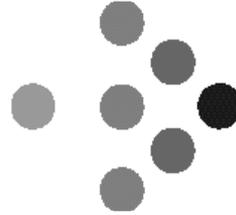


**The Foreign Policy Centre**



## **A TRANSATLANTIC NEW DEAL**

**What Europe should pay to promote US engagement**

**Malcolm Chalmers**

**The Foreign Policy Centre**

**Policy Brief, No 2. Europe and the Bush Presidency**

# **A TRANSATLANTIC NEW DEAL**

## **What Europe should pay to promote US engagement**

### **By Malcolm Chalmers**

1. Introduction: Transatlantic Tensions?
2. Who is free-riding anyway? Burden-sharing: the facts.
3. A European initiative on burden-sharing.
4. Conclusion: Towards a Transatlantic New Deal.

**Malcolm Chalmers** is Professor of International Relations at the University of Bradford and has published extensively on European security, defence policy, peacekeeping and multilateral regimes. His most recent book, *Sharing Security: The Political Economy of Burden-sharing* (Macmillan/Palgrave, 2000), offers a comprehensive assessment of post-war and contemporary burden-sharing debates.

**The Foreign Policy Centre** is an independent London-based think-tank. Launched by Prime Minister Tony Blair (Patron) and Foreign Secretary Robin Cook (President) in 1998 it seeks global solutions to domestic problems and to develop a progressive, internationalist approach to issues which cut across borders and government departments. See [www.fpc.org.uk](http://www.fpc.org.uk) for more information and for a full list of publications.

This is the second in a new series of **Policy Briefs** which seek to respond to major events by setting an agenda for long-term policy thinking. The first policy brief was 'Danish Euro Vote: Lessons for Britain' by Mark Leonard and Mariell Juhlin. The Foreign Policy Centre does not hold policy positions and the proposals made in its reports and publications are those of the respective authors. **The full text of this Policy Brief** is available at [www.fpc.org.uk/publications](http://www.fpc.org.uk/publications).

Published by The Foreign Policy Centre, Mezzanine Floor, Elizabeth House, 39 York Road, London, SE1 7NZ.  
ISBN 1-903558-06-9, (price £2.95 for printed copies from the Centre)

**©The Foreign Policy Centre, 2001.**

The Foreign Policy Centre is keen to cooperate with organisations who would like to help disseminate or republish this policy brief but the text is not to be reproduced without permission, without details of original publication or without the inclusion of this copyright notice. Contact Rob Blackhurst, [rob@fpc.org.uk](mailto:rob@fpc.org.uk) or call + 44 (0) 20 7 401 5355 for more details about obtaining permission for extracts or republication in magazines/journals/newsletters/web publication, etc.

## 1. Introduction: Transatlantic Tensions?

*'Each American emits three times more greenhouse gases than a Frenchman'*  
**President Chirac<sup>1</sup>**

*'The European Union could not fight its way out of a wet paper-bag'*  
**Senator Jesse Helms<sup>2</sup>**

Transatlantic cooperation has done much to shape the world we live in. But as a new President takes office in the United States, there are fears that the long-term future of the relationship between Europe and the United States is facing fundamental challenges. How can we maintain and create effective transatlantic responses to global problems of common concern?

From national missile defence and non-proliferation regimes to European defence cooperation and the future of NATO, international action on global warming and trade liberalisation, humanitarian intervention, global development and international criminal justice, many difficult and potentially contentious issues will have to be addressed in the years ahead. Many of these issues are emotionally highly-charged, have the potential to lead to serious transatlantic rifts, and will require domestic political leadership to deliver international agreement. Ideological differences between the US and Western Europe are significant, and will widen with the onset of a Republican administration that is much less inclined towards the social democratic and 'third way' language that predominates in most EU governments. Given this potential for Europe and the US to talk past each other, misunderstanding on key issues could develop and widen, threatening the erosion of important international regimes and even of the Atlantic relationship as a whole. The possibility of a severe US recession further increases the concern that the transatlantic relationship could drift into a period of mutual misunderstanding and growing recrimination. If the US were to decide to withdraw all its troops from the Balkans, for example, it could precipitate a wider crisis in NATO.

