

# **The Future of Transatlantic Relations**

**March 22, 2018**

**Remarks at College of Europe**

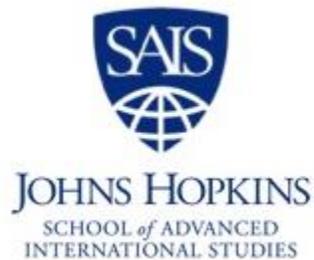
Hans Binnendijk  
Senior Fellow  
Center for Transatlantic Relations  
Johns Hopkins University  
SAIS

I would like to discuss the future of our transatlantic bonds in this increasingly complex and dangerous world. Maintaining those bonds are in my view vital to what some have called the “liberal international order.”

- Internally that order is about assuring democratic transitions, minority rights, free markets, an independent judiciary, and freedom of the press.
- Internationally it is about using rule of law and global institutions rather than war to settle international disputes and promote open trade.

That order was initially envisioned by Franklin Delano Roosevelt and Winston Churchill in the Atlantic Charter to provide an intellectual alternative to National Socialism. After the war it was given life by Truman, Marshall, Acheson, Schumann and others. The order spread slowly throughout much of the globe.

Promoting and defending that order has been America’s bipartisan task for more than 70 years. It has also been a transatlantic task. Fulfilling that task has created strong

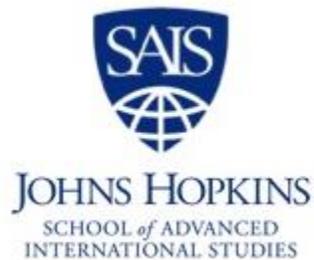


transatlantic bonds: politically, economically and militarily. For example today:

- 26 of NATO's 29 members are rated by Freedom House as free, the best of any region in the world.
- US-EU two way trade in goods and services is about \$1.1 trillion annually with the EU being America's number one customer, supporting about 2.6 million US jobs. Mutual investment is about \$5 trillion.
- NATO countries together spend about \$900 billion on defense annually and are bound by the world's most successful alliance.

But today there is considerable slippage. Russia and China, among others, offer authoritarian nationalism as a model that is gaining appeal. The backlash to globalization, greater federalism, economic recession, and the immigration crisis has stimulated populism in nearly every country. Now that liberal international order is in danger. Two recent reports highlight signs of this entropy.

- The recent 2018 Munich Security Conference Report has the subtitle "Present at the Erosion: International Order on the Brink?" It states "the pillars of this very order, long taken for granted, have come under increasing pressure."
- And the 2018 Freedom House Report concluded: "Democracy faced its most serious crisis in decades in 2017 as its basic tenets came under attack around the world." It noted that last year marked the '12th consecutive year in decline in global freedom.' Much of that slippage is in the transatlantic space.



Fighting back to overcome that slippage was the main theme of this year's Brussels Forum.

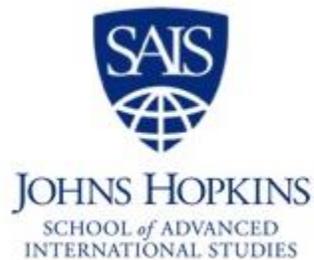
## Looking Back

It was Soren Kierkegaard who first said: "life must be lived forward but understood backwards." Since the end of World War II, one can identify at least four periods in transatlantic relations. Let me describe them through the lens of two classical philosophers: Thomas Hobbes and Immanuel Kant.

- Hobbes, an English pessimist, lived during the anarchy of the Thirty Years War and the bloody English Civil War. He found life of man to be "solitary, poor, nasty, brutish, and short." He favored a strong, and if necessary, authoritarian nation-state or a Leviathan to protect its citizens. The 1648 Treaty of Westphalia enshrined his vision. And Europe before 1945 was his world.
- Kant, a German optimist, lived through the period of the American and French Revolutions. He favored democratic governance, liberty, and international cooperation. He was the intellectual grandfather of the liberal international order.

Some say a pessimist is an optimist with the facts. But facts change as we will see during these four discernible periods.

