the Washington Treaty when President Harry S. Truman told the assembled foreign ministers that only full integration, not control and discrimination, could secure Germany’s role as a Western democracy.

So when the Cold War ended and the formerly Communist countries of Central Europe joined the Alliance they entered a

framework that had experience in integrating young and emerging democracies.

An essential part of the Transatlantic Bargain was the commitment of its members, above all the United States, to prevent Communism from taking over European countries or radical nationalist forces from dominating the domestic politics of NATO countries. That the U.S. made a major effort, including the use of unconventional approaches, to favor pro-Western political parties and governments became an accepted practice. However, over the years and with the recovery of the European countries, the American ability to influence European politics waned. France's departure from the military integration of NATO and the ejection of its Secretariat from Paris under President Charles de Gaulle demonstrated both the limitations of American power and the inherent logic of an alliance of democracies free to act on their own will.

By the time the Cold War ended the relationship between the United States and Europe (plus Canada) had matured to a point that mutual acceptance of the vagaries of national democratic politics had become an established practice. The Communist threat had disappeared, and the extraordinary growth of societal interconnectedness, notably in the economic area, had grown to such an extent that moderate mutual influencing, indeed involvement in each other's domestic politics had become a characteristic of interaction among the Atlantic democracies.

America's desire to help Europe overcome the internal divisions that had been at the root of its history of disasters was a major driving force of U.S. policy in promoting the Transatlantic Bargain. The Marshall Plan was not just devised to promote Europe's economic revival (to be dealt with below) but also to induce the Europeans to cooperate for the first time since World War II, *inter alia*

by delegating to them the distribution of the aid. Thus the Marshall Plan laid the groundwork for European integration. OEEC became the first institution to implement a policy that was energetically pursued by consecutive administrations that consistently supported all steps in the direction of unification from the European Coal and Steel Community to today's European Union. Uniting Europe was an essential element of the Transatlantic Bargain where European and American goals converged.

The end of the Cold War did not end this part of the bargain nor American support for European unity or the necessity for Europe to unite. On the contrary, given the evolution of the international system, the growing threats to global stability and the rise of new global powers, national approaches by European states are totally inadequate to deal with the problems of the future. Only a united Europe is likely to significantly affect the global politics of the future, in particular when acting as a partner of North America.

The Transatlantic Bargain implemented its protective dimension through NATO and did so quite effectively, the obvious yardstick being the avoidance of war while maintaining free societies. The bargain was innovatively adapted to the changing international environment of the 1960's when the Alliance conducted the "Harmel Exercise" that revised and enlarged the Transatlantic Bargain by adding détente and cooperative dialogue with the adversary to the established goals of deterrence and defense. From then on, NATO became the established venue for discussing and coordinating arms control and disarmament.

The end of the Cold war and the concomitant change of the security environment once again accelerated innovative change extending the Transatlantic Bargain to new areas in order to respond to the new challenges of instability, failing states, ethnic conflict, terrorism, WMD proliferation and others. These new goals were

laid down in the various declarations on strategy after the end of the East/West conflict up to the Strategic Concept adopted at the Lisbon Summit.

The Transatlantic Economic Bargain

An economic bargain complemented the security bargain: through the Marshall Plan the United States committed aid on a historically unprecedented level to rebuild the European economies suffering from the destruction of World War II. In exchange for being put on the path to economic recovery and thereby to the kind of stability that also helped to defeat the domestic threat of Communist movements the Europeans accepted U.S. leadership in rebuilding the Atlantic economy along lines dominated by American conceptions of the economic system, investment, trade and credit policy.

This way the European countries, which were all experimenting with different variations of state intervention, nationalization, welfare economics, and protectionism, were induced to stick to some minimum requirements of a liberal market economy that was to become the guiding model for the American-led revival of the world economy. As the European economies grew increasingly successful and European unification progressed, Europe increasingly became America's partner in leadership of the international economy. Washington and Brussels established mechanisms for regular consultation. In numerous instances the U.S. and the EEC became the driving forces in negotiations, for example in the trade rounds of GATT. In the 1970's the establishment of the G7-Summit created an instrument of coordination extending the process to Japan. The transformation of OEEC into OECD did the same for successful market economies of Asia.

When the Cold War ended the Transatlantic Economic Bargain

was in fact evolving toward an expanding share in leadership. First Russia was added to form the G8 Summit. Simultaneously, the U.S. and the EU strengthened their bilateral relationship, notably through the establishment of the Transatlantic Economic Council. Then the financial and economic crisis of 2008/09 caused a fundamental change by adding emerging powers of Asia, Africa and Latin America to form a new G20 leadership group. Although the United States and Europe are no longer the sole driving forces in the further evolution of the world economic system, the principles which they applied in the early revival of the Atlantic economy, such as liberal trade practices, market economy, rule of law, protection of intellectual property still happen to be the basic principles on which an orderly evolution of the global economy will be based. Close cooperation between the U.S. and Europe will remain imperative for these principles to shape the future world economy.

Concluding Thoughts

The concept of a Transatlantic Bargain brings into relief an essential complementarity of interests that motivated the Atlantic countries to associate themselves in various fields of politics. In this sense the concept has remained useful to this day in enhancing the legitimacy of the external policies of the Atlantic nations.

A review of the evolution of the Transatlantic Bargain from its inception to the present reveals that it has undergone several qualitative changes. First, the Transatlantic Bargain has become more fluid and process oriented. The share of fixed and codified elements has decreased while the elements to be constantly negotiated, like threats to security or needs for economic action, have expanded.

Second, the Transatlantic Bargain has become more diverse.

Its basis comprises a significantly enhanced number of issue areas compared with the situation in the late 1940's and early 1950's: new threats to security such as ethnic conflicts, proliferation, or cyber vulnerability as well as the necessity to deal with threats to financial and economic stability.

Third, the Transatlantic Bargain involves more partners. For policies to be effective partners outside the bargain have to play a growing role; for example certain issues of security require the cooperation of other democracies and Russia and China must be involved on issues of non-proliferation. Constant diplomacy and cooperation with outside countries have become a prerequisite for its functioning.

5

**QUESTION TWO:
WHAT WOULD A NEW TRANSATLANTIC
BARGAIN LOOK LIKE?**

5.a. U.S. Authors

5.a.i

Dr. G. John Ikenberry¹

The security alliance between the United States and Europe is in its seventh decade. Over the years, it has endured crises, celebrated victories, expanded its membership, pondered its relevance, and debated and redefined its goals and purposes.¹ At the heart of this security alliance is NATO, around which the United States and Europe organize their common defense and affirm their geopolitical solidarity. But the Euro-Atlantic security partnership goes beyond NATO – it is also manifest in the wider and deeper array of strategic, political, economic, and societal ties that bind the two great pillars of the Western world together. It is a security partnership built around common values, special relationships, convergent interests, layers of institutions, and long-standing strategic and political bargains.

Periodically, over the decades, the United States and Europe have paused to reassess the state of their strategic partnership. Today, we are again at such a moment. The troubled Afghanistan and Libyan wars have triggered disputes about burden sharing and existential questions about NATO and its future.² The security alliance between

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the United States and Europe has been remarkably stable and resilient, but – at least since the end of the Cold War – the wider world has been undergoing an extraordinary transformation. The threats and opportunities that are arrayed around NATO are fundamentally different from those that existed when the postwar alliance was forged in the late 1940s – and even different from those in the early post-Cold War years. With rapid ongoing shifts in global wealth, power, and security interdependence, this rapid global transformation will continue for decades to come. So the United States and Europe need to rethink the terms of their partnership. Given the threats and opportunities of the twenty-first century, what should the United States and Europe be doing together?

From the perspective of the U.S.-European security alliance, this transformed – and transforming – global system is both good news and bad news. In the context of the world wars and upheavals of the first half of the twentieth century, there certainly is a lot of good news. The Western great powers have been at peace with each other for over six decades, they are each other's most important trading partners, and, despite great shifts in the global distribution of power and wealth, they are among the richest and most capable states in the world. The United States and Europe form what political scientists call a "security community" – a grouping of countries where war or the threat of war is simply unthinkable as a tool to settle disputes between them. Despite all the political crises that have rippled across the Euro-Atlantic world – including the bitter disputes among allies over the 2003 Iraq War – the United States and its European partners have stable working relations with each other. The interests, values, and institutions that undergird U.S.-European relations remain strong.

There is, however, political drift in the alliance. In the eyes of many people in both Europe and the United States, the NATO alliance is no longer seen as the preeminent source of security and

stability in Europe or the wider Euro-Atlantic world. It is simply less relevant. Aging populations and rising government debt and deficits have also placed new constraints on resources available for Alliance security. In the postwar era, the United States has pursued an expansive global security strategy, ringing the world with bases, clients, and commitments – and European allies have been an important support for this American-led global security order. But economic and fiscal constraints – in Washington, London, Paris, Berlin, and elsewhere – and inward looking Western democracies raise questions about the future of these global capabilities and commitments. The United States looks increasingly “over stretched” in its security commitments and involvements around the globe – and it seeks greater assistance from Europe. But Europe appears to have declining capacities or political will to provide assistance. As a result, old Euro-Atlantic bargains over alliance burden sharing and security cooperation are increasingly problematic.

At the same time, the new types of security challenges facing the United States and Europe are harder to respond to within the traditional Alliance framework. In the decades ahead, the Western allies face an array of security challenges. There is not a singular “enemy” that lurks on the horizon. There are a sprawling variety of threats to international peace and security, including WMD proliferation, terrorism, global warming, health pandemics, energy and food security, and the weakening and collapse of political order in states and regions around the world. In effect, the sources of violence and insecurity have shifted and diffused. Nuclear proliferation, for example, is a danger driven by insecurity, nationalism, and geopolitical competition. But many of the new dangers – such as health pandemics and transnational terrorist violence – stem from the weakness of states rather than their traditional strength. Technologies of violence are evolving, providing opportunities for weak states or non-state groups to threaten others at a greater distance.

Threats can also interact in new and complex ways. Natural disasters – perhaps caused by long-term global environmental shifts – can trigger or exacerbate food and energy crises, which in turn can undermine or destabilize weak states, radiating instability and insecurity worldwide. Moreover, such threats are experienced differently across the Atlantic thereby making sustained collective action more problematic. In the view of many, NATO is no longer the solution to the problems that make the United States and Europe insecure. In addition, the challenges of a rising China and the more general shift in power and wealth away from the Western countries to Asia also provide challenges to traditional Alliance thinking and security cooperation.

This paper looks at the security partnership between the United States and Europe in the context of these global transformations. I argue that the NATO partnership is as vital as ever, but the grand strategic thinking and alliance bargains that lie behind the security partnership must be rethought and updated. The NATO partners have already been rethinking and updating the Alliance system. But this is a process that must continue. The United States and Europe need to find new ways to work together on the diffuse and shifting threats that mark the global security environment of the twenty-first century.

What is missing today is a more operational understanding among American and European leaders about how this partnership will and should operate in a new and rapidly shifting global security environment. This means that we need a new focus on goals, tasks, and bargains. And it also means that the American-European partnership needs a grand narrative of what it is, where it has been, and where it is going.

The Postwar Euro-American Security Order

The U.S.-European security alliance was forged in the late-1940s in a rapidly shifting postwar geopolitical environment. As World War II ended, American leaders had hoped to construct a “one world” system, organized around the United Nations and a concert of the great powers. But this vision of international order was simply not sustainable given unfolding realities – most importantly, the weakness of postwar Western Europe and a rising Soviet threat. Europe had destroyed itself, and all the traditional European powers were in sharp decline. The United States and the Soviet Union were drawn into the resulting vacuum. American officials found themselves making strategic judgments about threats, interests, allies, and power – and updating them repeatedly during these years.

Two postwar order-building projects unfolded during these formative years. One was focused on the reorganization of relations among the Western industrial powers. This was the “liberal internationalist” order building project articulated by FDR and his administration, embodied in the Atlantic Charter, the Bretton Woods agreements, the Marshall Plan, and the United Nations. It was a project aimed at putting the major industrial states on a stable and cooperative footing. It was a project organized around ideas about trade, democracy, social advancement, and multilateral frameworks to manage and stabilize modern international order. The threat was not Stalin and the Soviet Union – at least in the first instance. The threat was a return to the 1930s of blocs, co-prosperity spheres, predatory great powers, and collapsed economies.

The other postwar order-building project was the Cold War effort to contain Soviet power. This was the Cold War containment project, organized around superpower rivalry, the balance of power, deterrence, and ideological struggle between Communism and the Western

liberal democracies. Truman, Acheson, Kennan, and other American foreign policy officials were responding to the specter of Soviet power, organizing a global anti-communist alliance and fashioning an American grand strategy under the banner of containment. America's strategy was to "prevent the Soviet Union from using the power and position it won ... to reshape the postwar international order."⁴ Behind this project were American and European debates about the nature and scope of the Soviet threat. What sort of threat was it – was it a military threat or a political-ideological threat? What can be done about it? A series of rapidly unfolding postwar crises – communist takeovers in Eastern Europe, the Berlin blockade, communist insurgents in Greece and Turkey, and the Korea War – drove the evolution of American strategic thinking and Alliance commitments.

These two projects ultimately came together. The Cold War threats reinforced American internationalism and the willingness of its leaders to spend money and make political and military commitments. American officials came to see that the nation's security required a much more active role in world affairs – and a more elaborate and far-reaching set of commitments and institutions than had existed previously. By the 1950s, the United States had acquired a grand strategy. It wanted to create a world that was open, friendly, and stable.

The NATO alliance was the keystone of this emerging American postwar grand strategy. The Alliance was a vehicle for aggregating military power in the face of the Soviet threat. But, in the background, NATO was also an institution that allowed the United States and Western European countries to signal a wider set of commitments. The United States insisted that the core European countries make a prior commitment to themselves – which led to the Brussels Treaty of 1948, which bound France, Great Britain, Belgium, the Netherlands, and Luxembourg to protect each other against aggression. The Atlantic

pact followed in 1949. From the American perspective, the first steps in making a security commitment to Europe were as much aimed at reconstruction and integrating Europe and tying the democratic world together as it was an alliance created to balance Soviet power.⁵ It was not until the Korean War that the United States made additional commitments to station troops in Europe and create the unified and extended security structure that exists today.

The Atlantic alliance essentially made American and Western European security indivisible. The two parts of the Western world were linked in the most fundamental way – each had an obligation for the defense and wellbeing of the other.

Although the United States remained deeply ambivalent about extending security guarantees or forward deploying troops in Europe (and elsewhere in East Asia), it ultimately bound itself to the other advanced democracies through alliance partnership.⁷ This strategy of security binding has provided a structure of commitments, restraints, and mechanisms of reassurance between the democratic alliance partners. The NATO Alliance serves to bind the United States and Western Europe together and thereby reduce conflict and the potential for strategic rivalry between these traditional great powers and establishes credible commitment to a cooperative structure of relations.

