

Between continuity and erosion: three scenarios for the future of transatlantic relations

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Executive Summary

- > Maintaining transatlantic bonds in an increasingly complex and dangerous world is vital to the 'liberal international order'.
- > In light of ongoing slippage in transatlantic relations, three alternative futures exist:
 - > The continuation of strong US leadership in political, security, and economic affairs. This future is contingent upon American will and European acceptance of US leadership. It does not necessarily require a stronger Europe;
 - > A more balanced relationship in which Europe solidifies, the security burden is more evenly balanced, and strong transatlantic trade ties are maintained. This future is contingent upon Europe fighting centrifugal forces and defending common transatlantic values.
 - > The erosion of the current transatlantic bonds and institutions like NATO. With them could go much of the liberal international order. Without these institutions Europe would be more vulnerable to conflicts and could witness a re-emergence of divisive nationalism and more authoritarian governments.
 - > Given current trends the third outcome could be the dangerous default option. To prevent it, Europe must be patient as the US struggles with its current transition while the US must encourage Europe to develop a stronger foreign and security capability.

The current international liberal order was initially envisioned by Franklin Delano Roosevelt and Winston Churchill in the 1941 Atlantic Charter to provide an intellectual alternative to National Socialism. Given life by

Truman, Marshall, Acheson, Schuman and others after the war, it spread slowly throughout much of the globe. Domestically, 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 armed conflict or trade wars to settle international disputes. Promoting and defending that order has been America's bipartisan task for more than 70 years, and it has also been a transatlantic task.

The promotion and defense of the international liberal order has created strong transatlantic bonds: politically, economically and militarily. At present, 26 of the North Atlantic Treaty Organization's (NATO) 29 members are rated by Freedom House (2018) as free, which is the highest score of any region in the world; United States (US)-European Union (EU) two-way trade in goods and services is about USD 1.1 trillion annually with the EU being America's number one customer, supporting about 2.6 million US jobs. Mutual investment is about USD 5 trillion, and NATO countries together spend about USD 900 billion on defense annually while being bound by the world's most successful alliance.

Yet today there is considerable slippage. Russia and China, among others, offer authoritarian nationalism as a model that is gaining appeal. The backlash to globalization, economic recession and the 'migration crisis' has stimulated populism in many countries. All this means that the US-built liberal international order is now endangered. Two recent reports highlight signs of this entropy: first, the 2018 Munich Security Conference Report, with its subtitle "Present at the Erosion: International Order on the Brink?", states that "the pillars of this very order, long taken for granted, have come under increasing pressure". Second, the above mentioned Freedom House Report concludes that "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.

Following an overview of the four periods that have sequenced the post-WWII history of transatlantic relations, this policy brief suggests three alternative futures. It concludes by offering recommendations for a more balanced US-EU relationship.

Looking back

Since the end of World War II, one can identify four phases in transatlantic relations, which can be described 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 in its natural state to be "solitary, poor, nasty, brutish, and short". He favored a strong, and if necessary, authoritarian state to protect its citizens. The 1648 Treaty of Westphalia enshrined his vision, and Europe before 1945 was his world. In contrast, Kant, a German optimist, lived through the period of the American and French Revolutions. He was the intellectual godfather of the liberal international order, championing democratic governance, liberty, and international cooperation.

First period: the Cold War

During the Cold War period, the threat to the West was existential – in a Hobbesian sense – both in military and ideological terms. Yet, the response of the West was Kantian, and involved the promotion of liberal democracy within international institutions. America led not only because of its economic and military strength but also because of its values. The overarching strategy was George Kennan's containment mixed with a European influenced detente. The combination worked despite transatlantic tensions such as the Suez crisis and efforts to deploy Pershing and Cruise Missiles in Europe because the Hobbesian threat held the Kantian response together.

Second period: the post-Cold War era

The dozen years after the fall of the Berlin Wall might in hindsight be considered as a Kantian heyday. The US experienced a unipolar moment. The George H.W. Bush Administration did a masterful job of setting the stage for what the President called 'the new world order' by uniting Germany peacefully. The Clinton Administration equally envisioned a Europe 'whole, free and at peace'. It implemented this vision by championing the enlargement

of NATO, supporting the EU's growth, and using military force twice to stabilize the Balkans. During this period, Huntington (1991) wrote about the third wave of democracy, while Fukuyama (1992) saw history ending with a victory for the liberal order.