- The first period was during the Cold War. Both Hobbes and Kant would have been comfortable in this era. The threat to the West was existential both in military and ideological terms. Hobbes would have understood this. But the response of the West was Kantian, to promote democracy and defend it with



international institutions. America led not only because of its economic and military strength but also because of its values. Its leadership was welcome. The overarching strategy was George Kennan's containment mixed with a European influenced detente. The combination worked. There were transatlantic tensions: the Suez crisis, the Vietnam War, and the effort to deploy Pershing and Cruise Missiles in Europe were most prominent. But the Hobbesian threat held the Kantian response together.

- The second transatlantic period was the dozen years after the Berlin Wall came down, sometimes called the post-Cold War era. This was a Kantian heyday. The United States experienced a unipolar moment. The George H.W. Bush Administration did a masterful job of setting the stage for what Bush called "the new world order" by uniting Germany without a fight. Like Bush, the Clinton Administration envisioned a Europe "whole, free and at peace." It implemented this vision by championing the enlargement of NATO, supporting the European Union's growth, and using military force twice to stabilize the Balkans. During this period, Sam Huntington wrote about the third wave of democracy, Frank Fukuyama wrote about history ending with a victory for the liberal order, and Tom Friedman wrote about the positive benefits of globalization.
- The third period began on 9/11 and lasted until about 2014. European sympathy for the 9/11 attacks soon gave way to transatlantic division as the United States struggled with two trillion dollar wars designed for regime change and democracy building in Afghanistan and Iraq. Europe contributed heavily to ISAF operations in Afghanistan but only a select few also

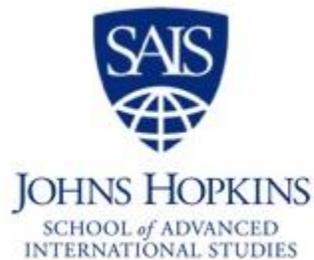


participated in Iraq. Freedom fries were on sale at the House of Representatives. The US seemed to lurch back and forth. President George W. Bush overextended. But President Barack Obama too may have overreacted in the other direction by withdrawing prematurely from Iraq and neglecting his own red lines. On the economic front, the 2008 collapse of Lehman Brothers signaled the beginning of global recession causing a Euro crisis and stimulated populist movements everywhere. During this period John Mearsheimer wrote about the return of great power conflict, Samantha Power wrote about genocide as the problem from hell, and Bernard Lewis wrote about the crisis of Islam. Hobbes was back.

- The fourth transatlantic period was triggered by two sets of events: Russia's annexation of Crimea plus its incursions into the Donbas region of Ukraine and ISIS victories in Iraq and Syria. Europe faced simultaneously new military threats to the East, an immigration crisis from the South, and seemingly continuous terrorism in its streets. Meanwhile in Asia, China became more assertive in the South China Sea and North Korea posed a direct nuclear threat to the United States and Europe. So Europe became less secure than it was in the second and third periods. Then the United States elected President Donald Trump.

## Three Transatlantic Futures

Where do things go from here in this fourth period? Will Hobbes dominate? I will suggest three alternative futures and analyze each.



- The first potential transatlantic future is continuation of strong American leadership in political, security, and economic affairs. This is contingent upon American will and European acceptance of US leadership. It does not necessarily require a stronger Europe.
- The second potential future is a more balanced relationship in which Europe solidifies (as Henry Kissinger put it) a single phone number; the security burden is more evenly balanced, and strong transatlantic trade ties are maintained. This is contingent upon Europe fighting centrifugal forces and maintaining common transatlantic values.
- The third potential future is the erosion of the current transatlantic bonds and institutions like NATO. Without these institutions Europe would be more vulnerable to Russian aggression and could witness a reemergence of divisive nationalism and more authoritarian governments.

Reality may fall somewhere between these futures, but they are useful for analytical purposes.

### **First Future: Continuation of US Leadership Role**

Some trends will need to change if the United States is to continue in its leadership role in transatlantic relations.

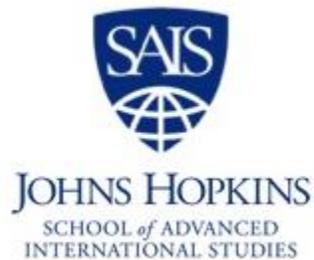
First, while Americans are increasingly supportive of the NATO Alliance (62% in a 2017 Pew poll despite Trump's negative views), they are also increasingly tired of America carrying such a large burden. By the middle of this decade, roughly half of



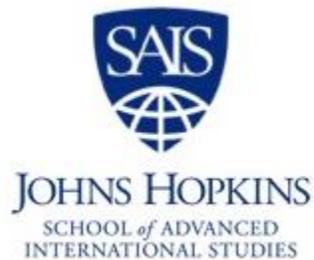
Americans felt that the US had failed in Iraq and Afghanistan, that the US was a declining power, and that the US should be less active in world affairs.