Behind this postwar security partnership, the United States established a larger and more encompassing global hegemonic system. It established a security partnership with Europe, but it also built security ties in East Asia. The American economy and the U.S. dollar became integral parts of the wider postwar world system. The American political system – and its alliances, technology, currency, and markets – became fused to the wider liberal order. In the shadow of the Cold War, the United States became the “owner and operator”

of the liberal capitalist political system – supporting the rules and institutions of liberal internationalism but also enjoying special rights and privileges.

A hegemonic bargain was part of this American-led system. The United States provided its European and Asian partners with security protection and access to American markets, technology, and supplies within an open world economy. In return, these countries agreed to be reliable partners, providing diplomatic, economic and logistical support for the United States as it led the wider Western postwar order.

With the end of the Cold War, NATO was no longer aimed at balancing against a specific geopolitical threat. Its purposes were redefined. It was still to be a safeguard against traditional military threats. But it would also exist as a stabilizing presence within the wider region. NATO partners also debated how to transform Alliance capabilities and doctrines to make its assets useful to tackling out-of-area conflicts and contingencies. NATO was always about more than simply containing Soviet power, but with the end of the Cold War this became more obvious.

Looking into the twenty-first century, the threats and opportunities that confront the United States and Europe are changing, and so too must the aims and ambitions of the U.S.-European security partnership.

Twenty-First Century Threats and Opportunities

The challenge for the United States and Europe – and for NATO – to provide security for their citizens keeps changing because the “security environment” in which they are situated is constantly

changing.

What is the security environment in which the United States and Europe find themselves in today? In contrast to earlier eras, there is no single enemy – or source of violence and insecurity – that frames Euro-Atlantic choices. The Western allies face a diffuse variety of threats and challenges. Nuclear proliferation, terrorism, global warming, health pandemics, and energy security – these and other dangers loom on the horizon. Any of these threats could endanger American and European lives and way of life either directly or indirectly by destabilizing the global system upon which American and European security depends.

Pandemics and global warming are not threats wielded by human hands, but their consequences could be equally devastating. Highly infectious disease has the potential to kill millions of people. Global warming threatens to trigger waves of environmental migration, food shortages, and further destabilize weak and poor states around the world. The world is also on the cusp of a new round of nuclear proliferation, putting mankind's deadliest weapons in the hands of unstable and hostile states. Terrorist networks offer a new specter of non-state transnational violence. The point is that none of these threats are, in themselves, so singularly preeminent that they deserves to be the centerpiece of transatlantic security in the way that anti-fascism and anti-communism were earlier eras.

Just as the global security environment is generating more diffuse and shifting threats, so too is the global distribution of power. The rise of China – and more generally the rise of Asia – will also continue to transform America and Europe's security environment. China's rapid economic growth and military modernization are already transforming East Asia – and Beijing's geopolitical influence is growing. The Western allies have no experience managing a relationship with a country that is potentially both its economic and

security rival. It is unclear, and probably unknowable, how China's intentions and ambitions will evolve as it becomes more powerful. We do know, however, that the rise and decline of great powers – and the problem of “power transitions” – can trigger conflict, security competition, and war.

These moments of “power transition” are fraught with danger for conflict. A rising state wants to translate its newly acquired power into greater authority and influence within the global system. It seeks to reshape the rules and institutions to accord with its interests. Meanwhile, the old and declining global power attempts to hold onto its leadership and control of the system and it worries about the security implications of its weakened position. The danger of power transitions is captured most dramatically in the case of late nineteenth century Germany. Germany's ascent began with its unification under Bismarck in 1870 and the rapid growth of its economy. In the strategic realignments that followed, Britain, France, and Russia – all former enemies – banded together to confront an emerging and ambitious Germany. The result, of course, was a European war.

Behind these shifts, the most general trend in the West's security environment might best be described as an increase in “security interdependence.” This is really a measure of how much the security of a country – or group of countries – depends on the policies and actions of other states. If a country is security independent, this means that it is capable of achieving an acceptable level of security through its own actions. Others can threaten it, but the means for coping with these threats are within its own hands. This means that the military intentions and capabilities of other states or non-state actors are not relevant to American or European security. This is true either because the potential military threats are too remote and far removed to matter or that, if a foreign power is capable of using violence against the United States and Europe, these countries have the capabilities to

resist or guard against this violence.

Security interdependence is the opposite circumstance. The state's security depends on the policy and choices of other actors. Security is established by convincing other actors not to attack. During the Cold War, the United States and the Soviet Union were in a situation of supreme security interdependence. Each had nuclear weapons that could destroy the other. It was the logic of deterrence that established the restraints on policy. Each state knew that to launch a nuclear strike on the other would be followed by massive and assured retaliation. Under these circumstances, states cannot protect themselves or achieve national security without the help of other states. There is no "solution" to the security problem without active cooperation – even if that cooperation is based simply on mutual deterrence.¹⁰ What this means, as Zbigniew Brzezinski argues, "[t]he traditional link between national sovereignty and national security has been severed."¹¹ When states are in a situation of security interdependence, they cannot go it alone. They must negotiate and cooperate with other states and seek mutual restraints and protections.

In a world of diffuse and transnational threats, the problem of security interdependence becomes even more severe. Put simply, there are more people in more places around the globe who can matter to American security. So what these people do and how they live matter in ways that were irrelevant in earlier eras – at least irrelevant as it relates to national security. The ability of states in all parts of the world to maintain the rule of law, uphold international commitments, and engage in the monitoring and enforcement of security agreements matter. The presence of weak or failed states in remote regions of the world matters. The socioeconomic fortunes of states – that is, the ability of states to satisfy their citizens – matter.¹²

Under these circumstances, the United States and Europe will

have an incentive to seek greater cooperation with other states – and with each other. They will want to rebuild and expand the authority and capacities of the international community to engage in multi-faceted collective action – ongoing tasks that include arms control, state building, economic assistance, conflict prevention, WMD safeguarding, disaster relief, and technology sharing. They will find increasing incentives to work together and with others to create more extensive forms of security cooperation and capacity building. Taken together, the emerging security environment that the United States and Europe confront is strikingly different from that which existed when the NATO alliance was established.

An Updated Vision of the Transatlantic Security Partnership

These evolving features of the global security environment present challenges to a transatlantic alliance that, in its formative decades, was focused primarily on containing Soviet power. But this transformed security environment is not really new to NATO. In the two decades since the end of the Cold War, the U.S.-European partnership has engaged in extended efforts to redefine and reorganize the Alliance for new challenges, entering the complex world of “liberal interventionism” and “nation-building.” In these debates, both American and European leaders see the Alliance fostering cooperation and generating capacities to do a wide variety of tasks.

How do the United States and Europe pursue security in this changing global environment? The answer is that it needs to pursue a strategy of building global capacities and cooperative frameworks – anchored by the NATO alliance – to cope with the threats and insecurities that emerge within it – and to also pursue long-term policies to help improve the developmental prospects of troubled states and societies. By building these capacities and remaining united as security partners,

the United States and Europe will also enhance their ability to cope with the rise of non-Western states, China most importantly. It is in this spirit that we can identify several general themes or concepts that might help guide the next phase of these debates over the future of the transatlantic security partnership.

Cooperative Security

If security interdependence is the problem, cooperative security is the solution. Cooperative security is the myriad efforts that states undertake to prevent and prepare for security challenges. Cooperative security entails collaboration at all stages – grappling with the basic identification of threats and opportunities, generating strategies and capabilities, and developing the ability to operate together in the field. It is about the prevention of threats as much as the response to threats.

The strategy of cooperative security directly responds to the problem of post-Cold War security interdependence. With the diffusion of WMD technologies to more states, the United States cannot meet new threats exclusively – or even primarily – through deterrence and readiness. As Carter and his colleagues argue, “The new security problems require more constructive and more sophisticated forms of influence that concentrate more on the initial preparation of military forces than on the final decision to use them.”¹⁵ The key point of cooperative security is that states get involved with each other on an ongoing basis to discuss and agree on how to make military forces predictable, controllable, defensive, and safe from accident or misuse as possible. Cooperative security makes sense as a tool to reduce the arms race potential in regional and global security dilemmas. It also makes sense as a tool to reduce the risks of proliferation of WMD technologies.

International Capacity Building

More generally, the United States and Europe need to lead in the building of an enhanced “protective infrastructure” that helps prevent the emergence of threats and limits the damage if they do materialize.¹⁶ Many of the threats mentioned above are manifest as socioeconomic backwardness and failure that generate regional and international instability and conflict. These are the sorts of threats that are likely to arise with the coming of global warming and epidemic disease. What is needed here is institutional cooperation to strengthen the capacity of governments and the international community to prevent epidemics or food shortages or mass migrations that create global upheaval – or mitigate the effects of these upheavals if they in fact occur.¹⁷

It is useful to think of a strengthened protective infrastructure as investment in global social services – much as cities and states invest in such services. It typically is money well spent. Education, health programs, shelters, social security – these are vital components of stable and well functioning communities. The international system already has a great deal of this infrastructure – institutions and networks that promote cooperation over public health, refugees, and emergency aid. But in the twenty-first century as the scale and scope of potential problems grow, investments in these preventive and management capacities will also need to grow. Early warning systems, protocols for emergency operations, standby capacities, etc. – these are the stuff of a protective global infrastructure.

Complementarity

The United States and Europe do not – and will not – do everything together in equal measure. They have different types of security competence, organizational capacities, and comparative

advantages.

Generally speaking, the United States has had a comparative advantage in high-end military operations while its European partners have advanced capacities in the area of peacekeeping and post-conflict reconstruction. The two partners need to continue to assess what they do well, what they can bring to the table, and how they can combine their capacities most efficiently. In an era of reduced military budgets, burden sharing and efficiency will be prized. Disputes over burden sharing will also be mitigated when the full array of contributions that each side brings to their common security is made explicit.

Networks and Coalitions

Many of the new security challenges are ones that will best be addressed by various sub-sets of NATO partners. The Alliance will need to find new ways to work through networks and coalitions of partners. If done well, this can strengthen rather than divide the Alliance.

During the years after September 11, 2001, the Bush administration argued that the United States would pursue its national security through “coalitions of the willing.” Many critics indicated that this vision of America as a global unipolar security provider working with ad hoc coalitions was deeply subversive of Alliance solidarity. It was unilateralist in impulse. Countries could join the United States if they wanted to, but the United States would act regardless of who came along for the ride. But the coalition of the willing notion does speak to a basic reality: not all Alliance partners will be inclined – either for political and operational reasons – to join all Alliance undertakings.

Democratic Solidarity

NATO leaders need to continually stress the political foundations of NATO, and the shared democratic commitments that bind these states together. They need to remind themselves and their publics: democracies tend to be at peace with each other and they – more than other types of states – have the capacities for long-term and complex forms of cooperation. As we look into the twenty-first century and an era of rising security interdependence, this capacity for long-term and complex security cooperation will be increasingly valuable. This virtue needs to be at the core of the new narrative of the U.S.-European security partnership.

Globalizing the Rule of Law

The most important policy implication that follows from the fact of rising security interdependence is that America and Europe will be safer and more secure in a world of stable and law abiding states. Building a world of stable and law abiding states may not be an explicit and direct mission for NATO, but it should be a vision that helps guide strategic efforts of the Alliance. An implication of an ongoing global rise in security interdependence is this: increasingly, the security challenges that will trigger a NATO debate will be about whether and how to respond to troubled states on the periphery of the Alliance. Libya is the preeminent example. If this is true, NATO has a strategic interest in seeing that the world community helps support transitions in troubled, illiberal states to more rule-based and popular governance. NATO may not be on the front lines of these global efforts, but it needs to be a background supporter.

Building Preponderance

The rise of China poses a long-term and diffuse challenge to

the United States and Europe. For the Western alliance, the challenge will not be – at least in the first instance – a military challenge. Rather, it is a challenge tied to a global power transition in which the United States and Europe will simply not be as dominant as they once were. This is the challenge of a “return to multipolarity.” The diffusion of power away from the United States and Europe will impact their individual and combined ability to respond to events and control their own destiny. As a result, the United States and Europe have a strategic interest in thinking through the implications of a rising China and a return to multipolarity. They should work together to avoid the worst outcome – an outcome in which they compete with each other to gain favor with China, ultimately leaving them both in a weaker position.

Over the long term, the most optimistic Western vision of a rising China is one where it makes the choice to integrate and accommodate itself to Western and liberal internationalist rules and institutions. This is the “stake holder” vision of a rising China. Importantly, this optimistic vision will most likely be realized if the United States and Europe compose their differences, reaffirm liberal democratic solidarity, and work to refurbish and expand existing global rules and institutions. Hanging together, as it were, is preferable to hanging alone. China and the other rising non-Western developing states are not inevitably hostile to the West and liberal internationalism. They will certainly be more willing to integrate and accommodate if the existing order welcomes them in – giving them positions of authority and leadership. And they will be more willing to integrate and accommodate if the existing rules and institutions are legitimate and working to solve global problems. The United States and Europe have a deep common security interest in making sure that the existing system is robust and functional in the face of the coming global power transition.

A New Grand Bargain

Finally, the United States and Europe – based on all of the foregoing considerations – should revisit its old grand bargains. These bargains need to be renegotiated for an era of declining defense budgets and sprawling international security threats. Resentment over burden sharing should not become a catalyst for angry politicians who want to “pull the plug” on the Alliance. It is critical that all the pieces of security cooperation be put on the table. All the “debits” and “credits” that each side thinks it assumes within the framework of the Alliance should be made explicit.

The United States still believes that its troop presence in Europe and overall leading security role in the West provides advantages to Europe. In 2010, the United States spent 5.4 of G.D.P. on defense (with a 6.0 average for the years 1985-89), while partners in Europe spent considerably less. Britain spent 2.7 percent (with 4.4 as the average for the earlier period), and Germany spent 1.4 (with 2.9 for the earlier period). These differences will become increasingly politically salient in Washington and elsewhere. The Alliance is going to need a good rationale for these disparities – and a good rationale will need to begin with a full explication of what each side is doing more generally to promote common security. Out of these discussions, a new grand bargain for the Alliance is possible – it certainly is a necessity.

5.a.ii***Dr. Wallace J. Thies¹***

To know where you are going, it helps to know where you have been. The first transatlantic bargain was struck as the Cold War began; it was more political than military in nature. In 1948 and 1949 hardly anyone expected an invasion from the East. The Soviet Union was undeniably threatening, but the threat that it posed was indirect and subversive in nature. As seen by the Truman administration, Soviet and American designs for post-war Europe were irreconcilable. The American goal was an orderly, prosperous Europe capable of steady progress toward economic recovery. The Soviets wanted a disorderly, demoralized Europe, which would make it easier for communist parties to come to power. Stalin, however, had no timetable for conquest and preferred to make gains by political rather than military means. In view of the losses the Soviets had suffered fighting the Germans, they were not expected to provoke a war the way Germany had done in 1939.

Instead of an invasion, the greater danger was internal decay. Economic recovery had gone surprisingly well during 1945 and 1946, but then came the brutal winter of 1946-1947. Rivers and canals froze, making it difficult and at times impossible to move coal by barge to power-generating stations. Blackouts were frequent, which meant that factories had to shut down. Factories that stood idle could not earn the hard currency needed to pay for imports of food, fuel, and raw materials. Dwindling currency reserves suggested that recovery might grind to a halt long before it was complete.