This commentary argues that managing potential sources of transatlantic dispute will be essential if the international community as a whole is to operate effectively. This will not just require creative political leadership on both sides of the Atlantic. It should also involve a fresh, and more holistic, look at how we deliver international governance, in order to frame a more effective transatlantic 'burden-sharing bargain'. At the sharp end of many diplomatic negotiations is the practical question of who pays for the international stability and common action which everybody says they want. Agreeing on the definition of a problem, and the right approach to solving it, is often difficult enough, as recent controversies over Balkan peacekeeping forces, greenhouse gas emissions and UN funding illustrate. But, even when agreement is reached, this may fail to generate sufficient resources to ensure a solution. Unless there are strong countervailing pressures,

---

<sup>1</sup> Quoted in Alex Kirby, 'US fights back over global warming', BBC News Online, 20 November 2000.

<sup>2</sup> Quoted in Jeffrey Gedmin, 'Taking America's Eurobashing to the Extremes', The Washington Times, 23 December 1998.

governments responsible to national electorates naturally tend to give higher priority to domestic concerns, hoping that other states may prove more ready to provide international public goods. That is why strong 'burden-sharing' regimes and agreements are necessary (though not sufficient) if 'free-riding' is to be minimised.

Disagreement about the principles of burden-sharing, and especially the perception that others are not pulling their weight or contributing enough, can often undermine international agreements: leaving vital common efforts, which are in everyone's own national interests, undersupplied and underfunded. But who should be doing more? The danger today is that both Americans and Europeans see the other side as free-riding – and it is possible to produce powerful evidence in favour of either argument.

When we look separately at the issues of military power, of development assistance or of contributions to tackling global warming or paying for international institutions, there are many disparities of power and of interest, different historical experiences, cultural preferences and political pressures, each of which helps determine levels of national contributions to international efforts. In these circumstances, public debate can all too easily become a transatlantic 'blame-game', in which each side focuses on what the other side has failed to do. European commentators often promote a caricature of aggressive, gas-guzzling Americans ignorant about the rest of the world. American opinion-formers, for their part, commonly perceive Europeans as cosseted by welfare, naïve about international politics, and utterly reliant on the US for their defence.

Governments' views are much more nuanced. Even in more muted form, however, these perceptions can help to shape policy debates at both popular and elite levels: from radio phone-ins and press commentary to debates in national parliaments. Politicians in turn may find that they can win political capital more easily by reflecting popular demands for others to pull their weight.

Progress on major global issues depends on finding ways to unblock this mutual mistrust, through a fresh look at how we organise burden-sharing regimes. A good model is the December 23<sup>rd</sup> deal on UN financing, which helped to unblock the decades-old arguments over UN financing and the United States' non-payment of its assessed contributions. This deadlock had done much in recent decades to sour relations and to undermine the credibility and effectiveness of the United Nations. The new deal – which reduced the US share of future payments from 25% to 22% for the regular budget and from 30% to 27% for the peacekeeping budget - required increased contributions from European states as well as others. But the gains achieved, in return for a relatively modest European investment, may have broader lessons for other international regimes. The deal did not achieve all the objectives set by Congress, and was reached under the stewardship of the outgoing Democratic administration: a combination of factors that might in the past have made congressional ratification highly problematic. Yet it was warmly welcomed by the Senate Foreign Relations chairman, Republican Jesse Helms, despite his frequently-

expressed hostility to the organisation in the past.<sup>3</sup> As a result, there should be little problem in achieving Congressional endorsement for the deal, and the incoming Bush administration will start its term of office with a longstanding source of tension between the US government and the UN - and between the administration and Congress - removed.

The UN deal highlights the pitfalls of exaggerated pessimism. A Republican administration could provide an opportunity for transatlantic burdensharing to be put on a more secure footing. The Clinton administration has often been hampered in international negotiations by its difficult relationship with the Republican majority in Congress. A Bush Presidency, by contrast, may be more able to sustain a wider domestic consensus in support of international commitments.

Yet a vital condition for the recent UN financing deal was the willingness of EU member states to increase their own contributions to pay for the reduction in the US assessment. This may also be true more widely. The onset of a new administration in Washington, supported by a slender majority in Congress, offers an opportunity for a fresh look at longstanding areas of burdensharing tension. If these issues are to be resolved, however, they will also require action by European governments.