Second, the Trump Administration has not effectively displayed America's ability and willingness to lead coherently. A Republican friend, Ian Brzezinski, recently provided a framework for Trump Administration's relations with Europe citing that well know strategist Clint Eastwood and "the Good, the Bad, and the Ugly." This is my adaptation of Ian's framework.

- The "ugly" is about style and general direction. Trump's crude demeanor, his impetuous and transactional decision making style, his divisive tweets, and his "America First" bumper sticker do not endear him to Europeans, to say the least. His views appear Hobbesian and excessively nationalistic.
- The "bad" is about Trump's policies. Europeans have expressed concern about the following:
  1. calling NATO obsolete and hesitating before reaffirming the Article 5 commitment,
  2. making disparaging remarks about the European Union,
  3. derailing the Transatlantic Trade and Investment Partnership talks,
  4. embracing authoritarian figures including Putin,
  5. withdrawing from the Paris Climate Accords,
  6. jeopardizing the Iran Nuclear agreement,
  7. moving the US embassy to Jerusalem,
  8. building new low yield nuclear weapons, and
  9. managing the North Korean crisis in an erratic fashion.



- The most recent is the tariffs on steel and aluminum. This deserves some further comment. The US steel industry is in trouble. US production has fallen from 12% to 5% of the world total since 2000 and its production capacity is at 75%. China is the main global problem; it now produces half of the world's steel. It has dumped steel on the US market and the US has retaliated so China now ranks 11th in steel imports to the US. It now moves steel through Canada. Canada and Mexico are top importers. They are exempt for now but the issue will be critical in the NAFTA negotiations. This brings us to the EU, where about 1% of steel production might be negatively affected. Germany is the only EU country that ranks in the top dozen steel importers to the US, and it ranks #8. So the impact of the steel tariffs on the EU will not be that large. Yet the EU will retaliate on blue jeans and bourbon. WTO challenges will be made. And US participation in the WTO (a key element of the liberal international order) itself might ultimately be at risk. This could have been done a better way.
- But there is some “good,” mostly in the security area. The US has increased funding for the European Deterrence Initiative, has redeployed a third Brigade Combat Team to Eastern Europe and championed the deployment of NATO Battle Groups in the Baltic States and Poland. Support for NATO on the Hill is strong. Defense spending requests are over \$700 billion.
- Trump initially surrounded himself with foreign policy “adults” most of whom had strong transatlantic ties, but Rex Tillerson and Gary Cohen are gone. H.R. McMaster may not be far behind. There is even greater responsibility resting on James Mattis' shoulders. A protectionist crowd seems to be in control



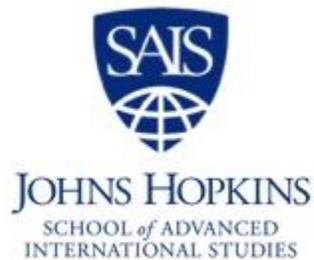
of US trade policy. Trump seems increasingly isolated in the White House. But there are good people at the working level in various US departments.

The problem is that European publics and many European leaders focus on the bad and the ugly. A recent Pew poll shows that the degree of Europe's "confidence" in the US has dropped dramatically over the last few years from 86% to 11% in Germany, 84% to 14% in France, and 79% to 22% in the UK. European trust in the United States is at a historic low. Support for NATO in all three countries, however, remains high (60% or higher). Only in Russia and Israel has confidence in the US increase.

European leaders have been careful thus far not to sever their relationships with Washington given their dependence on the US military and the volume of transatlantic trade. Chancellor Angela Merkel clearly is uncomfortable with Trump personally and has said Europe will need to become more independent in security matters. At Davos she said the world needs "more cooperation not walls." President Emanuel Macron has a better personal relationship with Trump but calls for greater "strategic autonomy," and at Davos suggested that we should "make our planet great again." The British are caught between their own Scylla and Charybdis: Brexit and Trump.