This was the problem the Marshall Plan was intended to solve, but even the Marshall Plan would require years, not months, to restore economic activity in Europe to pre-war levels. In the meantime, recovery would be the responsibility of peoples fated to live in the

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shadow cast by Soviet military power. “The Russians don’t want to invade anyone,” George Kennan wrote to Walter Lippmann in April 1948, but the possibility that they might do so was wearing on the nerves of governments and publics in Western Europe. This was the problem the Atlantic Alliance was intended to solve, not by preparing for war but by boosting confidence in Western Europe. The Marshall Plan was not enough because it offered no guarantee of what the United States would do if Soviet policy were to change. An alliance, conversely, would commit the United States to stand with the Europeans from the very start of any confrontation, thereby offsetting the Soviet shadow and allowing economic recovery to proceed. In return, the Europeans were expected to be realistic about the dangers that they faced. Disorder, decay, economic collapse – these were the likely dangers; not a Soviet invasion. The Americans would supply the dollars needed to make economic recovery possible; the Europeans should get on with recovery despite their military weaknesses. As economic recovery progressed, more resources would become available that the Europeans could use to rebuild their military strength. As they did so, Europe would become more confident and more secure.

The North Korean invasion of South Korea challenged this line of thought, although only temporarily. War in Korea raised the subjective probability of war in Europe and called into question whether prudent planning could still be based on the assumption that the Soviet threat was mostly political in nature. Analogies between divided Korea and divided Germany suddenly seemed compelling, which convinced Americans and Europeans alike of the need to modify the initial bargain based on the Marshall Plan and the Atlantic Alliance. The changes in this regard took the form of two ancillary bargains.

First, most members of the Atlantic Alliance agreed to make immediate increases to their armed forces, which henceforth would be

organized as an integrated force under a unified command. Agreement on rearmament was grudging at best. Almost from the moment that UN forces crossed into North Korea in October 1950, the Europeans lost interest in re-arming, believing it a wasteful and unnecessary exercise that could never offset Soviet superiority on the ground. They nonetheless went through the motions of re-arming because in return, the United States agreed to triple the size of the forces that it stationed in Europe and to appoint a U.S. officer, in this case future U.S. President Dwight Eisenhower, to the post of Supreme Allied Commander, Europe.

Second, West Germany would re-arm and join the Atlantic Alliance, although it would have no general staff and thus almost no capacity to engage in independent military action. Instead, its forces would be completely integrated into the network of military commands that was being created by the Alliance. Economic revival in Germany would contribute greatly to prosperity in the rest of Western Europe. A revived West Germany that was politically, economically, and militarily integrated into the rest of Western Europe would also solve the so-called German problem, by embedding Germany in a larger community in which it no longer towered over its neighbors, thereby removing any incentive for them to conspire against it.

The Korean War dramatized Europe's vulnerability, and from the summer of 1950 onward American officials would grow increasingly preoccupied with invasion scenarios. The Europeans, in contrast, were eager to be rid of a rearmament effort that they saw as unnecessarily burdensome, but they did enough to ensure continued U.S. leadership within the Alliance. The Europeans benefited greatly from the exertions made by the United States, which gained them a great deal of security at only modest cost to themselves. The Americans tolerated European 'free-riding', because the U.S., for the most part, got its way within the Alliance, albeit only after extensive consultations during which

the Europeans' concerns were thoroughly aired. Plus, even with the Europeans lagging behind, they still contributed to NATO's network of military commands several million soldiers backed by capable air and naval forces.

The first transatlantic bargain was struck just as the global distribution of power shifted from multi- to bipolarity, which meant that the Alliance's founders were much more familiar with the former than the latter. Life in a multipolar world was not a pleasant experience. A multipolar Europe produced a catastrophic war in 1914; extremist regimes in Germany, Italy, and the Soviet Union during the interwar years; and then the greatest war ever in 1939. As the Cold War began, the democratic West faced a hostile and inscrutable Soviet Union, but the founders regarded this as a temporary rather than a permanent condition. Stalin was fearsome, but not immortal. His regime would pass; his successors would yearn for a more normal existence; no regime based on stark and unremitting terror could last forever. Even as the Cold War became more intense, NATO's founders were looking beyond the danger posed by the Soviet Union, which is not even mentioned in the Alliance's founding 1949 North Atlantic Treaty, and pondering what might happen once that danger had passed.

On this matter the founders' thinking ran along two tracks rather than just one. On one hand, they did not want to go back to the plotting and scheming, the maneuvering and the backstabbing, and above all the warfare associated with multipolarity. On the other hand, they viewed the alliance they were creating as a permanent rather than a temporary arrangement, which is why the North Atlantic Treaty has no expiration date, only the right to withdraw after the treaty had been in effect for 20 years. Because this alliance was to be permanent, it was endowed with a Council, a Defense Committee, and a treaty-granted right to create new organizations as appropriate – all virtually unprecedented for a peacetime alliance circa 1949. This alliance would safeguard its

members and allow them to develop new forms of cooperation – like transparency in defense budgeting – that would prevent a return to 1914 or 1939.

In retrospect, the founders' design worked amazingly well, in effect buying 40 years during which NATO members learned to work together more so than in any previous alliance. Beginning in 1989, however, the Cold War ended; bipolarity was replaced by unipolarity, and the Alliance no longer had an obvious danger to hold it together – indeed, no longer seemed to have an enemy at all. Responding to these changes produced some striking parallels with the early Cold War years.

In 1948 and 1949, an obvious problem for the Truman administration was to explain why a military alliance was the proper response to a Soviet threat that even the administration conceded was more political than military in nature. In 1990 and 1991, an obvious problem for the first Bush administration was to explain why the Alliance should continue when there was no longer a Soviet threat to give it purpose and meaning. In both cases, the solution hit upon was to use a military arrangement to solve a political problem. For the Truman administration, the best way to forestall a mostly political Soviet threat was a confidence-building military guarantee – namely, NATO. For the first Bush administration, the best way to prevent future trouble in Europe was by offering the appropriate guarantees beforehand, in the form of a U.S. pledge to maintain a military presence in Europe, despite the Cold War's end.

As the Cold War ended, the Atlantic Alliance without an obvious enemy was seen by many as a political non sequitur. Without a Soviet threat, the conventional wisdom suggested, the Alliance would surely collapse. The Alliance did not collapse, in no small part because Americans and Germans agreed that keeping it intact was essential if

they were to achieve their separate but complementary goals. President George H. W. Bush and Chancellor Helmut Kohl both wanted a leading role for the United States within a rejuvenated Alliance, because the alternative – a weaker Alliance, a U.S. withdrawal – would likely mean renationalization of defense as Britain, France, Germany, and the Soviet Union maneuvered for advantage both with and against each other. Conversely, only if Germany was firmly anchored in a U.S.-led NATO could Chancellor Kohl hope to win swift and unanimous approval for German reunification.

In effect, preserving the Alliance intact was the price of a continued American military presence in Europe, and a continued American presence was itself the price of winning the other members' consent to German reunification. Kohl and Bush were both willing to pay: Chancellor Kohl because he wanted reunification to occur on his watch; President Bush because he wanted to avoid drastic changes that might ultimately cause the Alliance to unravel. With the Americans and the Germans both pulling in the same direction, a new trans-Atlantic bargain was struck: Germany would reunify, the United States would not withdraw, and NATO would continue intact, which was the prerequisite for a continued American military presence in Europe even after the Cold War's end.

The expansion issue offers additional insights into how and why this second trans-Atlantic bargain was struck. As the Cold War began, the problem that inspired the creation of the Alliance was not fear of war but rather fear that economic recovery would fail without some assurance that Western Europe had a future, despite the shadow cast by Soviet military power. As the Cold War ended, hardly anyone in Central and Eastern Europe feared that the Soviet Union (or its successor, the Russian Federation) might soon attempt to reassert military control over their countries. The problem that motivated the Poles and others to seek early membership in the Alliance was fear that

democratization and liberalization would fail without the psychological boost that inclusion in the “West” would provide. Building market economies on the ruins of socialism would take years to accomplish, during which unemployment would likely increase as inefficient state-owned enterprises were sold off or shut down. Prices would go up as price controls and subsidies were lifted in favor of market-based solutions. Living standards would decline, hardships were certain, and democracy alone could not solve these problems.

Without meaningful assurances that the States of Central and Eastern Europe were part of the West, reformers in those countries feared that their electorates might turn to extremist candidates and parties. And even if they did not, what might these States do if faced by a resurgent Russia making demands that were incompatible with their aspiration to align with and become part of the West? Could they resist such demands on their own? Might they turn to riskier strategies, like the nuclear option, if they were denied NATO membership and told to fend for themselves? And what would be the position of Germany in post-Cold War Europe if it remained a front-line State bordering an unstable East?

Seen this way, the analogy between 1949 and 1989 suggests that the rationale for expanding the Alliance, much like the rationale for creating the Alliance, was essentially political/psychological rather than military in nature. The Atlantic Alliance was formed in large part because American officials feared the consequences of leaving important States like Britain, France, Italy, and above all Germany, alone and adrift on a continent shared with a hostile Soviet Union. The Alliance expanded in large part because American officials feared the consequences of leaving important States like Poland, Hungary, and the Czech Republic alone and adrift on a continent shared with a sullen and anti-democratic Russia. In both cases, the psychological benefits of creating/expanding the Alliance were expected to greatly

outweigh any military benefits.

Is there a third transatlantic bargain in NATO's future? The first two offer important clues in this regard. First, the bargains struck in 1948-1949 and 1989-1990 both coincided with sweeping structural change, in the form of changes in the global distribution of power. The first bargain followed the Second World War, which had proved ruinous for Britain, France, Germany, Italy, and Japan, coupled with the emergence of bipolarity. The second coincided with the end of the Cold War, German reunification, the break-up of the Soviet Union, and emergent unipolarity with the United States as the sole remaining hegemon. If there is another trans-Atlantic bargain, it too will likely be the product of structural change – namely, unipolarity to bipolarity. Such a shift would require the United States to move to other parts of the world military and other assets currently earmarked for Europe, thereby necessitating a third such bargain.

Second, the bargains struck in 1948-1949 and 1989-1990 suggest that structural change is difficult to predict and impossible to engineer. No person, no state, no alliance determines whether the world is unipolar, bipolar, or multipolar. The best that NATO members can aspire to is to respond quickly and sensibly if and when another structural change occurs. This is not cause for alarm. Crafting a new political bargain in response to structural change plays to NATO's strengths. In democracies, compromise is the life-blood of politics. If and when another structural shift occurs, there is every reason to believe that NATO members will rise to the challenge, like they did in 1949 and 1989.

Third, the role of structural change helps explain why trans-Atlantic bargains are infrequent, separated by decades rather than years. Structural change requires States to re-examine interests and self-images that may have been decades in the making – for example,

Britain and France at the end of the 1940s, reluctantly accepting the role of middle powers after centuries of great power status. Rethinking a state's role is politically risky, especially for the leaders of States in decline, who must explain to their colleagues and their electorates why their State's star no longer shines as brightly as before. States and those who act for them will likely resist taking on these political risks unless and until some political cataclysm – like structural change – makes continuation of the status quo infeasible.

Fourth, trying to craft a new bargain in the absence of structural change will be doubly difficult, because office-holders and their political rivals will likely frame the issue as one of prudence and timing. Why take these political risks now, NATO members will ask, when we can still pursue more modest agreements to do this or that, strike deals regarding who pays for what, and promote policy changes to our liking? To press hard for a new bargain in the absence of structural change is likely to bring disappointment and dismay rather than innovation and progress.

As of 2011, are there changes taking place that could inspire a new trans-Atlantic bargain? One possibility would be the rise of non-state actors, like Al Qaeda and its clones. But while the 9/11 attacks were a shock, they did not change the global power structure, which was unipolar years before 9/11 and remains so to this day.

A second possibility might be pressures to rationalize the growing number of roles filled by NATO members in places like Bosnia, Kosovo, Afghanistan, and now Libya. There is no small irony that an alliance formed and then expanded as a political response to political threats is now the world's preeminent fighting organization. These responsibilities, however, were acquired piecemeal over a period of nearly two decades; they are the product not of structural change but rather ad hoc additions to NATO's to-do list.

There remains the question, what could be the harm in pursuing a new trans-Atlantic bargain despite the absence of structural change? Past experience suggests that, in the absence of structural change, grand designs consume a great deal of time and effort while rarely meeting, much less exceeding expectations. Consider in this regard the new NATO Strategic Concept unveiled at the Lisbon Summit in October 2010. An informal count reveals that the new Strategic Concept includes roughly sixty “core tasks,” “objectives,” “responsibilities,” “primary goals,” and “secondary tasks.” This is not a foundation for a new trans-Atlantic bargain; it’s a shopping list searching for buyers.

Meanwhile, there are multiple important tasks that should be on NATO’s to-do list, bargain or no bargain:

- In the Balkans, more democratization and liberalization, more protection for ethnic minorities, NATO membership for Macedonia and ultimately for Serbia and Bosnia-Herzegovina too.
- The Georgia-Russia boundary dispute.
- Dialogue with Ukraine and Russia.
- Replacing conscript armies with professional militaries.
- More power projection assets.

None of these will be easy or cheap, but neither do they require a new trans-Atlantic bargain. What they require is years of effort, which is rarely glamorous but always essential.

5.b. European Author

5.b.i

Mr. Michael Rühle¹

“... the irresistible force is about to meet the immovable body.”

60 years ago Harlan Cleveland offered this sarcastic description of the U.S. trying to persuade its reluctant European allies to provide for more burden sharing. Even today, Cleveland’s observation has not lost its pertinence: it still captures the essence of the transatlantic security relationship. Indeed, Cleveland’s 1951 image appears even more fitting than the rather benign term of the “transatlantic bargain” which he coined much later, after having served as the United States Ambassador to NATO. For whereas the notion of a “bargain” implies a mutually favorable give-and-take, much can be said about the transatlantic security relationship as being one of one side pushing and the other side initially resisting (and, eventually, grudgingly to follow). Such was the case with almost all major developments in NATO, from the various shifts in NATO’s military strategy during the Cold War all the way to the operations that NATO has undertaken since the Cold War’s end. By virtue of both its military weight and its political “self”, the U.S. has remained the driver of the Atlantic Alliance – repeatedly disappointed by what it perceives as a European tendency to “free-ride” at Washington’s expense, but ultimately realizing that this is the best arrangement available.