The US and the states of Western Europe are not the only members of international burdensharing regimes. Other OECD states - Japan, Canada and Australia in particular - make important contributions to international cooperation in many fields. Major developing states such as China and India are increasingly important players in international regimes, and are coming under growing pressure to make their own contributions to international public goods (most notably in combating global warming). Yet, given their combined economic, military and political weight, the contributions of the US and Europe remain the essential core of most international regimes, and a renewed transatlantic effort will also be central to efforts to increase broader participation in and contributions towards the provision of international public goods. This commentary therefore looks again at the principles and practice of transatlantic burden-sharing. Three premises form the basis for its recommendations of a European burden-sharing initiative:

**First, the transatlantic relationship is as important as ever before.**

It is sometimes claimed that, with the Cold War glue removed, the rationale for transatlantic cooperation has diminished, and US and European interests are drifting further apart. This is a fundamental misreading of the current state of international politics. Rather than making transatlantic cooperation redundant, the post-Cold War world provides an opportunity to reshape and deepen a relationship that has always been about much more than alliance against a common threat. Rather, cooperation between the US and Western Europe in the provision of international public goods since 1945 has been underpinned by the commitment of the world's most powerful democracies to seek (if not

---

<sup>3</sup> Eric Schmitt, 'Senator Helms's Journey: From Clenched-Fist UN Opponent to Fan', *New York Times*, 23 December 2000.

always to achieve) common responses to a wide range of international economic, political and security challenges. Since World War Two, the US and the states of Western Europe have worked together to support a wide variety of international public goods. They have contributed national armed forces to NATO, provided most of the funding for the UN and international financial institutions, and set targets (through the OECD) for development assistance. Most recently, recognising that global warming can only be tackled through co-operative action, they have sought to reach agreement on how each country will contribute to cutting the emission of greenhouse gases. Not least, Europe and the US share a common moral responsibility, and long-term interest, in doing much more to address the greatest long-term threat to their security: the poverty and underdevelopment that remains the condition of most of the world's population. A renewed transatlantic relationship therefore remains vital to the effective provision of international public goods, and to the prospects of providing global security and prosperity in the 21<sup>st</sup> century.

**Second, a more effective division of international labour should be based on comparative strengths.**

Making practical progress towards strengthening transatlantic cooperation will require a **new and more comprehensive approach to global burden-sharing issues**. This does not mean that all of the issues need to be dealt with at once. It is difficult enough to get agreement on global warming or trade agreements already. But it does mean being able to put all of the facts – across burden-sharing regimes - on the table when judging who is, and who is not, 'free-riding'.

Nor does effective provision of international public goods require everybody to contribute in similar ways. It has always been the case that different countries contribute more to some regimes than others. While Germany's defence budget has tended to be proportionately lower than its NATO allies, for example, it has contributed disproportionately to the costs of creating and expanding the European Union. In the Kosovo conflict, the USA undertook the majority of operations in the air campaign. But European states are now providing the bulk of the personnel and finance required for the reconstruction effort. In the Gulf War, the US, UK and France provided troops. But other powers, including Germany and Japan, provided substantial financial support to the main fighting powers.

In thinking through the shape of the 'division of labour' between the US and Europe, and between European powers, therefore, countries do not always need to unnecessarily replicate provisions that others are already making. Rather, national provision needs to be made in the context of the overarching goal of ensuring adequate provision of vital international goods. This requires a continuing dialogue on how the different strengths and interests of different states can be managed, with the intention of helping to inform a new and more effective division of international labour.

**Third, a creative European burdensharing initiative can renew the transatlantic relationship.** This would help to ensure that the United States remains fully engaged as an internationalist power. **The biggest challenge for the EU and its member states is not**

**to critique or point out what the United States could do differently, but to focus on facing up to their own responsibilities.** Europe could not compete with the US as a military superpower even if it wished to do so. But it can play a leadership role in other aspects of international security (including some aspects of military operations) where it is more heavily engaged, and where it has comparative advantage over the US. In doing so, Europe could not avoid having to bear a greater share of the costs of common endeavours. Just as the countries of Western Europe were the greatest beneficiaries from US internationalism after World War Two, it may be appropriate that it is now Europe's turn to play an enhanced role in the burden-sharing arrangements which the world needs at the start of the 21st. Chapter Three of this commentary shows how Europe could meet its own responsibilities more effectively, and reshape the transatlantic debate about burden-sharing in a positive way by action in the following three areas:

- **Taking primary responsibility for European security.**
- **Promoting multilateralism by showing how it delivers in practice.**
- **Becoming the champion of developing countries on the international stage.**

## 2. Who is free-riding anyway? Burden-sharing: the facts.

If European governments want to strengthen supporters of multilateralism within the US, and thus help to prevent a US approach to international issues which would damage European and global interests, they will need to respond constructively to US burdensharing concerns. Yet it will also be important to back up action with an effort to educate US opinion-formers on the complexity of current burdensharing patterns. The US is doing more than Europe in the military sphere. In most other areas, however, it is European governments that are contributing disproportionately. The next section outlines these burdensharing disparities as the starting point for proposing a more effective international division of labour.