If current trends continue, sustaining a transatlantic future with the United States as the primary leader will be difficult at best.

## **Second Future: A More Balanced Relationship**



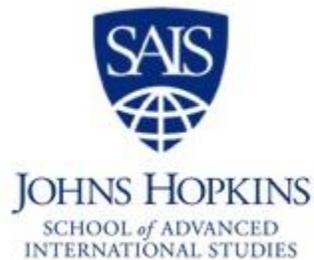
What are the prospects for the second future: a more balanced transatlantic relationship militarily and politically? Can Europe remain coherent politically, become more self-sufficient in defense, and maintain strong transatlantic political bonds?

Lets start with European cohesion and adherence to the liberal international order. The European Union has come a long way with a common market, a common currency and fiscal policy, a common foreign and security policy, the Schengen zone, a European External Action Service, a High Representative for Foreign Affairs and Security Policy, a European Defense Fund, and Permanent Structured Cooperation on defense.

But Europe today is in a critical ideological conflict between Hobbesian forces of nationalism, populism and authoritarianism on the one hand and Kantian forces that seek deeper European integration on the other. The outcome of that conflict may determine the future direction of Europe.

On the Hobbesian side are nations to the East like Turkey, Poland, Hungary and to a lesser degree Austria, the Czech Republic, Slovakia, and others. Governments there have repressed their press, their judiciary, and their opposition parties to the point where in the first three cases true democracy may be imperiled.

- Turkey is key since it controls much of the flow of refugees to Europe and has troops in Syria that are fighting with US-supported Kurdish forces. In DC, some not call Turkey NINO, or NATO in name only. Turkey is the only NATO ally that Freedom House now rates as “not free.”

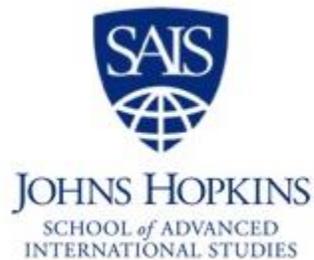


- Allies like Poland and Hungary rely heavily on NATO militarily but domestically they erode the values upon which defense commitments have been made.
- Brexit was also stimulated by Hobbesian nationalism. Recall the old London headline: “Channel Fogged In, Continent Isolated.” The first “withdrawal phase” (financial settlements, citizens’ rights, Ireland) of Brexit negotiations has been agreed in principle to Britain’s disadvantage. Prime Minister Theresa May had no choice. The next phase on post-Brexit relations will be more difficult and will determine whether there will be a “hard” or “soft” Brexit.

Elections last year in France, Germany and the Netherlands seemed to stem the tide of populism in Western Europe. But each country has a growing populist problem: Marine Le Pen in France, AfD in Germany, and Geert Wilders in the Netherlands. They are now the largest opposition party in each of these countries. Americans like Stephen Bannon unwisely encourage this trend.

Germany, France, and other countries are combating forces of disintegration with a more Kantian approach by seeking to deepen European integration. For example, they have called for a common European budget and a common Banking Union. This despite the fact that a major reason for the rise of populism in Europe is rage over bureaucrats in Brussels. Nonetheless they deserve American support.

Italy had been part of this pro-European integration group until the recent elections. The two anti-establishment parties, the eclectic Five Star Movement and the rightist (anti-immigrant, anti-EU, pro-Russian) League, together won a slight majority of the vote. The



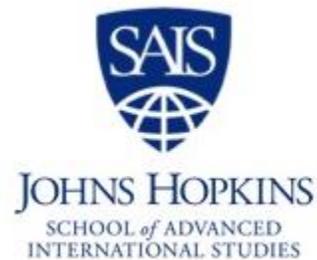
old centrist pro-EU coalition can no longer rule and the League's Matteo Salvini may be asked to form a government. Some pundits are talking about Italexit. Others say a new coalition will force the EU to reform. Will the Italian elections shift the European balance in this "Hobbes vs Kant conflict" dramatically in a Hobbesian direction?

On the defense front, an excessive peace dividend since 1991 has dropped defense spending in Europe to dangerous levels (under 1.5% of GDP). Without US support, European militaries would be unable to launch any significant defense operations on short notice, set aside defend the EU against Russia. The cuts have been reversed and defense spending is up over \$45 billion since 2014. Yet only half of NATO's members plan to meet their 2% of GDP defense spending pledge. Germany is by far the biggest problem. This will raise further concerns about NATO in the US.