For dyed-in-the-wool Atlanticists, such an image of the transatlantic security relationship may seem both too pessimistic and unfair. After all, whatever the initial disagreements or asymmetries in defense spending, what counts is that the U.S. and its NATO allies were

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ultimately able to forge a common approach to most security issues of common concern. Without the NATO framework, a common defense for Western Europe in the Cold War would not have materialized. Germany and other nations would not have been re-integrated so smoothly into the Euro-Atlantic mainstream, and the success of détente (a case of the U.S. grudgingly following the European allies) could not have been assured. Without the permanent transatlantic adjustment taking place within the NATO framework the U.S. would not have engaged in peacekeeping operations in the Balkans, nor would the Europeans have engaged in extra-European contingencies such as Afghanistan. In other words, mainstream Atlanticism would argue that NATO's extraordinary track record is ultimately far more significant than worries over transatlantic asymmetries or alleged "unfair" bargains. Moreover, irrespective of occasional squabbling, North America and Europe continue to constitute a unique community of shared interests and values – a community that is still shaping the modern world to a significant degree.²

The impressive legacy of the transatlantic community and NATO is a reminder of how much North America and Europe are capable of achieving if they decide to pursue a common security agenda. Yet even though NATO's political and military agenda has broadened far beyond its original Cold War remit, it has become painfully obvious that the future of the Alliance cannot be determined by simply extrapolating the past. No one else has reminded the transatlantic strategic community more forcefully of this fact than outgoing U.S. Secretary of Defense, Robert Gates. In his final policy speech before leaving office he blasted what he described as a European lack of will to spend enough on defense, and warned that in light of U.S. budget cuts

² "Today's new political and economic geography is based primarily on the ingenuity and resources which emerged from Western society; in particular the growing web of high-speed information and logistics networks, which has knitted global societies together in new and exciting ways. And there are no obvious candidates to assume our central role." John Kornblum, *We Need a New Atlanticism*, in AICGS Advisor, 21 April 2011.

the current transatlantic arrangements, to which the U.S. supplied more than two thirds of NATO defense spending, was simply unsustainable.³ Exactly 60 years after Harlan Cleveland's above-mentioned quip, the "irresistible force" had told the "immovable body" that its patience had run out.

Secretary Gates' scathing attack on the current state of the transatlantic security relationship should give pause to those who advocate a "new transatlantic bargain", let alone a bargain that reaches far beyond the realm of security. Advocates of such a bargain have invoked the gloomy specter of an otherwise fragmented West, one unable to shape a world characterized by the emergence of new power centers. It is hard not to agree intuitively with such an analysis, yet even the sense of drama that underlies such pleas is not going to convince policymakers on both sides of the Atlantic to change their policies. These policies remain parochial and, above all, rooted in distinct national characteristics and outlooks. Worse, they are likely to become even more divergent, as major structural changes in the international security environment are now revealing themselves – changes that tend to reinforce rather than narrow the asymmetries in the transatlantic security relationship. These changes, which will be described below, are not only challenging the security consensus of the transatlantic allies, they are even challenging the very logic of a transatlantic military alliance. With a 20 years' delay, the end of the Cold War has now finally arrived. Hence, the mere assertion that North America and Europe will remain dependent on each other in coping with many problems of global governance will not necessarily translate into a common approach. A look at the emerging security environment demonstrates that even maintaining their current modest arrangements will require the transatlantic partners to muster considerable political will.

³ See Robert M. Gates, Reflections on the status and future of the transatlantic alliance, 10 June 2011, at: <http://www.securitydefenceagenda.org/Contentnavigation/Activities/Activitiesoverview/tabid/1292/EventType/EventView/EventId/1070/EventDateID/1087/PageID/5141/Reflectionsonthetatusandfuture-ofthetransatlanticalliance.aspx>

Structural Changes in the Security Environment

The structural changes in international security are profound, and the transatlantic community is only just beginning to absorb them. Among these changes is the rise of “de-territorialized” threats, such as international terrorism or cyber attacks, which offer no early warning, are often anonymous, and whose ambiguous nature creates dilemmas of attribution. Moreover, the fact that such threats may affect only one or a few allies may make it difficult to generate the solidarity required for a collective response. Failing states will continue to pose a major problem, as they provide terrorist groups with safe havens and act as a breeding ground for many other illicit activities, such as piracy and the trafficking of narcotics or people. With respect to inter-state relations, developments in Asia remain particularly worrying, as attempts at community building are being pursued against the backdrop of growing nationalism and growing military budgets. The number of states able to master the nuclear fuel cycle, thereby becoming at least “virtual” nuclear weapons states, is growing; and the commercialization of proliferation, namely by selling sensitive technologies to the highest bidder, will add yet another element of unpredictability to the international system.

As the 2003 Iraq war and the 2008 Russian-Georgian war demonstrated, classical inter-state wars cannot be ruled out, yet most future military conflicts are likely to be asymmetric, with uncertain legitimacy and duration, and with opponents that do not adhere to internationally agreed restraints on violence or the “rules of war”. Moreover, even a successful intervention will be followed by an extended post-conflict reconstruction phase that generates additional political, military and financial burdens. Finally, as has been demonstrated by the course of events in the Balkans, Iraq,

and Afghanistan, the outcomes of such interventions will often be ambiguous, as the results of even the most extensive nation-building efforts will hardly ever meet initial expectations.

These challenges are aggravated by a variety of “domestic” developments within the transatlantic community. One such development is societal change. Unlike the U.S. and some other Western nations, the societies of many European countries increasingly reject the use of force to meet non-existential challenges. This trend may not yet have resulted in truly “post-heroic” societies, all the less so as it can be compensated at least in part by moving towards all-volunteer forces. However, its political ramifications could nevertheless be severe. In future non-existential contingencies, many European states might prefer to opt out, as their governments will not want to risk divisive domestic debates and political repercussions.

Another impediment is the current financial crisis and its effects on defense spending. While budgetary scarcity affects all the Allies, the degree to which national political leaders allow it to affect their respective defense budgets and force transformation processes varies considerably according to the importance that countries attach to national defense. In a similar vein, the transatlantic security consensus could be compromised by the increasing dominance of economic and resource considerations over traditional notions of military security. This “economization of security”, i.e., the priority given to national economic well-being and access to energy and other resources over military alliance considerations, is just about to become visible, yet it is likely to dominate national policies in the years ahead – and possibly at the expense of allied solidarity.⁴

This emerging security landscape challenges the unity of the

⁴ See Michael Rühle, Die Ökonomisierung der Sicherheitspolitik, in *Frankfurter Allgemeine Zeitung*, 4 February 2010.

transatlantic community on several levels. On the *political* level, the fact that most new threats are non-existential and do not necessarily affect all the Allies in the same way challenges the very logic of collective action. Second, on the *military* level, the very operations that are meant to collectively address some of these new challenges reveal significant differences in the Allies' "strategic culture", be it with respect to risk-taking, military doctrine and equipment, or different constitutional realities (e.g., national caveats). Third, on the *institutional* level, the new threats challenge the centrality of NATO, as many of them are non-military in nature and thus do not lend themselves to a purely military response. Moreover, the fact that some of these threats will require an early or preemptive resort to force (military as well as cyber) runs counter to the established practice of lengthy intra-Alliance consultations and a defensive force posture.

None of these structural changes invalidate the logic of a unique transatlantic community. This community is going to remain far more likeminded than other communities elsewhere on the globe; far more geared towards coordination and cooperation than others; and thus far better able to "co-opt" others into a common approach. Nor do these changes invalidate NATO as an institution that combines military competence and Atlantic identity in unique ways. If North America and Europe want to enjoy a politically predictable and militarily relevant security relationship, they have little choice other than NATO, all the more so as the attempts of the European Union to develop an effective Common Security and Defense Policy appear to be stagnating. Finally, U.S. frustrations about European military under-performance will not change the fundamental fact that Europe provides a political "milieu" that is geared towards working with the U.S., whereas in Asia, Washington remains condemned to cooperate through a complicated array of fragile bilateral relationships.

If one adds the fact that NATO remains the only true institutional

link of the U.S. to Europe it becomes clear why it will continue to be Washington's institution of choice. In a similar vein, this unique role of NATO also explains why the traditional U.S. reflex of saddling the Alliance with ever more agenda items is likely to continue. However, this will not add up to a new security bargain, let alone a new consensus on other, non-military issues. Overburdening NATO for lack of other available frameworks is a reflection of the institutional poverty of the transatlantic relationship rather than evidence of a sensible grand strategy. Any NATO-centric bargain would perpetuate the military focus of the transatlantic relationship at a time when the issues that the transatlantic community needs to tackle are much broader. Moreover, it would perpetuate an asymmetry that the Europeans continue to accept in the military security realm but not beyond. Equally, the effects of the new security challenges on the transatlantic partners will be centrifugal rather than unifying. Hence, hopes about using NATO as the bedrock for a new, broader transatlantic security consensus or even a global community of democracies are likely to be dashed.

All this suggests that the transatlantic "level of ambition" in NATO should be more modest – it should be first and foremost about arresting drift rather than seeking an elusive "new bargain". Consequently, the focus should be on developing a sensible NATO agenda that facilitates common action in an environment where divergence may become the norm rather than the exception.

A Realistic Agenda for NATO

First and foremost, the Allies must use NATO as a forum for a political dialogue about broader security developments. At present, many NATO members approach discussions on key security issues

(e.g., the implications of a nuclear armed Iran) only hesitantly, worrying that NATO's image as an operations-driven alliance will create the impression that any such debate was only the precursor to military engagement. While such misperceptions can never be ruled out, the Allies should nevertheless resist making themselves hostages to the risk of a few false press reports about NATO's sinister military intentions. Indeed, the true risk for NATO lies in the opposite direction. By refusing to look ahead and debate political and military options in current or future crisis regions, the Allies condemn themselves to an entirely reactive approach, thus foregoing opportunities for a pro-active policy. On a positive note, there are some indications that this cultural change in NATO has finally begun, as the Allies have become more willing to discuss potentially controversial issues in a "brainstorming" mode. This development must now be sustained by enhancing NATO's analytical capabilities, including improved intelligence sharing.

Second, NATO's agenda needs to reflect the key security challenges of the coming years. While the new Strategic Concept provides a cogent list of the major issues that the Allies should collectively address, the document implies a degree of consensus on emerging challenges that has yet to be attained. A general agreement that a certain challenge is serious does not necessarily translate into a willingness to tackle it – at least not in the NATO framework. Whether the issue is cyber defense, proliferation or energy security, the U.S. remains the "irresistible force" that tries to drag the "immovable object" along. If NATO's history is any guide, the Europeans will slowly move in the direction desired by the United States, partly because of a genuine change in their threat perception, partly because they do not want to alienate Washington. Yet absent a major cataclysmic event such as "9/11", progress will be slow, all the more so as some of these challenges simply may not lend themselves to a major NATO role. Thus, while a fully-fledged NATO approach to cyber defense, proliferation or energy security is not likely to evolve anytime soon, NATO allies

must at least cultivate a general understanding that emerging security challenges should preferably be tackled in a transatlantic framework. As with other elements of NATO's agenda, the challenge is less to develop comprehensive policies but rather to raise collective awareness and thus avoid divergent responses.

Third, NATO needs to be better connected to the broader international community. This is true for its relations with other security stakeholders – such as the European Union, the United Nations or numerous NGOs – but also for its relations with other countries, notably partners from across the globe, from Australia to Japan. NATO's partnerships with other countries are likely to remain a success story, as demonstrated by the huge ISAF coalition as well as the inclusion of Gulf countries in the Libya operation. As the nature of today's security challenges makes NATO's success dependent on how well it cooperates with others, enhancing NATO's "connectivity" (NATO Secretary General Rasmussen) is a precondition for its future as a viable security provider. Hence, the expansion of NATO's partnerships, to eventually even include relations with China and India, is both logical and feasible. Moreover, as other institutions are gradually accepting NATO as a partner in certain contingencies, there is room for further progress. However, a serious question mark remains with respect to the nervous and incomplete NATO-EU relationship. Even leaving aside certain national sensitivities that are blocking progress, the relationship between both organizations remains asymmetric – due to its holistic nature, the EU needs NATO much less than vice versa. Hence, the EU is in no hurry to move on an issue that – at least in the EU's perception – is not a priority in any case. Only a sustained effort on the highest political levels of both sides of the Atlantic will eventually overcome this dilemma.

Fourth, NATO must remain focused on force transformation, including on the acquisition of new capabilities, such as missile and

cyber defenses. While some “Europhiles” will continue to engage in assertive rhetoric about the need for Europe to act autonomously in military affairs, most serious analysts agree that any major military operation will have to involve the U.S. – either in the driver’s seat or at least as an indispensable “enabler” of a European-led coalition, as in the case of the Libya operation. As the military asymmetries between the U.S. and the Allies continue to grow (and the European argument that raising defense budgets in an EU context would be easier has been revealed as a myth), the need to ensure at least a basic level of transatlantic military “co-operability” should be persuasive. Simply put, the U.S. remains the military benchmark, and Europe will have to keep up, if only in certain areas. A purely European approach would tilt towards the lowest common denominator, which would make Europe even less relevant. While ideas such as the pooling of certain capabilities, common funding and acquisition, or unified logistics will not make a major difference in terms of savings or fighting power, they could nevertheless contribute to new forms of burden-sharing and thus help maintain the transatlantic military link.

Finally, NATO needs to explore how to enhance flexibility in its decision-making and in the implementation of collective decisions. On the strategic level, the consensus rule must remain, as it allows nations to prevent NATO from embarking on a policy that would run fundamentally against their national interests. However, as the Libya operation demonstrated, the implementation of a policy that is agreed “at 28” varies considerably, according to the interests and capabilities of the Allies involved. Moreover, as the ISAF mission has shown, the military and financial contributions of several non-NATO nations have exceeded those of many Allies, underscoring the need for NATO to prepare politically and structurally for “coalitions of the willing”. This may appear like a frontal assault on the very concept of a permanent alliance, yet it need not be. NATO will remain the pool from which such flexible coalitions will largely be drawn, and around which larger

coalitions will be built. Moreover, as these coalitions will not always consist of the same countries, the logic of maintaining close political and military ties through a standing arrangement like NATO remains unchanged.

Conclusion

In light of major structural changes in the international security environment, NATO is being challenged politically, militarily and institutionally. These challenges are more profound than at any other time in NATO's history, and they will change the way in which the Allies interact. What has already become clear is the emergence of a new hierarchy within the Alliance. Rather than the mere size of its forces, the yardstick for a country's influence in NATO will be its willingness to engage in politically controversial and militarily risky operations alongside the United States. This yardstick will also make certain non-NATO nations look increasingly attractive from a U.S. point of view – even if it will make some traditional allies feel uneasy.

In conclusion, no new “grand bargain” or other far-reaching proposals to “re-vitalize” the transatlantic security relationship are likely to work. To argue that one must make them work because this may well be the last opportunity before the West's diminishing political, economic and military clout will no longer enable it to set the agenda, is moot. Nothing in the 60 years of the transatlantic security relationship suggests that such a new bargain could eventually be struck. To pretend otherwise almost begs for invoking Samuel Johnson's immortal characterization of a second marriage as representing the “triumph of hope over experience.” As Robert Gates put it bluntly, NATO has become a two-tier Alliance.⁵ The challenge, then, is to

⁵ Gates, *ibid*

accept this fact, and to make NATO work in spite of it.

6

QUESTION THREE: WHAT IS NATO'S ROLE IN A NEW TRANSATLANTIC BARGAIN?

6.a U.S. Authors

6.a.i.