Table 1. **Comparative contributions to burden-sharing regimes.**

	<b>US</b>	<b>European Union</b>
Military spending \$	100	68
Overseas Development Assistance \$	100	280
UN assessed contributions 2000	100	154
Greenhouse gas emissions 1998 (CO2 equivalent)	6727 = 100	4097 = 61

(Sources: IISS, OECD, UN, UNFCCC).

### **US Military Power**

US complaints that its allies are 'free riding' on its military protection have been a recurring theme within NATO and the US/Japan alliance since the 1950s. While the political settlement after World War Two left the US as a global superpower, it deliberately limited the military potential of West Germany, Italy and Japan. As their post-colonial commitments wound down, defence spending levels in France and the UK also fell sharply.

The gap between US and European levels of defence spending has narrowed significantly since the end of the Cold War, as table 2 shows. Yet the US continues to spend 3% of its GDP on defence: 50% more than the average of the five largest EU member states.<sup>4</sup> Germany and Spain, by contrast, spent only 1.5% and 1.3% of their GDP's on defence in 2000: half the US level.

<sup>4</sup> NATO Press Release, December 2000. In 1985-89, the five largest EU states (West Germany, France, UK, Italy and Spain) spent an average of 3.1% of their GDP on defence, compared with the US's 6.0%: a 'gap' equivalent to almost 3% of GDP. By 2000, however, defence spending in the largest EU states had fallen to 2.0% of GDP, compared to US spending of 3.0%.

Table 2. **Defence spending as a % of GDP, comparing figures for 1985-89 and 2000.**

Country	1985-89	2000
US	6.0	3.0
France	3.8	2.7
UK	4.5	2.4
Italy	2.3	1.9
Germany	3.0	1.5
Spain	2.1	1.3
Poland		2.0

(Source: NATO).

The disparity in useable military power between the US and its European allies is even greater than these figures suggest. Because of their continuing efforts to sustain a limited global role, French and British armed forces are better equipped than their EU partners for military operations outside their home territory. As of mid-2000, 17% of the UK's armed forces, and 12% of those of France, were based overseas: roughly comparable to 16% for the US.<sup>5</sup> By contrast, the armed forces of the three other major EU member states (Germany, Italy and Spain) are designed primarily for territorial defence and are based almost entirely on home soil. In response to requirements for new NATO missions in Bosnia and Kosovo, inhibitions against overseas deployment have been progressively lifted over the last decade. Even in 2000, however, Italy still had only 3.3% of its armed forces based on foreign soil, while Germany (2.4%) and Spain (1.5%) deployed even less.<sup>6</sup> While the EU's armed forces total 1.9 million (compared with the US's 1.4 million), they remain much less capable of large-scale military operations outside their home territory.

Table 3. **Armed forces in Bosnia and Kosovo, July 2000.**

Country	Armed forces in Bosnia/Croatia	Armed forces in Kosovo/Macedonia	Total
<b>Europe (excluding Russia)</b>	<b>18,000</b>	<b>30,700</b>	<b>48,700 (72%)</b>
<b>US</b>	<b>5,400</b>	<b>6,000</b>	<b>11,400 (17%)</b>
<b>Other</b>	<b>2,800</b>	<b>4,800</b>	<b>7,600 (11%)</b>
<b>Total</b>			<b>67,700</b>

(Source: IISS).

The leading role now being played by European states in Balkan peacekeeping helps to put US burdensharing complaints in perspective. European armed forces now contribute 43,000 troops to NATO forces in Bosnia and Kosovo (73% of the total), compared with the

<sup>5</sup> Once account is also taken of forces preparing for deployment, together with home-based naval personnel on extended overseas tours, the proportion of available forces devoted to expeditionary missions is considerably higher than these figures suggest.

<sup>6</sup> IISS, *The Military Balance 2000-2001*, Oxford University Press, 2000.

US's 11,000.<sup>7</sup> Strikingly, Italy alone now has more forces in Kosovo (6,450) than the US (5,950).

European countries' leading role in Balkan peacekeeping has been made possible by the relatively less demanding nature of the mission. When NATO decided to use military force against Yugoslavia in 1999, by contrast, the US flew more than 70% of the strike missions paid around 80% of the cost of the air campaign and provided an even higher proportion of vital logistical assets. European states still have much to do if they are to modernise their armed forces.

European governments have responded with plans to address some of the most glaring deficiencies in their forces. Conscription is being phased out in most EU member states, and is being accompanied by a shift in spending priorities away from territorial defence. Yet there is little appetite for real defence spending increases in most governments, for whom domestic political pressure for increased spending on education and welfare, and for tax cuts to encourage private investment, are generally seen as more pressing.