Third period: after 9/11

The third period began on 11 September 2001 and lasted until about 2014. European sympathy following the 9/11 attacks soon gave way to transatlantic division as the US struggled with two trillion-dollar wars designed for regime change and democracy-building in Afghanistan and Iraq. Europe contributed heavily to International Security Assistance Force (ISAF) operations in Afghanistan but only a select few also participated in Iraq. The US appeared to sway back and forth. President George W. Bush overextended, while his successor, Barack Obama, may have overreacted in the other direction by withdrawing prematurely from Iraq. On the economic front, the 2008 collapse of Lehman Brothers signaled the beginning of global recession causing a Euro crisis and stimulating populist movements. A Hobbesian understanding of the world gained ground again.

Fourth period: since 2014

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 the Islamic State of Iraq and the Levant (ISIL) victories in Iraq and Syria. Europe faced simultaneously new Russian military threats to the East, a 'migration crisis' in the South, and 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. While Europe became less secure than it arguably was in the second and third periods, the United States also changed course by electing Donald Trump, who had campaigned against elements of the bipartisan system which had promoted and defended the international liberal order.

As this fourth period is still very much ongoing, where do things go from here? Will Hobbes dominate? This policy brief suggests three alternative futures.

Three scenarios for the future of transatlantic relations

Scenario #1: continuation of US leadership

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

While Americans are increasingly supportive of NATO (62% in a 2017 poll), 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 it should be less active in world affairs (Binnendijk 2016: 47). In this context, the Trump Administration has not effectively displayed America's ability and willingness to lead coherently. This has been highlighted by President Trump's harsh rhetoric on foreign policy, his transactional decision-making, and his broader Hobbesian 'America First' policy agenda, on which many Europeans have expressed concern, and which involved at various stages:

- calling NATO obsolete and hesitating before reaffirming the Article 5 commitment,
- making disparaging remarks about the EU,
- derailing the Transatlantic Trade and Investment Partnership talks,
- embracing authoritarian figures including Putin,
- withdrawing from the Paris Agreement on climate change,
- jeopardizing the Iran nuclear agreement,
- moving the US embassy to Jerusalem,
- proposing to build new low-yield nuclear weapons,
- managing the North Korean crisis in an erratic fashion, and
- imposing tariffs on steel and aluminum.

Notwithstanding these shortcomings, President Trump's foreign policy agenda for Europe has had some positive consequences, mostly in the security domain. The US has increased funding for the European Deterrence Initiative, has re-deployed a third Brigade Combat Team to Eastern Europe, and has championed the deployment of NATO Battle Groups in the Baltic states and Poland. Support for NATO on Capitol Hill is generally strong. Defense spending requests are over USD 700 billion. These positive developments in 2017 were partly due to the pro-transatlantic composition of the President's entourage regarding foreign policy issues and trade. Following the successive resignations within this entourage, however, there is even greater responsibility resting on James Mattis' shoulders at the political level, and on middle level managers within the various US departments. This is especially true as more protectionist views seem to be held now by those in control of US trade policy.

A fundamental challenge is that European publics and many European leaders focus on President Trump's rhetoric and controversial policy initiatives. A recent Pew

poll shows that only 11% of Germans, 14% of the French, and 22% of the British have confidence in President Trump (Pew Research Center 2017). European trust in the United States is thus at a historic low. Support for NATO in all three countries, however, remains high (60% or higher) (Pew/Stokes 2017). Only in Russia and Israel has confidence in the US increased.

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. Germany's Chancellor Merkel clearly does not have the same personal relationship with President Trump as she had with President Obama and has said Europe will need to become more independent in security matters. At the 2018 World Economic Forum in Davos she said that the world needs "more cooperation not walls." French President Macron has a better personal relationship with Trump but still calls for greater "strategic autonomy," and at Davos suggested that we should "make our planet great again." The British are silenced by Brexit.

Scenario # 2: a more balanced relationship

A more balanced transatlantic relationship would require Europe to maintain political cohesion and become more self-sufficient in defense, while maintaining strong transatlantic political bonds.