Dr. Sean Kay¹

“...there will be a dwindling appetite and patience in the U.S. Congress – and in the American body politic writ large – to expend increasingly precious funds on behalf of nations that are apparently unwilling to devote the necessary resources or make the necessary changes to be serious and capable partners in their own defense.”

(Former U.S. Secretary of Defense Robert Gates,
who warned NATO faces a “dim, if not dismal future” on 10 June 2011)

Introduction and Overview

The transatlantic security relationship needs fundamental re-balancing based on a major realignment of the North Atlantic Treaty Organization (NATO). Presently, NATO perpetuates a structural imbalance to the transatlantic security paradigm. This imbalance was dangerously exposed in the 2011 Libya war where European countries found it difficult to conduct even a relatively minor military mission absent the United States. NATO emerged weaker than it did going into

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the Libya war, despite the near-term success of a limited humanitarian intervention. Global economic trends require a substantial retrenchment of American power and equitable transatlantic burdensharing. After decades of American primacy in Europe, it is time to begin a managed downsizing of NATO emphasizing a minimalist role of collective defense for the United States, while the European allies assume lead responsibility for non-Article 5 missions.

The United States cannot afford the status quo and must now hand over security relationships and responsibilities, especially in places where peace has broken out – like Europe. This realignment will complete an unfulfilled founding mission for NATO – to create a condition in which Europe no longer need a United States military presence –thereby strengthening the foundations of the transatlantic bargain.

Saving NATO from Itself

In the two decades since the end of the Cold War, NATO has expanded missions without a sense of military purpose. Official reports drafted by NATO insiders and close pundits have shown a lack of strategic thinking, failing to identify the nature of the challenge, establishing goals, and allocating or realigning resources as needed. Three crucial elements of the global security environment define the context in which America's role within NATO must be rethought. First, the primary global security challenges are economic and civilian in nature – an over-extension of military missions and defense spending has seriously worsened the economic problems of the United States. Second, no NATO study, or American strategic plan, has asked the basic question of *how* to rebalance the transatlantic relationship beyond decades old appeals that capabilities should be enhanced. Third, European allies advanced their national interests as they saw it by spending as little as possible on defense. The United

States has failed to incentivize allies to do more, a point stressed in June 2011 by the former U.S. Secretary of Defense Robert Gates who told a Brussels audience that the United States pays 75% of NATO operational costs. Yet Secretary Gates also did not ask what Washington needed to do to change the dynamic. A focus on political consultation, strategic deterrence, military capabilities and operations, resources and interoperability, and the role of non-military functions suggests a dramatically reduced, but still essential role for the United States in NATO.

Political Consultations

At the moment when its members were most at risk of a conventional attack – 1949-1950 – NATO was a purely political consultative organization. There was no military command structure, only the North Atlantic Council. There was no NATO bureaucracy or headquarters or even a Secretary General. A habit of consultation, however, was deeply embedded among the allies and which made the alliance unique and valuable in the years after the Cold War. There is a danger that this benefit has now run its course. If so, then the question is not how consultation is done but rather towards what end? If the primary security challenge for the United States is its economic decline, and if Europe is now at peace, then the main purpose of consultations needs to be over how to hand over lead responsibility to Europe for its security management. In an ideal world this would mean handing over primary responsibility to the European Union, and that might be a long-term outcome. But for the immediate future, consultation needs to focus on how to realign NATO. A clear statement is needed that a new architecture for NATO will limit America's role to Article 5 collective defense, while Washington works with its allies to see to it that future Article 4 missions – like the recent Libya war – will be European-only operations taken in consultation with the United States. America might engage, but only in a supporting role and on a

case-by-case basis.

Strategic Deterrence

Over the past 20 years, an assumption that NATO had to go “out of area” or “out of business” has dominated NATO circles. This perspective was vital within the European area of interest, particularly the Balkans in the 1990s, but now contributes to a dysfunctional disconnect between goals and capabilities. The result has been a perpetuation, critics assert, of NATO for NATO’s sake, and a deepening transatlantic disconnect that makes the organization politically unmanageable, militarily dysfunctional, and strategically in decline. The threats that might affect the European area are, indeed, likely to come from outside it. However, there is no logic mandating the primary vehicle for addressing such challenges should not be European-led with the United States in a supporting but dramatically limited role. This means focusing America’s position in NATO on Article 5 collective defense as a reserve hedge against (unlikely) changes in the European security environment. The new emphasis on missile defense in NATO serves as an important tool of dissuasion and containment for any emerging threat from Iran or elsewhere. Other threats to Europe that require new policies – energy and environmental security, technology and weapons proliferation, cyber-attack, counter-terrorism, immigration and demographic challenges – are all areas that the European Union must have lead responsibility in the European area of responsibility and interests. With Article 5 collective defense as America’s main responsibility in NATO, new members can be reassured about global distractions from collective defense within the alliance. Once in place, this can solidify America’s long-term commitment to Europe within a lasting, sustainable, and balanced context. Meanwhile, the vital areas of economic ties in the transatlantic relationship can take precedence within existing U.S.-EU and bilateral relationships with non-EU nations.

Military Capabilities and Operations

In a rebalanced alliance, Washington no longer faces a capabilities problem as that will become a concern for the European NATO members. If America's military commitment to Europe is limited to collective defense, then the existential question of what is required to secure that commitment is raised. The answer is that in the current and long-range threat environment, the number of American troops in Europe could fall to an absolute minimum presence. Conventional deployments of American forces on a large scale need not remain in Europe – dropping from about 80,000 in total, to a matter of hundreds in command structures, planning, and logistical support roles. While bilateral arrangements in key countries like Norway and Turkey might be necessary, the general maintenance of headquarters and bases allocated to NATO would be transferred to exclusive European operation and funding. By reducing this commitment, cost savings for the United States can be found, but will only produce real economic gains if done as part of a much larger global force posture review. A key change in Europe would be to relocate EUCOM to the continental United States much as CENTCOM is. The new missile defense plans for NATO, which focus on regional threat assessments and provides a basis for a classic containment function against emerging nuclear threats, provides the most important military activity (and minimal essential troop presence) for a radically re-aligned NATO. NATO infrastructure for European-led multinational military operations remains important, absent an effective European Union capacity for facilitating force projection missions, especially in establishing command headquarters – and coordinating reinforcement scenarios involving highly unlikely Article 5 missions. If successful, a dramatically redefined and limited American NATO mission will help the United States strengthen its economic position while enhancing the European ability to project power and complement American engagements outside of Europe in cases where mutual interests coincide. Both outcomes would be deeply

beneficial to mutual transatlantic interests.

Resources and Interoperability

For generations, NATO's core operational problem has been a structural imbalance of resources and capabilities between the United States and its European allies. For much of the post-Cold War period, the American approach has been to challenge allies to do more. The allies, however, have strong national interest incentives to contribute as little as possible to the common defense so long as they know the United States will otherwise be there. The one approach that has never been tested has been to tell the Europeans that they have to because America no longer will. If, after so many decades, Europe is unable to coalesce on new incentives of defense cooperation (as Britain and France are now doing, driven by common economic interests), then it is reasonable to conclude that much of the NATO experience has been a failure. A key premise of NATO's founding was that Europe needed the confidence to get back on its feet – not that it should be a permanent appendage to American military power. By re-framing the interests of the European allies, will the United States definitely get more from its allies? That remains to be tested – but we do know that the current approach has failed. Certainly, given the economics of defense resources, the European members of NATO are more likely to invest in interoperability if they are told clearly that the status quo is over – and thus their incentives to coalesce and better manage existing resources would increase. The real question will be how well the European allies will be prepared to fight without the United States. Should they choose not to intervene in regional crises that affect European interests more than American, like in the Libya war, this will be Europe's strategic choice and political responsibility.

Non-Military Functions

There has been a growing understanding in NATO circles that security requires a comprehensive approach as threats today are mainly non-military. This raises a key problem for NATO, a military organization increasingly mandated to address non-military threats for which it has little capacity. NATO, for example, struggled to deploy “civilian surge” forces into Afghanistan yet mission success was dependent upon this. The external security challenges facing Europe – from cyber attack to terrorism to peace operations and post-conflict reconstruction have an essential civilian content to them. This is an area that the European Union already focuses on and can be expanded in cooperation with the United States and the United Nations – but which does not require a NATO role. Ironically, during a drafting of NATO’s 2010 Strategic Concept, a public comment was made that said it was important that the economic crisis not divert from the need to address security issues. Yet the economic crisis affecting the world, the debt crisis in Europe and the recessions in the United States and elsewhere are the *key* national security challenges today. The United States has little choice but to retrench, consolidate, and look for savings. An inability to achieve such major realignments would, in and of itself, undermine national security if it means continuing the status quo. The essential challenge in this new NATO dynamic is whether Europe will translate its real economic, civilian, and military power into an effective capacity with American help.

Strategic Concepts - Rebalancing NATO to Strengthen Transatlantic Ties

In 2010, NATO members approved a new Strategic Concept that was flawed in both process and outcome. The strategy review was flawed procedurally because the drafters did not question the

linear assumption that NATO should do yet more. This exercise in NATO “group think” did not address the most vital questions about the global security environment and amounted to NATO advocates opting for more work for NATO advocates. The most crucial issue confronting NATO – how to adjust for the realities of American strategic retrenchment – was not even considered. Neither was the question of how the European allies could help in mollifying this reality answered. The 2010 Strategic Concept perpetuates a vision of NATO made rapidly obsolete and sustains an architecture that is an obstacle to strengthening the essential foundations of the transatlantic relationship.

Dwindling Resources and Common Goals

NATO suffers from a near fatal disconnect between ever expanding goals – from membership enlargement to calls for a “global NATO” embodied in the Afghanistan and Libya out-of-area wars. Meanwhile, the capabilities of the European allies have been in sustained decline for decades while America’s have gotten too large – doubling defense spending since 2000 to the detriment of its debt position and domestic economic balance. If America’s role in NATO is placed in a primarily strategic reserve role, then the problem of resources matching goals will no longer exist at least for Washington. Such a transition need not be difficult, as its nascent application in Libya showed in 2011 with the European allies “out front” and America engaged, but “leading from behind.” But the Libya war also shows that the previous approach of cajoling the allies to do more while not changing the incentives to do so – applied over decades – has failed. The most important goal – a Europe whole, free, and at peace – is achieved. NATO’s staff now need to be given a clear mandate to hand over full lead for security operations in and around its neighborhood managed, supplied, and paid for by the European allies.

The New Burdensharing

Either the American disengagement from European security will happen in a managed way, as called for here, or abruptly and in ways that destabilize the transatlantic relationship. The most likely outcome – of papering over strategic disconnects and kicking major decisions further up the road is also the most self-defeating to the NATO alliance. It is essential for the United States to achieve a real balance of interests in the transatlantic relationship by making it clear that now is the time for Europe to stand on its own. By realigning NATO burdensharing, the United States can return the alliance to realistic foundations and promote a balanced U.S. and European anchor in global security and economic affairs. The United States will have to initiate this process and present it to the allies in a careful but determined manner. This need not require a major hand-wringing study by NATO networks in Brussels or member capitals which habitually seek new missions, new budgets, and continues to drain the United States of resources and strategic attention. Europe is capable of standing on its own and if incentivized to do so, it will. It will be deeply regrettable if the end result of the 2012 Chicago heads of state summit would be a failure to address fundamental strategic challenges – because this will only lead to more atrophy and the precise kind of future of which Secretary Gates warned.

Completing NATO's Founding Mission

During NATO's founding period, the father of the policy of containment, George Kennan, had a strong concern that NATO would perpetuate a structural military dependence of Europe on the United States. In NATO's earliest days, this was not the case – as the political solidarity of the West was sufficient to persuade the Soviet Union that it had reached the limits of its expansion. NATO, however, did eventually

become a permanent standing organization that now diminishes its key strategic utility as process and bureaucracy seem to have become ends in and of themselves. NATO remained necessary with the end of the Cold War. The Alliance provided a solid anchor for stability in building a Europe whole, and free, and also for crisis management in the Balkans. Since then, NATO's role has become additive while its capabilities and will of its members precipitously declined. The primary reason is that the current architecture creates insurmountable incentives for European allies to avoid assuming responsibility for their own security. With Europe at peace and no serious threat even remotely on the horizon, now is the moment to get NATO back to its founding. It is time to relocate the major U.S. European commands to the continental United States, dramatically reduce the United States' payments into NATO infrastructure and headquarters funds, and it is time to withdraw the bulk of the American presence from Europe. It is time for historic leadership in Washington that sees Europe as America's closest friends in the world and helps to foster them to stand on their own. It is also time for European NATO members to make a clear statement that acknowledges that the status quo is no longer acceptable. It is important to proceed with caution as Europe is also simultaneously dealing with a debt crisis that places fundamental questions about the future of the European Union on the high end of global stability. Nevertheless, now is the time for Washington and European capitals to see NATO as it is, not as we wish it could be. In so doing, the United States can preserve NATO at the heart of a new and balanced transatlantic relationship that enhances mutual security interests in the transatlantic bargain.

6.a.ii***Mr. Stanley R. Sloan¹***

The question of what role NATO will play in a new transatlantic bargain raises some underlying questions. First, what will be the nature of the new bargain? Second, should we ask what NATO's role will be (predictive), or what it should be (normative)?

The assumption for this contribution is that the “new bargain” is the one that can be constructed or evolved based on the agreements in the latest Strategic Concept, influenced by the consequences of NATO's involvement in Afghanistan and its role in implementing UN Security Council Resolution 1973 regarding Libya.

Because I have written extensively about the transatlantic bargain for over 25 years, this analysis is based on my long-standing interpretations of how the “transatlantic bargain” (Harlan Cleveland's original term) should be understood. In this view, “Although the transatlantic bargain is based firmly on unsentimental calculations of national self-interest on both sides of the Atlantic, it also depends on some amorphous but vital shared ideas about man, government, and society. It is a “bargain,” to be sure, but a bargain with roots in the hearts (and values) as well as in the minds (and interests) of the partners.”²

According to my analysis, “The original transatlantic bargain... was a bargain between the United States and its original European partners with the military and political participation of Canada. The first half of the deal was that the United States would support Europe's

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² Stanley R. Sloan, *Permanent Alliance? NATO and the Transatlantic Bargain from Truman to Obama*, Continuum Books, 2010, p. 3.

economic recovery from the war if the Europeans would coordinate their efforts to use the assistance most effectively. The second half pledged that the United States would contribute to the defense of Europe if the Europeans would organize themselves to help defend against the Soviet threat.”³ Going beyond the international aspects of the bargain, it became clear over the years that the U.S. Congress, and particularly the Senate, became a partner to the bargain, with the inclination to assert its own prerogatives from time to time, particularly concerning the burden sharing relationship.