With the fall of President Milosevic in Yugoslavia, and the real prospect of a negotiated settlement to the status of Kosovo and Montenegro, pressures for more defence spending may weaken even further. In contrast to the US's close relationships with Japan, South Korea and Taiwan, European powers retain no significant military commitments in East Asia. EU governments also tend to be less willing than the US to spend more against the possibility of threats (including weapons of mass destruction and missiles) that may emerge from states such as Libya, Iraq and Iran. European governments may be willing to devote some additional military resources in response to humanitarian emergencies outside their immediate neighbourhood (as in East Timor and Sierra Leone), but such commitments are likely to remain relatively limited in scale.

The declining priority given to defence by European governments is partly a result of the assumption that the US can be relied upon to come to Europe's aid in the event of direct external attack. EU governments need to do enough to ensure that the US remains committed to their defence, not least through investment in forces that can operate alongside those of the US. Through the EU's 'Headline Goals' for military forces, governments are also committed to developing capabilities for limited Europe-only military operations when the US has chosen not to be involved. Yet these requirements will not require Europe to develop forces comparable, in overall capability, to those of the US. As a consequence, unless there are fundamental changes in the nature of the Atlantic relationship, most EU member states will continue to spend much less on defence than the US.

### **Europe's 'soft power'**

Immediately after World War Two, the US was the main innovator and leader in developing new international organisations and regimes. Marshall Plan aid to Europe in the

---

<sup>7</sup> Ibid.

1940s, followed by US assistance to East Asia in the 1950s, played a key role in preparing the way for the subsequent economic success of these two regions.

In contrast to its continuing position as the world's pre-eminent military power, however, the decades after 1970 saw the US fall behind European states (and Japan) in its willingness to contribute to other international 'public goods'. By the 1970s, the US's role as the world's leading provider of development assistance had been overtaken by other OECD states; and by 1998-99 US aid was only a third of the level provided by EU member states (see graph).<sup>8</sup> While US politicians in the recent election competed to promise increased military spending, there seems little prospect of a comparable bonus in the depleted aid budget under a Republican-led Congress and administration.

Table 4. **Comparing overseas development assistance**

Country	ODA total	As % GNP
EU combined	\$27.0 billion	0.32%
US	\$9.0 billion	0.10%
Japan	\$13.0 billion	0.31%

(Figures for 1998-99, annual average. Source: OECD)

The consequences of these divergent patterns of spending can perhaps be seen most starkly by comparing the different approaches of the US and EU to **conflict prevention** in their neighbouring regions. Both face similar 'threats' from their poorer neighbours, including illegal migration, cross-border crime and drugs. The European response has been to hold out the possibility of integration into common regional institutions (the EU and NATO) based on shared political norms and access to common regional markets. The EU has been prepared to assist this process through substantial financial transfers, most recently to Spain, Portugal, Greece and Ireland, but potentially also to future member states in Central and Eastern Europe. Over and above the massive financial cost of reunification, Germany has been prepared to bankroll most of these costs, spending around 0.8% of its GNP annually on net transfers to the EU budget during the late 1990s.

The EU model of regional integration has played a key role in contributing to the development of stable and prosperous democracies in southern Europe, and has the potential to do so in Central and Eastern Europe. The US's approach to its 'backyard', by contrast, has relied much more on military intervention, most recently through the provision of considerable military aid to the armed forces of Colombia. The US has rejected recent calls by President Fox of Mexico for the EU model of regional integration (multilateral institutions, structural funds and monetary union) to be applied to North America, insisting that no special external assistance is needed to ease the pain of market

<sup>8</sup> The commitment to development assistance varies between European governments, with leading donors Denmark (1.0%), Norway (0.9% of GNP), Netherlands (0.8%) and Sweden (0.7%) greatly outspending laggards such as Italy (0.18%), Spain (0.24%) and Austria (0.23%). Yet none spend as little as the 0.1% of GNP devoted to ODA by the United States.

liberalisation. As a consequence of this approach, US aid to Latin America and the Caribbean was only \$700 million a year in 1996-97: less than a quarter of the annual \$3 billion provided to the same region by European Union states.

Europe cannot be complacent, and needs to act more quickly and effectively (see below). But the prospect of becoming 'part of Europe' has played a key role in defeating political extremism in Central and Eastern Europe over the last decade, as seen most recently in the overthrow of authoritarian regimes in Croatia and Serbia. Perhaps the US could learn something from this experience as it reflects on the disastrous effects on its southern neighbours of its never-ending 'war on drugs'.