Ironically, one thing that might reverse these trends, unite Europe and drive up their defense spending is the sense that the United States is no longer a strong and trustworthy partner.

### **Third Future: Erosion of Transatlantic Consensus and Institutions**

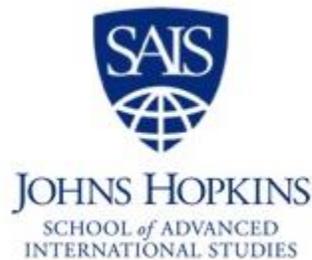
Declining American leadership and lack of European cohesion may thus lead to entropy with the erosion of the transatlantic consensus and institutions. Is this the default future?



Encouraging this third future is Vladimir Putin's strategy. It can happen if we are not diligent. The key institution needed to stem this plan is NATO.

Mr. Putin has accumulated several grievances against the US and its NATO allies that exploded during his comments to the Munich Security Conference in 2007. These include NATO enlargement, the Kosovo War, abrogation of the ABM Treaty, the invasion of Iraq without UN authority, support for the colored revolutions in Eurasia, and democracy promotion in Russia. Most are not justified.

- Mr. Putin has retaliated for those perceived grievances by invading Georgia and Ukraine, supporting Assad in Syria, dramatically increasing defense spending, and launching what some have called hybrid warfare against the West.
- As part of this effort, Putin recently highlighted four weapons systems designed to circumvent American ballistic missile defenses. This speech was primarily aimed at Russian elections and dividing the Alliance. In reality US missile defense are now totally unable to defeat a Russian second strike capability.
- Hybrid warfare includes vigorous disinformation campaigns on multiple media platforms designed to disrupt and divide. One manifestation of the latter campaign was Russian interference in the 2016 US presidential campaign and in European elections. Another element of hybrid war seems to be poisoning Russian citizens in Britain.



- His campaign to divide the transatlantic partners and promote authoritarian populism in Europe has fallen on fertile soil in many countries. His targeting of Russian minorities in the Baltic States and sparking unrest in the Balkans is particularly dangerous.

Jean Monnet once said “nothing is made without man, but nothing survives without institutions.” NATO is the institution that can help the liberal international order survive. NATO is indispensable, not obsolete. Luckily nearly 70 years has made NATO a fairly resilient organization.

NATO has strong civilian leadership and an unparalleled unified military command. It has expanded its focus to deal with a broad array of security challenges, including cyber and terrorism.

Recent summits statements in Wales and Warsaw were clear about the new Russian challenge, although not all NATO nations share the immediacy of that threat. Significant steps have since been taken to enhance NATO’s deterrence posture and more are expected in the July 2018 Brussels Summit. The Baltic States are resting more easily.

Also ironically, Mr. Putin’s 2014 annexation of Crimea and his subsequent threats against NATO have been a major factor in solidifying the Alliance.

## **The Way Forward**



The first future may not be sustainable; the third would be disastrous. Evolving towards some version of the second will be difficult but necessary.

Transatlantic bonds rest on three pillars: common values and policy approaches, relatively free trade, and the Alliance. The first two have been damaged and the third is under pressure.

To reverse these trends and move towards the second future, transatlantic partners will need to work on several tracks.

- European leaders need to remember that broader American values still underpin the liberal international order they seek to preserve. Trump is not forever. They need to wait this out and not sue for divorce.
- American leaders in both political parties need to speak out against the authoritarian ideas that seek to undermine the American built order and its institutions that have provided peace and prosperity for seven decades. Steve Bannon cannot be the American voice in Europe.
- Both sides of the Atlantic need to double down on NATO and underpin it with greater European defense spending.
- Trade wars are neither fun nor profitable. They can destroy a partnership. Some European tariffs, like those on US cars, are unfair. But those issues need to be settled by preserving the World Trade Organization and by reengaging the Transatlantic Trade and Investment Partnership negotiations, not by levying unilateral tariffs and inviting retaliation.

Will Hobbes or Kant prevail? The stakes are high. If the consequences are understood, leaders can find a path to a balanced transatlantic outcome.