Today, the economic aspect of the bargain has become far less prominent, with most Europeans having forgotten that today’s European Union has roots in the assistance provided by the U.S. Marshall Plan and the requirement of the “bargain” that they coordinate their attempts to use that aid most productively. On the other side, Americans tend to see Europeans as well able to do more for defense than they currently do (a burden sharing perspective that pre-dates the end of the Cold War). At the same time, European economic success has bred a sense of diminished reliance on the United States for stability on the continent, even though the success to date has not been used as the foundation for commensurate increases in European defense capabilities, in spite of professed objectives to create such outcomes through a Common Security and Defense Policy. The new political and economic situation in Europe has inspired many American observers to argue that NATO is no longer serving American interests because it perpetuates European dependence on the United States, an unhealthy consequence of the bargain.

Nevertheless, the political/military aspect of today’s bargain carries forward the essence of the original deal: the United States will contribute to Europe’s security as long as the Europeans make their own contributions to security of the collective. It is this understanding

³ *Ibid*, p. 4.

of the bargain that, for me, frames the question of NATO's role in the future of the bargain.

As for the second question, this contribution will focus on the normative aspect of the question, with the goal not of predicting what NATO's role will be but suggesting what it should and could be.

This analysis first examines the current "starting point" for any new transatlantic bargain: the November 2010 Strategic Concept (SC2010), identifying the key elements that suggest the possible parameters of a new bargain. It then summarizes the current and prospective environments in NATO countries as well as international trends that will affect NATO's role in any new bargain. It concludes with observations regarding how U.S. policy might most effectively move NATO's role in directions that support U.S. national security interests.

The November 2010 Strategic Concept as a Starting Point

Documents such as the SC2010 very seldom create new realities. Rather, they confirm and acknowledge the level of consensus among the allies that existed in the year or two prior to agreement on the document.

In this case, two important aspects of the SC2010 bear directly on the question of NATO's role in a new transatlantic bargain, having recognized a new consensus that goes well beyond what was possible in NATO's last Strategic Concept agreed in Washington in 1999.

First, SC2010 provided a substantially new definition of collective defense, the key underlying commitment made by each ally to the others. In the past, collective defense was defined almost

exclusively by the North Atlantic Treaty's Article 5, in which the allies agreed that an attack on one ally would be treated as an attack on all, and that each ally would determine on the basis of its sovereign decisions what it would do in response.

The end of the Cold War and the dissolution of the Warsaw Pact and the Soviet Union made a direct attack on a NATO country appear much less likely, but "threats" to security and territorial integrity subsequently emerged from a number of new sources, including non-state actors. In these circumstances, Article IV, which called for cooperation to deal with threats, not predicated on an attack having taken place, became more relevant.⁴

In SC2010, the allies have conflated Articles 4 and 5 to produce an amended definition of collective defense. In this updated interpretation of the treaty, SC2010 states that "NATO members will always assist each other against attack, in accordance with Article 5 of the Washington Treaty. That commitment remains firm and binding. *NATO will deter and defend against any threat of aggression, and against emerging security challenges where they threaten the fundamental security of individual Allies or the Alliance as a whole* (emphasis added)."⁵

This new presentation of collective defense arguably provides NATO with a much broader mandate than understood by the original treaty. It opens the door to more extensive cooperation to deal

⁴ For an analysis of the first stages of post-Cold War collective defense thinking see my 1995 report to Congress subsequently republished by the NDU Press: Stanley R. Sloan, *NATO's Future: Beyond Collective Defense*. Washington, D.C., National Defense University Press, 1996.

⁵ "Strategic Concept For the Defense and Security of The Members of the North Atlantic Treaty Organization," (hereafter referred to as "SC2010) Adopted by Heads of State and Government in Lisbon, 19 November 2010. para. 4. a. Paragraph 16 also illustrates the effective merger of Article V and IV under the collective defense rubric: "Defense and Deterrence. The greatest responsibility of the Alliance is to protect and defend our territory and our populations against attack, as set out in Article 5 of the Washington Treaty. The Alliance does not consider any country to be its adversary. However, no one should doubt NATO's resolve if the security of any of its members were to be threatened."

with potential as well as imminent threats. Those threats are not geographically limited, nor are they necessarily limited to “armed” threats. Threats can be, and are being, interpreted as including a wide variety of challenges to the security of individual member states as well as to the collective including, for example, cyber threats and energy supply manipulation. The Strategic Concepts of 1991 (Rome) and 1999 (Washington) identified such threats but did not commit to the use of NATO to deal with them. Afghanistan changed all that, and SC2010 appears to open the NATO door even wider to potential cooperation on security challenges regardless of the type or location from which a threat originates.

The second important contribution of the Concept to NATO’s future role is the expanded interpretation of comprehensive security. For over a decade now, some analysts have argued that future security will require more effective integration of military and non-military instruments of security.⁶ Now that this argument has more-or-less been accepted as conventional wisdom, the challenge has become one of producing the institutional and intergovernmental cooperation to make the concept work in the real world. So far, this has been frustratingly difficult. For many years, some European governments, France in particular, resisted the idea of expanding NATO’s mandate to coordinate cooperation on non-military instruments of power and influence. When it was suggested that perhaps a new framework of cooperation be developed, this approach met resistance from those who opposed creating new consultative frameworks as well as those skeptical about the future of transatlantic security cooperation altogether.⁷

The frustrations over developing comprehensive approaches to

⁶ See, for example, Stanley Sloan and Heiko Borchert, “Europe, U.S. Must Rebalance Soft, Hard Power,” *Defense News*, 8-15 September 2003.

⁷ For one such approach combined with a skeptical European view of the future of NATO and transatlantic cooperation more generally see Stanley Sloan and Peter van Ham, *What Future for NATO?*, Centre for European Reform, London, October 2002.

security were deepened by the experience in Afghanistan, where the fact that NATO was in charge of the International Security Assistance Force (ISAF) made the European Union reluctant to get deeply involved with its non-military strengths and resources that could have been very helpful to stabilize the country. This, to say nothing of the fact that NATO and the EU have not been able to have serious formal consultations about anything other than Bosnia-Herzegovina due to the continuing deadlock between Turkey, Greece and Cyprus, and therefore between Turkey and the EU, over future European security arrangements.

Now, SC2010 suggests that NATO should develop further its capabilities in coordinating non-military components of future security cooperation, under the broadened definition of NATO's collective defense mandate. The concept declares that crisis management is one of NATO's "core tasks," and that "NATO has a unique and robust set of political and military capabilities to address the full spectrum of crises – before, during and after conflicts. NATO will actively employ an appropriate mix of those political and military tools to help manage developing crises that have the potential to affect Alliance security, before they escalate into conflicts; to stop ongoing conflicts where they affect Alliance security; and to help consolidate stability in post-conflict situations where that contributes to Euro-Atlantic security."⁸

The logic of the strategic concept suggests that the evolving transatlantic bargain is one in which allied nations, still belonging to a "unique community of values," aspire to plan and work together to deal with threats to their interests and do so with a wide spectrum of capabilities, including diplomacy, political and economic incentives, political and economic sanctions, and, if necessary, the use of force. This new bargain is based on a deepened concept of what constitutes collective defense and a broadened scope of cooperative measure to

⁸ SC2010, para. 4. b.

be used in response. It is also based on the concept of all alliance members contributing to alliance missions, and to equitable sharing of alliance burdens.

A bargain based on these objectives requires more intensive, comprehensive and informed planning among NATO allies than has been the case to date. SC2010 makes it clear that NATO alone does not aspire to assume responsibility for all crisis management functions, even if it hopes to plan for effective management of pre-conflict, conflict, and post-conflict stages of crises. The Concept specifies that NATO will look to other organizations to carry part of the comprehensive approach load: “The Alliance will engage actively with other international actors before, during and after crises to encourage collaborative analysis, planning and conduct of activities on the ground, in order to maximize coherence and effectiveness of the overall international effort.”⁹

Circumstances Influencing NATO’s Role in the Bargain

Successful positioning of NATO’s role in a new transatlantic bargain rests uneasily on perceptions. The backbone of any NATO-wide strategy rests on whether or not allies still base their policies and actions on a sense of shared values and interests. The credibility of the alliance as seen by other international actors – partners and potential adversaries alike – also depends on their perception that the NATO members are united. Today, the on-going Libya operation has raised questions on top of those already provoked by Afghanistan concerning NATO’s future credibility.

The idea that NATO must be relevant to challenges beyond Article V and collective defense blossomed out of the American debate

⁹ SC2010, para. 21.

about NATO's future a few decades ago. It now has been accepted as gospel. However, there are serious questions about whether the commitment means much in terms of American and European attitudes and investments. NATO is seen by many Americans as an anachronism, an arrangement whose burden sharing relationships do not favor U.S. interests. In Europe, there are those who still object to strengthening NATO's role because of its perceived threat to the process of European integration.

The bottom line of the recent experience over Libya should nonetheless convince most that NATO remains critically important when allies need/want to coordinate the use of military force. Political divisions among key EU members made it impossible for the EU to act to enforce UN Security Council Resolution 1973, while NATO was able to function in spite of such differences. However, the reality of limitations on the Common Security and Defense Policy will not overcome the continuing barriers to effective cooperation between NATO and the European Union. Such cooperation will be essential in any efforts to shape a new transatlantic bargain in which NATO plays a key role in implementing comprehensive approaches to security with burdens shared on a basis that is politically acceptable to electorates and deliberative bodies on both sides of the Atlantic. The global economic recession from which recovery has been painfully slow inclines the United States and the European allies to seek burden-shifting rather than burden-sharing outcomes. This is not an environment conducive to the production of bold new initiatives with uncertain outcomes.

Policy Options for the United States Government

Under these circumstances, how can U.S. policy support the enhancement of NATO's role in an evolving, modern transatlantic bargain?

For starters, the attitude that the U.S. government takes toward the alliance is critically important because it communicates goals and intentions to the American people, Congress, and to the allies. The United States should not give the impression that NATO is “those [damned] Europeans.” It should in all its statements and actions make it clear that the transatlantic bargain is an arrangement in which NATO works because all the allies collectively make it work. NATO is a shared responsibility: we do our part and the allies do theirs.

In addition, it is critically important that, in a new bargain based on an expanded concept of collective defense and a comprehensive approach to security, there should be no division of responsibilities, even if there must be divisions of tasks (specialization). It would be the end of the alliance if, for example, Europe were permitted to take sole responsibility for the non-military aspects of security while the United States concentrated on the use of force. The transatlantic bargain cannot survive arrangements that perpetuate the kind of casualty differentials that were experienced in Afghanistan, where the forces of some allies have been far more exposed to hostile action than others.

For many reasons, the United States cannot rely on a bilateral relationship with the European Union to substitute for activities currently managed through NATO. U.S. policy cannot make the European Union something that it is not ready to be. Nevertheless, it is critically important that U.S. policy seek ways to facilitate more effective cooperation between NATO and the European Union. A new transatlantic bargain must accommodate both transatlantic and Euro-centric aspirations for future security. This has never been easy, but today may be facilitated by the resource and political limitations that affect all participants in the bargain.

U.S. policy will have to take into account some of the current trends inside Europe to achieve its transatlantic bargain and NATO

objectives. The budding bilateral defense cooperation between France and the U.K. should be encouraged and explicitly characterized as a relationship that can strengthen transatlantic ties. Germany's current drift away from its moorings in the bargain needs to be handled in such a way as to reaffirm the importance of Germany in the transatlantic security future. U.S. policy should remind Germany of the importance of the "community of values" that will ensure its future security as it did during the Cold War. Smaller European allies should be encouraged to focus on providing effective defense contributions that fit within both European and transatlantic security arrangements. Effective tailoring of contributions to ensure that they fit in overall defense schemes can help compensate for the reduced size of individual contributions. And, ensuring Canada's continued commitment to the transatlantic bargain can produce important future contributions to security while ensuring that Canada's valuable transatlantic voice is heard in alliance councils.

Perhaps the most important problem to address in trying to ensure a more effective NATO role in the evolving transatlantic bargain concerns the role of Turkey. Given the likelihood of continuing instability in the Middle East/North African/Southwest Asian region for the foreseeable future, a stable, committed Turkish member of the alliance is critical to U.S. interests. Even though Turkey is "on track" toward membership in the European Union, it seems unlikely to arrive at the EU station anytime soon, if ever. U.S. policy has for many years supported Turkey's goal of joining the EU, but perhaps the time has arrived for the United States to suggest a different, but elevated, status for Turkey in the transatlantic bargain. Anything that can overcome the Greek-Turkish-Cypriot barrier to more effective NATO/EU cooperation would be worth the effort.

Finally, U.S. policy needs to be realistic about how much can be changed in the current transatlantic relationship. Relations among

alliance members change slowly, and respond more to underlying interests and perceptions than to policy declarations. At this point in history, a new transatlantic bargain is no going to look much different than the one that we know in 2011 but, building on the consensus reached in SC2010, some additional elaborations and improvements certainly are worth pursuing.

The 2012 summit should therefore concentrate on solidifying the consensus reflected in SC2010 on the broadened definition of collective defense and the commitment to expanding transatlantic cooperation on non-military approaches to security. The new bargain should include enhanced status for Turkey in the alliance and in its relations with the United States, while supporting a special relationship between Turkey and the EU, short of full membership but designed to serve vital Turkish political, economic and security interests. Such an outcome could then lead to an end to the formal deadlock currently blocking effective NATO/EU consultations and collaboration, therefore opening the door toward a more productive transatlantic bargain with NATO/EU cooperation at its center.

6.b. European Author

6.b.i

Dr. Rob de Wijk¹

‘Bargain’ could either mean an agreement where one of the parties thinks the price is extremely favorable or an agreement to exchange goods at the right price and time. The latter suggests an outcome where all parties are happy; the former holds the risk of disappointment if one of the parties considers the price too high. So, what does a ‘Transatlantic Bargain’ mean? In November 2009 Europeans were shocked when U.S. President Barack Obama, during his visit to Tokyo, called himself “America’s first Pacific President.”² Is America still interested in Europe? Does the United States still consider the EU and NATO as its strategic partners? On 23 February 2010, U.S. Secretary of Defense Robert Gates suggested that Europe was turning into a ‘free rider’ when arguing that “The demilitarization of Europe – where large swaths of the general public and political class are averse to military force and the risks that goes with it – has gone from a blessing in the twentieth century to an impediment to achieving real security and lasting peace in the twenty-first century.”³

This contribution argues that a ‘reset’ of the transatlantic partnership is needed. The new transatlantic bargain should not be based on obsolete rhetoric about shared values and a shared history, but on a new understanding of common interests in an increasingly multipolar world. In a multipolar world, with competing centers of power being established, hard power will become increasingly important. This requires a different mindset. Europeans must think and act more geopolitically and the United States should convince itself that in a fast changing world, a new Transatlantic Bargain is a strategic

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² <http://www.newsweek.com/2009/11/20/the-first-pacific-president.html>

³ <http://www.cfr.org/nato/gates-speech-nato-strategic-concept-february-2010/p21518>

necessity.

Politicians on both sides of the Atlantic will argue that a reset to the transatlantic relationship is not needed. In the words of NATO's 2010 Strategic Concept: "[...] the transatlantic link remains as strong, and as important to the preservation of Euro-Atlantic peace and security, as ever." If this were true, the deep feeling of transatlantic crisis would not be felt. On the contrary, one may even argue that there is no bargain at all, that the transatlantic relationship is merely based on shared memories and that 'shared values' and 'strong links' are just hollow words. Founded on the rhetoric of the past, no one has ever dared to question the *raison d'être* of the transatlantic link.