### Supporting international regimes

Just as the US was the Western world's leading aid donor in the aftermath of World War Two, it was also the main driving force behind the establishment of the **multilateral organisations** - NATO, the IMF and World Bank, the UN, even indirectly the EU - that remain central to international society today. While today's US remains committed to multilateralism, however, it is now seen as more resistant to accept the responsibilities and constraints involved than most of its OECD partners. Despite (but also perhaps because of) its considerable power, the US often appears more worried than any other Western state about perceived 'globalist' threats to its sovereignty. The US is unique amongst OECD states in its frequent failure to meet its assessed budget contributions for the UN, despite the substantial economic benefits that it receives from hosting the UN headquarters in New York. Indeed it has been substantially in arrears in its regular budget contributions since 1985. Considerable problems have also been encountered in gaining congressional approval for financing the Washington-based IMF and World Bank.

Table 5. **Comparing aggregate emissions of greenhouse gases per capita**

US	24.6
EU	10.9
Japan	10.5

(1998 figures, in gigagrams CO<sub>2</sub> equivalent. Source: UN Framework Convention on Climate Change, FCCI/SBI/2000/ING.13. Figures include estimated emissions of CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs and SF<sub>6</sub>).

In recent years, the US has been criticised for obstructing **international action on tackling global warming**. Unable to reach a domestic consensus even on the existence of a human-induced 'greenhouse' effect, and anxious to protect its energy-intensive lifestyle, the US government has left it to others - EU member states and, increasingly, major corporations such as BP and Ford - to take the lead. The US is the biggest single contributor to the problem, with per capita levels of CO<sub>2</sub> emissions that are more than twice as great as those in the EU. Yet sunk investments in energy-intensive technologies and lifestyles, combined with the political power of the US oil industry, have led it to resist any significant curbs on its gas emissions. The election of a Republican President from

Texas seems unlikely to make the US more inclined to make a contribution to solving this problem.

In contrast to the US, European states have become more active in supporting the development of **new multilateralist institutions and norms**. European states have played a leading role in pushing for a stronger Climate Change Convention, facilitated in part by the agreement that the EU could negotiate as a block in emission reduction negotiations. In 1998, EU members were united in their support for an International Criminal Court, despite opposition from the US, China, Israel and Iraq.<sup>9</sup> Through the 1990s, Europe has also been cautiously asserting itself in the area of arms control, an area of traditional US leadership. EU states were amongst the first to ratify the Comprehensive Test Ban Treaty and the 1999 Land Mines Convention, and have been strong advocates for stringent verification measures in the Biological Weapons Convention. By contrast, the US has been unable to approve any of these measures. It remains to be seen whether a Bush administration will lead to greater alliance consensus on these issues.

---

<sup>9</sup> In one of President Clinton's last acts, the US signed the treaty on 31 December 2000, which now has 139 signatories (including Russia, Israel and Iran). US ratification remains unlikely.

### **3. A European initiative on burden-sharing.**

In retrospect, the immediate post-war years (up to around 1960) were an exceptional period in transatlantic relations, in which the intensity of the Soviet threat helped to mobilise US domestic opinion in favour of a broadly-based global engagement. Domestic pressures for limiting global commitments are clearly significant, and could intensify if economic fortunes were to worsen, but a US retreat into an isolationism comparable to that of the 1930s is not likely. Mainstream opinion in both major US parties recognises that the US has vital interests in effective international engagement. President Bush's appointments of many members of the Republican foreign policy establishment suggests that this administration is unlikely to shift away from the orthodoxy. But the principles underlying US/European cooperation do need to be rethought if they are to take more account of the relative strengths, and weaknesses, of both Europe and the US.

#### **Principles for effective burden-sharing**

The norm that all members of an international organisation must share in the burdens involved in action by that organisation is widely accepted. Even if some national contributions are relatively insignificant in scale, they are seen as playing a vital role in binding governments, and domestic polities more generally, into common policies. Experience shows that exceptions to this rule tend to lead to divergence and disagreement, in which countries opt out of those agreed actions with which they find difficulty. This is why all NATO member states with armed forces contribute personnel to alliance operations in Kosovo and Bosnia. All UN member states, no matter how poor and small, have to pay some assessed contribution to the budget (although the minimum for the world's poorest countries is set at just over \$10,000). All OECD donors have to make a contribution to international aid efforts in order to be involved in the formulation of common policies.