From an institutional perspective, the EU 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 High Representative for Foreign Affairs and Security Policy, a European External Action Service, a European Defense Fund, and Permanent Structured Cooperation on defense. Yet, Europe is today in a critical ideological conflict between Hobbesian forces of nationalism, populism and authoritarianism and Kantian forces that seek deeper European integration. The outcome of that conflict may determine the future direction of Europe and the transatlantic relationship. On the Hobbesian side are EU members where democracy may be imperiled such as Poland and Hungary. They rely heavily on NATO militarily but erode the values upon which defense commitments have been made.

Brexit was also stimulated by Hobbesian nationalism. The first 'withdrawal phase' (financial settlements, citizens' rights, Ireland) of Brexit negotiations has been agreed in principle to Britain's disadvantage. The next phase on post-Brexit relations will even be more difficult and will determine whether there will be a 'hard' or 'soft' Brexit. The outcome will be important for European cohesion.

The 2017 elections in France, Germany and the Netherlands seemed to stem the tide of populism in Western Europe. But each country has a growing populist problem embodied by Le Pen in France, AfD in Germany, and Wilders in the Netherlands. They are now the largest opposition party in each of these countries. 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 discontent over bureaucracy stemming from Brussels.

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 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. It is an open question if the Italian elections will 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 levels under 1.5% of GDP. Without US support, European militaries would be unable to launch any significant defense operations on short notice. The cuts have been reversed and European defense spending is up about USD 28 billion since 2014. Yet only half of NATO's members plan to meet their 2% of GDP defense spending pledge. This might raise further concerns about NATO in the US.

Paradoxically, one thing that might reverse these trends, unite Europe and drive up European defense spending is the sense that the US is no longer a strong and trustworthy partner.

Scenario #3: erosion of the transatlantic consensus and institutions

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

Encouraging this third future is the strategy of Russian President Vladimir Putin. 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 Anti-Ballistic Missile (ABM) Treaty, wars of regime change in Iraq and Libya, support for the colored revolutions in Eurasia, and democracy promotion in Russia. Most are not justified. In reaction to these grievances, the Kremlin has invaded Georgia and Ukraine, supported Assad in Syria, dramatically increased defense spending, and launched what some have called hybrid warfare against the West.

As part of this effort, President Putin recently highlighted four weapons systems designed to circumvent American ballistic missile defenses. In reality US missile defense are totally unable to defeat a Russian second strike capability. In terms of hybrid warfare, vigorous disinformation campaigns were designed on multiple media platforms to disrupt and divide. One manifestation of the latter campaign was Russian interference in the 2016 US presidential campaign and in subsequent European elections. Putin's efforts to divide the transatlantic partners and promote authoritarian populism in Europe has fallen on fertile soil in some countries. His targeting of Russian minorities in the Baltic States and sparking unrest in the Balkans is particularly dangerous.

The key institution needed to stem Russia's plan is NATO, which can help the liberal international order survive. Russia's 2014 annexation of Crimea and subsequent threats against NATO have actually been a major factor in solidifying the Alliance. 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 a "prompt reinforcement" initiative is expected for the July 2018 Brussels Summit to supplement them.

Conclusions and recommendations

Out of these three futures, the first one may not be sustainable, while the third one would be disastrous for transatlantic relations. Evolving towards some version of the second future will therefore be necessary, albeit difficult.

Transatlantic bonds rest on three pillars: common values and policy approaches, relatively free trade, and the NATO Alliance. The first two pillars 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 despite current populist tendencies in Washington, broader American values still underpin the liberal international order they seek to preserve.
- American leaders in both political parties need to speak out against the authoritarian ideas in Europe that seek to undermine the American-built order that has provided peace and prosperity for seven decades.
- Both sides of the Atlantic need to double down on NATO and underpin it with greater European defense spending.
- Trade wars can destroy a partnership. Trade disputes should be settled by preserving the World Trade Organization and by re-engaging 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.

Further Reading

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This policy brief is based on the High-Level Lecture on “The Future of Transatlantic Relations” that the author delivered on 22 March 2018 at the College of Europe in Bruges. The lecture was organized in the framework of the Master of Arts in Transatlantic Affairs (MATA) programme, jointly offered by the College of Europe and The Fletcher School of Law and Diplomacy at Tufts University.

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