But NATO as a community of values has become very weak. The key issue is that during the last half a century, Europe and America have developed a distinct set of values, i.e., different political and consequently strategic cultures.

Divergent Political Cultures

After the end of the Cold War, the differences between the American and the European outlooks and goals became clearly visible. Whilst Europeans participated in the wars of Afghanistan, Iraq, and Libya, there remain clear differences between them. Over half a century, the Europeans created a post-modern system with specific characteristics such as supporting the mutual interference in each other's domestic affairs. The process of European integration blurred the distinction between domestic and foreign affairs, borders became irrelevant, and the concept of sovereignty was weakened. In addition, the mechanisms of the European Union included a mechanism for conflict resolution through which self-imposed rules of behavior were codified and monitored. Security became based on transparency, mutual

openness, interdependency, and mutual vulnerability.⁴ Force as an instrument for resolving disputes became obsolete. The obsolescence of the use of force within the system explains the reluctance of most European Union member states to use force outside the system; growing interdependency explains the preference of the multinational approach.

Due to its superpower position, American leaders are neither willing nor capable of accepting the fundamental characteristics of the post-modern world. The United States has developed into an empire that will not defend its interests by enlarging its sphere of influence through contest, but by imposing its rules and values on other states. This self-imposed mission is lacking in Europe.

Without rejecting the concept of multilateralism, Americans do not see any source of democratic legitimacy higher than the constitutional nation state. The Americans are instrumental multilateralists, because they use international organizations to win international support, but if support is not gained, Americans end up going it alone in unilateral support of their grand strategy of primacy. The latter strategy rejects the subordination of American interests to international bodies or international law. Advocates of primacy are unilateralists, requiring large armed forces for the defense of the nation's interests, regardless of coalition contributions.

As a result, Europeans and Americas differ about the challenges ahead and the way they should be dealt with. Most member states are only willing to contribute to 'soft' humanitarian missions and shy away from risky high intensity, sustained combat operations. Some member states like France and the United Kingdom still invest in military capabilities for 'hard' combat missions and have the political will to use them to defend their interests. But the 2011 Libya war

⁴ R. Cooper, "The new liberal imperialism", *The Observer*, 7 April 2002.

demonstrated that their number is so small that they cannot carry out sustained combat operations.

Differences in transatlantic political cultures and capabilities are formidable obstacles for a new Transatlantic Bargain. Consequently, the bargain should no longer be framed in the context of shared history and common values, but in terms of common interests that in turn should be narrowly defined.

A New Transatlantic Bargain?

A discussion on a new Transatlantic Bargain begins with an understanding of the new challenges. First, a multipolar world is slowly emerging in which the United States and Europe will soon compete with China as a center of military, political and economic power. Such a transformation will bring back policies of counterbalancing. Consequently, when the West wants to defend its position in a fast changing world, America and Europe will have to work together.

As the shaping power of the West is weakened, it will be increasingly difficult to protect its interests. This will make the West, especially Europe, reluctant to use its armed forces when its vital interests are *not* directly affected or when pre-emptive attacks are required. Second, Industrialized and industrializing nations demand unrestricted access to resources, particularly energy supplies, scarce minerals and food, as a prerequisite for continued economic growth and socio-political stability. For example, China produces 97% of the world's rare earths. Rare earths are crucial for high-tech applications and green technologies. In 2010, Beijing imposed export quotas on seventeen rare earth metals and raised tariffs on exports. As a result, China's exports of rare earth metals burst through the \$100,000-per-

ton mark early 2011, up almost nine-fold from the year before.⁵

For food the situation is even more complex. In 2011, the UN Food Price Index reached an all-time global high. Very small increases in food productivity for their domestic food production increase the fear that governments might not be able to feed their populations. Consequently, countries like China, Saudi Arabia and others bought land in Africa and other parts of the world on which to grow crops and other essential foodstuffs.

Scarce resources will threaten Europe and America's interests in a number of ways. Scarcity has become an issue for domestic unrest and international conflict, undermining NATO's decades of facilitating inter and intra pacification. Sarah Johnstone and Jeffrey Mazo suggested a direct link between global warming and world food shortages with the Arabic uprisings of 2011. They argue that spiking food prices were "a proximate factor behind the unrest, which in turn was due in part to the extreme weather throughout the globe over the past year."⁶ As food prices are likely to rise further, the Arab uprising could be the beginning of a protracted period of unrest throughout the world.

In resource-rich countries, resource nationalism and protectionist appeals could, if they have gripped the populace, lead to emotional and irrational confrontational policies. For the sake of domestic stability, resource-poor countries have no other choice but to defend their economic interests. China is already pursuing increasingly assertive policies in an attempt to gain access to raw materials in Africa, and now also in South America. Countries could try to acquire bases in resource-rich countries and could transfer arms to resource-rich or transit countries. In Pakistan, China is building a naval base

⁵ <http://www.reuters.com/article/2011/03/22/us-china-rareearth-idUSTRE72L10I20110322>

⁶ S. Johnstone and J. Mazo, 'Global Warming and the Arab Spring'. *Survival*, vol. 53 no. 2, April – May 2011, pp. 11 – 17.

and a listening post in Gwadar, and a deep-water port in Pasni. On the southern Coast of Sri Lanka, China is building a fuelling station and facilities are being constructed in Bangladesh and Burma as well. Finally, China is one of the biggest arms suppliers to resource-rich African states such as Sudan and Zimbabwe. This development could turn the Indian Ocean into the flashpoint of future geopolitical strife.

The vulnerability of pipelines and the stability of energy providers and mineral producers remain a serious challenge as well. The world's largest oil reserves, together with trans-national pipelines and major shipping routes, all lie within a 'zone of instability' that encircles the globe. This zone of instability faces numerous challenges, including proliferation of weapons of mass destruction and related technologies, as well as a growing risk of terrorism, organized crime and piracy.

Third, climate change is a threat catalyst. Climate change could lead to migration, undermining social and consequently political stability of the industrialized liberal democracies. For example, climate change could lead to new resource conflicts. It is estimated that the Arctic region contains 13% of the world's unproven oil reserves and 30% of the world's unproven gas reserves. Melting ice caps makes these reserves more accessible and concurrently, make regional and international competition for these resources more likely.

Can we Deal with the Challenges?

The new challenges suggest a new defense paradigm. Lengthy and risky stabilization operations are unlikely to be the future focus of defense planners. A new defense-of-interest paradigm is emerging, one requiring robust capabilities for sustained expeditionary combat operations. As this requirement contradicts its political and strategic

culture this will be a European challenge in the first place. But with the financial crisis as the great accelerator for change, so to Europe's ability for dealing with this challenge is further weakened. There are at least four additional structural obstacles for change.

First, after the end of the Cold War, Europeans are struggling with further political, economic and military integration. The EU's ambassador to the U.S., Joao Vale de Almeida, argued that the EU "is dying, if not already dead."⁷ Since 2002 the European Union has become increasingly active under the European Security and Defense Policy (ESDP). But the majority of the missions were of a civil nature. Initiatives such as the Helsinki Headline Goals did not improve European military capabilities.

Second, due to domestic populism, emerging nationalism and the financial crisis the erosion of solidarity in Europe has accelerated. Fearing that the Euro might collapse and banks could go bankrupt when Greece failed to restructure its economy and its government finances, the public turned against their political leaders. Fragmentation of the political landscape has started to undermine the workings of the European Union. As a result, Europe as a whole becomes more inward looking. Thus, the prospects for a new Transatlantic Bargain are weakened by the increasing preoccupation with domestic issues.

Third, the call for cuts in defense spending is heard all over Europe. The United Kingdom's 2010 *Strategic Defense and Security Review* calls for cuts of 8% over the next four years. In addition to budget cuts announced in the 2008 White Paper, the 2011 French budget plan calls for a further 3% reduction. German budget cuts go hand in hand with the abolishment of conscription and a 25% cut in troop levels. As its defense spending remained fairly constant, the share of the U.S. is now close to 75% of the collective Alliance defense spending.

⁷ J. Vale de Almeida, 'E.U. Achievements Refute Critics' Claim of Failure, *Washington Post*, 9 October 2010.

Fourth, in the U.S. the situation is worrisome as well. Early June 2011, the White House argued that the United States would face ‘catastrophic’ consequences if Congress does not raise the \$14.3 trillion cap on government borrowing by 2 August. The White House argued that without raising the debt cap a new recession would be likely. Many Europeans drew parallels with Greece. Raising the debt cap to solve a problem caused by debts is very risky indeed and could eventually lead to the collapse of the U.S. economy. The loss of its AAA credit rating reinforced this fear.

Shared Values or Shared Interests

What does this mean for the transatlantic bargain? Europe and America face similar challenges in the modern world. Together they have much to lose. Crucially, politicians should stop talking about shared values and a shared history as the *raison d’être* for transatlantic cooperation. This requires political leaders to define common interests in a fast-changing world and new ways of dealing with them. EU-U.S. relations will be the centerpiece of economic cooperation. Among other things, transatlantic cooperation must focus on common positions for the Doha Rounds on trade liberalization and reforms, common positions in the G20 and the issue of scarcities.

The new transatlantic security bargain should be founded on the idea that the U.S. and the EU together could still shape international relations according to their interests. This should be done by strengthening the rules-based international order and joint political and economic action if common interests are threatened. It is time to recognize that their relative decline is a powerful incentive for working together with the objective to strengthen rules-based international relations.

Militarily, NATO should be the centerpiece of the new transatlantic security bargain. As most challenges are of an economic nature positions between the EU and NATO should be better coordinated. If things go wrong, member states should coordinate their positions through NATO. But both the EU and NATO face existential challenges.

What should be done? First, the nature of joint action depends on the nature of the challenge and what can be achieved with political pressure, economic sanctions and military force. The wars in Afghanistan, Iraq and Libya show that the efficacy of interventions is dubious and that the Allies seldom agree on the objective set. Part of a new bargain should be a better and more realistic understanding of what can be achieved with the instruments of power.

Second, transatlantic relations should be guided by the principles of cooperative security. NATO leaders must make clear that NATO as a collective defense organization is weakened if the Alliance fails as a cooperative security organization. A credible contribution to risky operations in places such as Afghanistan and Libya is a prerequisite for NATO's survival. This means that all member states must recognize that expeditionary capabilities can be used for classical Article 5 operations as well as for 'away operations'.

Third, the defense of common interests – one of which is territorial defense – must be the centerpiece of the new transatlantic security bargain. A new understanding of Article 4 of the Washington Treaty is needed. Article 4 states: "The Parties will consult together whenever, in the opinion of any of them, the territorial integrity, political independence or security of any of the Parties is threatened." However, the consequences of such a consultation are unclear. The solution is that NATO is transformed into an enabler of coalitions of the willing and able. In case the vital interests of one or more member

states are affected, a NATO-coalition of the willing and able could be tasked to deal with the crisis. This coalition should be able to use collective NATO assets and elements of NATO's command structure and should not be hindered by the views of non-participating member states. In addition, NATO should borrow ideas from the European Union *Constructive abstention* as the idea of allowing a EU Member State to abstain on a vote in the European Council under the Common Foreign and Security Policy (CFSP) without blocking a unanimous decision. Constructive abstention should also prevent the blocking of the use of collective NATO assets. In addition, the EU Lisbon Treaty features *Permanent Structured Cooperation*, for "those Member States whose military capabilities fulfill higher criteria and which have made more binding commitments to one another." Member States willing to take part commit to common levels of defense investment; to "bring their defense apparatus into line with each other as far as possible." Creating core groups with a shared mindset and military capabilities that fulfill higher military criteria is the way forward for NATO. Indeed, the desire to join such a core group is a much stronger incentive to restructure one's armed forces than continuous pledges by the NATO Secretary General or the U.S. President.

The declaration mentioned above stated that the member states' armed forces should be restructured for maximum flexibility: "We will improve our ability to meet the security challenges we face that impact directly on Alliance territory, emerge at strategic distance or closer to home. Allies must share risks and responsibilities equitably. We must make our capabilities more flexible and deployable so we can respond quickly and effectively, wherever needed, as new crises emerge." The Declaration revealed NATO's core problem. Old members want a new NATO for expeditionary operations for the defense of common interests. New members want an old NATO for the collective or territorial defense. A new transatlantic bargain should bridge the two visions. There must be an understanding that there is

no contradiction between capabilities needed for collective defense and expeditionary means for cooperative security. Therefore, it should emphasize deployable combat power for short, high-intensity “away” operations and further investments in quickly deployable power projection capabilities, including strategic lift and command, control, communications, computers, intelligence and strategic reconnaissance (C4ISR).

Some of the old rhetoric however, should be maintained for political reasons. Questioning NATO’s collective defense clause is counterproductive. Nor should it be broadened. In 2006 U.S. Senator Dick Lugar called on the Alliance to come to the aid of any member whose energy sources are threatened by using the organization’s Article 5 mutual defense clause. Some suggest that Article 5 must be invoked in case of a cyber attack. But NATO cannot possibly deal with challenges that will not require a military response. A cyber attack, for example, may require economic sanctions, which should be imposed by the EU and United States collectively.

The Next Steps

The main obstacle for a new Transatlantic Bargain is different political and strategic cultures. Any discussion on such a bargain is meaningless, unless those differences are taken into account. This should be the point of departure of a EU-NATO summit on common challenges and common interests that should broker a new Transatlantic Bargain. The key challenge is how the U.S. and Europe could maintain the power to shape international relations according to their interests. Americans and Europeans should accept that geopolitical change is real and will have profound implications for our economy and our security. Geopolitical change requires European to rethink their attitude towards hard power politics. But geopolitical change requires the Americans to

agree on a strengthening of the rules-based international order. Both Americans and Europeans should agree on a Grand Strategy for joint economic and military action when its interests are threatened. This requires a willingness to bridge the transatlantic differences in political and strategic culture. Thus, changing the mindset on both sides of the Atlantic will be the biggest challenge.

EPILOGUE

Dr. Charles L. Barry¹

The papers presented in this volume describe a transatlantic relationship that is truly remarkable, an international security achievement of enormous benefit in the past and potency for the future. The enduring bonds across the Atlantic have been woven over centuries of cultural migration, evolved democratic values, shared commerce and common cause in the pursuit of security. The phenomenon called *Transatlanticism* grew strong from these deep, vibrant roots, and has been tested in the fires of innumerable political crises and military conflicts. Its ultimate achievement has been the NATO alliance, a mechanism for maintaining peace among Western European powers prone to war as well as peace between East and West. Members have invested their collective national treasures, political capital and armed might in relative unison for a common purpose.

By 1984 NATO had succeeded in maintaining peace on the territories of its members longer than at any time since the end of the Roman Empire.² By 1991, the Allies had seen the full accomplishment of Harmel's Future Tasks of the Alliance. Yet rather than shelve their historic enterprise, in 1992 members turned an Alliance designed for collective defense to the protection of other interests.³ Today, NATO

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² *Pax Romana* lasted about 200 years, from 27 BC to 180 AD under the Roman Empire. The next longest period of general peace across Western Europe was under the Concert of Europe, lasting less than 39 years, from 1815 to 1854 (from Waterloo to the Crimean War). Since 1945, Post World War II Europe surpassed the Concert's record of peace, mostly under NATO guardianship, in 1984.