Most international organisations also develop formulae that seek to determine levels of national contributions based on the ability to pay, or contribute in other ways. Yet this universalist principle is usually combined with a recognition that some states may contribute proportionately more than others, either because of relative capabilities or intensity of interests or variations in domestic political pressures. NATO would have been much weaker without the US willingness to make a disproportionate contribution to its capabilities from its earliest years. The EU's success has owed much to Germany's willingness to be its primary paymaster, reflecting the value that successive governments have placed on securing a supranational framework for post-war German recovery. Italy's current position as the largest single contributor to NATO forces in Kosovo may be explained by both the intensity of its interest in the region and the particular relevance of its Carabinieri forces at this stage of the operation.

Asymmetrical burden-sharing settlements will continue to be important within most separate areas of international cooperation. Whereas Cold War burden-sharing dynamics were dominated by disproportionate US spending on defence, however, the subsequent

reduction in the threat of war - and in levels of defence spending - has meant that other areas are becoming increasingly important by comparison. The resources that the US needs to devote to direct defence of Western Europe have fallen sharply, and further cuts are possible in future. By contrast, the collapse of communism has opened up new opportunities for Western political and economic engagement with Eastern Europe: a role in which the EU and its members have a greater comparative advantage and interest. As demonstrated most recently in the Kosovo campaign, the US continues to play the predominant role in NATO warfighting operations. Short of the emergence of a major new strategic threat to Europe, however, defence spending seems unlikely to regain the relative prominence (or level of resources) that it gained in the Cold War period.

### **Taking primary responsibility for European Security**

What do these trends imply for the contribution that the EU and its member states should aim to make to international security? First of all, it means that European states should take primary responsibility for the future of their own continent, with several key implications:

\* First, **the enlargement of the EU's membership into Central and Eastern Europe needs to be given the very highest priority.** A **target date of 2004** for the first wave of new members should be set as soon as possible and EU members will need to undertake the further reforms necessary for enlargement to proceed on this timetable. A historic opportunity now exists for extending the West European security community, with all the benefits this would imply for the security and prosperity of existing EU member states. The first wave is the key. Once Poland, Hungary and some of the Baltic republics become members, the dynamic of the European Union will change forever. The precedent created will encourage those pressing for political and economic reform in states that remain, for the time being, outside. They will find considerable support from new members, who will themselves have a strong interest in ensuring stability on their eastern and southern borders. Even if states such as Serbia and Ukraine are not likely to qualify for EU membership for at least a decade, therefore, new member states will help to ensure that a significant part of the EU budget is used to support reform in these states.

The rise of radical nationalist forces in the December 1999 Romanian election has demonstrated that there can be no room for complacency. Further setbacks for the process of reform are also possible elsewhere unless economic conditions begin to improve. By agreeing on rules whereby new countries could be incorporated into EU decision-making, the Nice summit was a crucial step towards the early admission of up to ten new member states. In order for enlargement to proceed, however, existing EU member states now also need to take hard decisions on how to share the considerable financial burden that is involved. Part of the cost can be met by reducing levels of support for those states (such as Spain, Ireland and Portugal) that have been large-scale beneficiaries from EU support in the past. But Spain's success at Nice in retaining its veto on industrial aid until after the next budgetary conference means that those states that have most to gain from a stable and prosperous Eastern Europe - such as Germany, Italy and Scandinavian members - will also

have to contribute disproportionately. These intra-EU burdensharing negotiations will undoubtedly be hard-fought. If states are willing to make sufficient concessions to allow enlargement to go ahead, however, their increased contributions will have made just as important an addition to European security as would additional spending on defence or overseas aid. If they fail, the result will be a major crisis in the international credibility of the European Union.

\* Second, **the EU and its member states should develop the capability to contribute a greater share to NATO military operations.** As a result of a radical change in policy by the UK in late 1998, the EU is now committed to developing its own capability for autonomous military action, and the last two years have seen considerable progress towards this goal. A small EU military staff is due to be established in Brussels, and should be operational in mid 2001. By 2003, the EU is planning to be able to deploy a 60,000-strong force within 60 days, and sustain it for a year. European states are also starting to develop new ways of thinking about military operations. The possibility of conducting limited military operations without direct US participation is now no longer a taboo subject. Rather, it is increasingly seen as a welcome additional option for operations in which the US has decided not to become directly involved.

EU 'headline goals' for military capabilities may have a further advantage. Europe's most reluctant military powers (Germany, Italy and Spain) also tend (for the same historic reasons) to be more committed to the process of European integration. By discussing force goals in the context of EU solidarity rather than NATO burdensharing, therefore, the European Security and Defence Policy (ESDP) may turn out to be more effective in persuading these countries to do more.