³ In response to UN Security Council Resolution 781, in October 1992 the Alliance operated AWACS

is well beyond the singularity of collective defense, embracing new missions, external partners and whole of government approaches to fulfill the security requirements of its members. By 2014, when NATO expects to end its military operations in Afghanistan, NATO will have been deployed beyond its borders in defense of collective interests for almost 20 years. This demonstrates the tremendous expansion of NATO's usefulness in providing security to its members, partners and indeed the world since the Cold War.

Also, more than two generations of officers and diplomats from across all members and many partners have grown up shoulder-to-shoulder in multinational headquarters and agencies, tackling complex security problems, figuring out how to cooperate at unprecedented levels, making life and death decisions, and allocating 100s of billions from their national treasuries. They have worked together often but not always under U.S. leadership in the Balkans, Iraq, Afghanistan and Libya as well as the Mediterranean Sea and Indian Ocean. If one asked those involved about the ease and effectiveness of multinational operations, they would say they are difficult and often frustrating in the extreme. Yet these operations continue to succeed, undergirded by broad political support because the force in the field is multinational. Any nation would rather act on its own but for the realization that unilateral solutions are no longer politically acceptable or economically affordable. Nor are they as efficient in terms of any nation's military resources committed.

Given a future where multinational operations are the centerpiece of every western nation's military strategy, including to a significant degree the doctrine of the United States, it is wise to assess, as the eminent authors here have done, the enduring value of transatlantic

and other planes beyond NATO territory for the first time to monitor Yugoslav airspace. Operation Sky Monitor ultimately led to deploying 60,000 troops on a peace enforcement mission in Bosnia in 1995. From that time to the present, NATO forces have been continuously deployed outside NATO territory on non-Article 5 missions.

interoperability and political cooperation. The past 20 years have been hard on Transatlanticism. The long indecision over response to the Bosnian conflict, European unease over forcefully wresting Kosovo from within a nation state, the United States' shunning of NATO engagement after its post-September 11th Article 5 commitment, rancor within the Alliance over the invasion of Iraq, the Afghanistan conflict's long duration, and finally the Libya campaign – all these events demonstrate the heavy buffeting as well as the resilience of Transatlanticism.

Underlying these difficulties are strains brought about by a huge imbalance in cost sharing between the United States and its allies. Former U.S. Secretary of Defense Robert Gates' farewell remarks to fellow NATO Defense Ministers in June 2011 brought this point home by declaring that U.S. taxpayers are paying 75% of the cost of NATO operations. As unacceptable as the situation is, there appears to be no prospect of increased European defense spending, given the current economic climate. Some observers doubt that European defense spending will increase even when economies turn up, given the depth of public apathy on military matters and indeed on security matters more broadly. Should present levels of political support and funding continue in better conditions, on top of many years of declining defense budgets and recent steep discounting of security requirements by a number of Allies, it will be cause for deep concern over the future cohesion of the Alliance and commitment to the Bargain.

The United States has also signaled its intent to “pivot toward the Pacific” as it draws down its forces in Afghanistan. This new focus, coupled with the imperative of defense cuts, means far fewer U.S. resources, especially enabling high-tech support systems, will be available to allies for operations such as Libya. Will the Allies find solutions to their budgetary problems through programs popularly called pooling and sharing, as well as the possibilities in Mission Focus

Groups? Arguably, when the United States operates in the Pacific, there is a stabilizing and security benefit to many countries, including NATO allies and partners. Yet that may mean that NATO will have to turn to other members for critical assets such as aerial refueling, sophisticated surveillance, and targeting intelligence, should another Libya crisis unfold.

At present, the capacity of allies to operate together has never been greater; the multinational experience of every nation's leadership has never been deeper. The political organizations and military departments of 28 NATO members and 35 formal NATO partners – including Russia – plus many other countries from the Middle East, Asia and South America – including India and China – have all had experience conducting security operations under or with NATO on land, in the air and at sea. This powerful yet unremarked capacity is the core of allies' confidence (and that of some partners, as well) in their ability to respond together.

NATO is destined to remain the mainstay of the transatlantic bargain. Whether future crises are responded to by NATO or under another organization, chances are high that militaries and diplomats will do so using familiar NATO processes, procedures, and standards. That more than 63 countries are able to operate together is a huge reservoir of potential response to any type of crisis, from humanitarian assistance to full-scale war. NATO standards, communications protocols, and interoperability procedures are the essential connections among military forces, disposing them to respond and enabling them to succeed.

NATO indeed appears to be at the zenith of its cooperative learning curve, having engaged for so long with so many organizations, partners, and host countries; and besides it has honed its internal political-military skills. What will happen as NATO closes-out current

operations? Allies have signaled a strong preference for a strategic pause in deployments, barring a major crisis. Concurrently, NATO's command structure is being cut by 40%, and agencies are also being reduced. There is no question that allies face a significant decline in operational cohesion from present levels. An accompanying decline in familiarity with multinational crisis planning and operations must be checked through education, training and exercises, lest NATO's interoperability tumbles backward to pre-Bosnia levels. The military and political cooperation that undergirds Transatlanticism cannot be maintained with only standby effort.

The authors in this volume ponder the future of Transatlanticism and conclude that the Bargain between North America and Europe must not be allowed to grow weak or even simply to endure. It must be nurtured, exercised, and strengthened. The transatlantic partners are each other's most significant foreign investors; they comprise the greatest reservoir of like-minded political, military, industrial, financial, and economic power found anywhere; they include three of the five permanent members of the UN Security Council; and three powers with globally-deployable and -employable nuclear and conventional forces. The authors argue wisely for renewed political investment in NATO and in recalibrating the Transatlantic Bargain by directing and energizing it toward the challenges of the twenty-first century – including a stronger U.S.-EU component. They are right but who will be the champions of Transatlanticism? Who will carry the argument to agnostic parliaments and publics across Europe and in North America? Public support is the life-blood of any public enterprise and the Bargain between Europe and the United States and Canada is no different.

The Transatlantic Bargain, especially but not only, is embodied as NATO, providing all member and partner nations strategic peace of mind as they focus, at least for the foreseeable future, on economic

matters. They are reassured that many nations have the demonstrated willingness and capacity to respond effectively should peace be at risk wherever the interests of these nations are concerned. As always, much will depend on the crisis itself in determining whether there will be a response, and whether NATO or a coalition should respond. However, the confidence imparted is significant even in light of these uncertainties, and such confidence is essential to the recovery of economies and of the global financial system, as well as to the rekindling of world trade. Will allies be able to preserve their vast capacity to work together as operations in Afghanistan, Libya, and the Balkans draw to a close and as the next generation of leaders takes over? Will NATO continue to provide strategic peace of mind to its members and partners? These are the questions that beg for answers. NATO's 2012 Summit in Chicago is the place to start.

Observations on the Future of Transatlanticism

- The future is destined to be a multipolar world in which Europe and North America should be close companions on most matters. As far as can be forecast, the greatest reservoir of militarily capable states with political orientations similar to those of the United States will be its NATO Allies and Partners.
- Neither Washington nor major European capitals indicate concern about the strength of transatlantic bonds or the viability of NATO as they diminish investment in these institutions. A vision of Transatlanticism's future role in international affairs is needed; as well as clear agreement on what it will take politically and militarily to realize the vision.

- NATO needs new methods of cooperation in response to the vast number of countries connected to the Transatlantic Bargain, the persistent economic crisis, and the high cost of military technology. Solutions must allow members and partners to cluster, pool, and share resources around functions, systems, infrastructure, and mission types – all the while preserving strategic cohesion and consensus.
- Disagreements over European “free-riders” on defense, by tacit agreement, will take a back seat to the economic crisis for the next several years. Similarly, the erosion of the United States’ military presence in Europe will make Europeans nervous about the U.S. commitment to Europe, yet while their concerns will inform Washington’s decisions they will not change those decisions. Both realities at present cloud the future of the Transatlantic Bargain.
- Behind defense spending and troop issues, Transatlanticism and NATO have long been starved for prominent political champions and recognizable support in member capitals, including Washington. To remain strong, the Alliance and Transatlanticism require public support far more than just agreements on paper.
- In time of danger, citizens expect requisite organization and collective protection will be on hand. Thus, political leaders must also inform their constituents that many capabilities being shed could take 15-20 years to reestablish. In times of tension, only demonstrable capabilities frame options and opportunity; future capabilities are today neither a deterrent nor an enabler of positive efforts to secure the peace or seize opportunities to build a better future..

- A politically more balanced transatlantic bargain is desired by Europeans, and a more resource-balanced relationship is desired by the United States. Neither can happen until Europe commits more resources to security and defense – including in the non-military field – and becomes a more capable partner to the U.S.
- Lacking more capability in Europe, the United States will concentrate on strong bilateral partners, NATO is likely to see its role contract in the direction of its becoming primarily an interoperability trainer/coordinator, and less militarily-capable European nations will employ the EU for small-scale operations. These are suboptimal outcomes.
- Europe, as well as the United States, trades more with China and Asia than ever. Still, the greatest amount of trade, foreign investment flows⁴ and military cooperation continue to cross the Atlantic. The U.S should indeed engage Asia more. However, it should not pivot toward Asia without assessing what transatlantic ties, cooperation, and common effort will be needed in its global affairs, and what it will take to preserve them.
- Several Asian powers are formal NATO as well as U.S. partners. They can look to Alliance members as much or more than to each other in a crisis. With or without a NATO flag, these and other militaries adhere to NATO's proven multinational operating procedures. It requires a vibrant NATO to maintain these practices.

⁴ Jackson, James K., *Foreign Direct Investment in the United States: An Economic Analysis*, Congressional Research Service Report for Congress, 14 October 2011. Table .

At Chicago, NATO will deal with many important issues. However, determining a new way forward for the Transatlantic Bargain is not yet agreed to be one of them. NATO could take the high road behind strong U.S. leadership and address a future Bargain at Chicago in the form of six commitments:

1. The United States and its allies should welcome engaged, unwavering U.S. political leadership as fundamental to a more balanced Alliance.

2. All allies should make firm their determination to husband scarce defense resources via NATO's Smart Defense initiative, prioritizing and specializing as well as pooling and sharing around missions as well as systems and infrastructure to achieve economies of scale as well as operational excellence.

3. Members should commit to sustain their present high levels of interoperability, hard learned over a wide range of operations that are now ending. Leaders should commit to finding innovative techniques to preserve this unique capacity for future cooperation.

4. The Alliance should commit to maintaining and deepening partnerships, with the goal of continued political cooperation as well as military interoperability. They should acknowledge that partnership networks make NATO much more than it can be alone.

5. The Alliance should strengthen and expand its direct cooperation with other institutions, including the UN, the EU, the OSCE, the African Union, and also through its own Mediterranean Dialogue and Istanbul Cooperation Initiative, as much in the non-military realm as the military, making the

“Comprehensive Approach” a reality, as it offers a critical venue for broadening Smart Defense into Smart Security.

6. The final commitment – the one all other commitments point toward as the main message of the Summit – should be a commitment to use every resource of NATO to preserve – in concert with other nations, organizations and institutions – the peace and stability that is so essential to economic recovery for all. Leaders should make clear NATO is not asking more of its members at this point than nations can or will commit; it is rather for now focusing on coming to their aid in their time of economic crisis, providing the reassurance needed to rebuild economic strength as soon as possible

NATO should solemnly resolve at Chicago to make and keep these six commitments in a time of austerity, and keep them in ways that will not infringe in any way on its capabilities or obligations under Article 5.

Actions by the United States and its allies after the Summit will be no less important. The United States has to find innovative ways to maintain an effective military presence in Europe as its forces and budgets contract, making much greater and better use of the U.S. European Command (EUCOM) in working with allies in areas where U.S. assets and capabilities are unique, in both quality and quantity. It should reexamine storing ready equipment-sets in theater – and perhaps allowing select European equipment sets at training areas in the United States for use by forces flown in to train with allies and partners. Interoperability skills are a constant concern for all forces and headquarters, but *transatlantic* interoperability is especially critical. Facilities and capabilities in NATO Europe should also engage Partners from other parts of the world.

Interoperability is the primary business of NATO's military commands. The United States is poised to head the air and land component commands. It should ensure that these commands remain active and strong. As the U.S. shifts more toward air and maritime power, the challenge of interoperable land forces, which are inevitably called for in every crisis, should be given particular emphasis. Their interoperability skills are at once the most demanding and the most perishable. All these considerations should be carefully reviewed as the United States contemplates its future force profile in Europe.

Europeans must use the opportunity presented by the financial crisis to further merge its member's sovereign capabilities while preserving national decision-making authority. The European allies are faced with the irreducible overhead cost of maintaining 25 Ministries of Defense. Therefore, savings that can be turned to other defense requirements must be found in pooling resources below the MOD level, such as has been done by the Admiralty Belgium-Netherlands (ABNL) arrangement – combining command and budget in a way that is separable, maintaining national crews, but pooling maintenance, training, logistics and infrastructure.

Faster, more discreet sharing opportunities should also be explored in the area of basing, training and education as well as logistic and transport. Another opportunity lies in clustering around mission types to create expertise as well as efficiency – for example, through the concept of Mission Focus Groups being proposed by the National Defense University. European allies have to realize better outcome from their defense investments in order to uphold their commitment to the Transatlantic Bargain. By doing so they buttress a rationale for reciprocal commitment from the United States and Canada.

Transatlanticism should be no less pursued beyond NATO after Chicago, remembering that the G-8 summit will take place there

as well, just before the NATO summit. As mentioned at the start of this précis, relations across the Atlantic are founded on strong bonds that cross almost every discipline of human endeavor. Security, while the first task of government, is far from all that is necessary to further relations or address the myriad challenges that present themselves. U.S.-EU ties, transatlantic collaboration in international organizations, and common cause in addressing global issues are no less important. These are not the business of NATO, but they represent real concerns in North America and Europe. Collectively, we should be up to the task of dealing with them no less than more traditional “security” issues.

In sum, there is potentially an exciting story to tell at and beyond Chicago, one that lays out why NATO matters for the future, for allies and non-allies, for the transatlantic region and for the world. Wherever NATO succeeds in maintaining peace, everyone benefits, including China and Russia, India and Pakistan, Africa and the Middle East and the Americas. A world at peace is essential for the confidence, investment, commerce, and economic recovery all peoples need.

NATO is not the only tool for maintaining the peace necessary for global economic recovery; it is just the most capable - a bedrock of cooperation and common effort for so many decades. The EU, G-8, G-20 and major financial institutions must lead in global economic recovery. NATO members and partners must ensure the security environment in which recovery can gain and sustain momentum, free of major disruptions or conflicts. None other than NATO, the Transatlantic Bargain it draws upon, or the transatlantic relationship it thrives within can offer greater strategic peace of mind.