If some of the statements from Bush administration officials are taken at face value, the EU's military credibility may be put to the test sooner than most Europeans would wish, especially in regard to Balkan peacekeeping. Condoleeza Rice's comment during the election campaign that "there must be a political gameplan that will permit the withdrawal of our forces – something that is completely absent in Kosovo" was greeted with alarm in European capitals. These fears were not entirely assuaged by Colin Powell's announcement in December 2000 that "our plan is to undertake a review after the President is inaugurated and take a look not only at our deployments in Bosnia but in Kosovo and many other places. Our armed forces are stretched rather thin and there is a limit to how many of these deployments we can sustain".<sup>10</sup> Indeed recent reports suggest that senior Bush advisors are pressing for all US troops to be removed within four years, arguing that peacekeeping missions in Bosnia and Kosovo should be a European responsibility. Although Secretary of State Powell has committed the new administration to consultation with allies before a decision is taken, the trend is clear. Of all the US's major overseas military commitments, the Balkan commitment appears most vulnerable to cutback.

It is strongly in European interests that US troops remain in Europe, both as a deterrent against future major conflict and as a demonstration of NATO solidarity. The presence of

---

<sup>10</sup> *International Herald Tribune*, 18 December 2000.

US forces remains vital to the continent's security, providing a deterrent against those who might consider escalation of conflicts beyond the capabilities of European states. The prospect for large-scale conflict in the Balkans appears to have receded with the downfall of President Milosevic in Yugoslavia. But policymakers cannot be complacent. Political and economic stability in the EU's future neighbours is far from assured, and the possibility of major armed conflict cannot be ruled out.

If the new administration wants to initiate new discussions on the future of US troops in the Balkans, the EU and its member states should emphasise their strong opposition to a complete withdrawal. In the medium term, if the risks of major conflict continue to recede, police and paramilitary forces may increasingly be able to replace military personnel. But some NATO armed forces are likely to be needed for some time to come. It would have serious implications for alliance solidarity if NATO's leading member did not continue to be represented in this force. Even if Europe takes a greater share of the responsibility for responding to the potential for conflict on its borders, therefore, it needs to do so in close consultation with the US, not least through NATO. **The credibility of US commitment is more important than the precise size of the force it deploys in Europe.** But the two are related, at least symbolically. If a new administration does make further reductions in US troop levels in Europe, therefore, it would make it even more important to emphasise its commitment to NATO in other ways. **European governments should also make clear now that their forces will remain in place in the Balkans, whatever the US decides to do, while they are needed to secure the stability of the region,** thus ensuring the Balkan states achieve EU candidate status. This commitment to provide the secure environment which these states need to prepare for the eventual prospect of EU membership is vital given that European states' own interest in the security of the region is much greater than that of the US. If the US decided to pull out, Europeans would therefore have no alternative but to stay. Precipitate withdrawal of all NATO troops from former Yugoslavia would risk returning the region to war.

Such a statement would go a long way to transforming the debate on US forces in the Balkans from one about European inadequacy and free-riding to one about the US's own interests. It might therefore, paradoxically, make it more likely that the US would stay. Many US leaders are well aware that withdrawal would result in a sharp reduction in their political influence in the region, and in NATO more broadly. That is why it remains likely that US troops will remain a significant part of the NATO Kosovo and Bosnia forces for the foreseeable future.

\* **European governments are well placed to take a leading role in promoting economic and political relations with Russia,** in pursuit of the longer term objective of transforming it into a 'normal' European power. The US military presence in Europe provides the secure framework within which such a relationship can develop. The US also plays a key role in ongoing arms control negotiations with Russia, especially in relation to strategic arms. Yet the threats posed by Russia to European security are no longer primarily military in nature. Falling life expectancy, now being exacerbated by the rapid spread of infectious diseases (such as AIDS and tuberculosis), is producing a social crisis of massive proportions. Organised crime and corruption continue to flourish on a large scale, limiting

the possibilities for economic development. New environmental disasters are threatened as Russia's military-nuclear complex disintegrates. If conditions worsen, large-scale refugee flows westwards cannot be ruled out.

Geography ensures that Europe will be more directly affected by these trends than the US, and this interdependence will grow as the EU and NATO expand eastwards. It therefore makes sense for European states to play the leading role in promoting economic and political stabilisation in Russia, as well as in Ukraine and other former Soviet republics. To do so, the EU needs to ensure that its own border control and trade policies facilitate rather than hinder opportunities for economic development. Where appropriate, financial assistance, focusing on encouraging the development of small scale business and civil society, can also play a crucial role. **Europe should also give its strong support to a serious Russian effort to gain World Trade Organisation membership**, with all the advantages that such membership could bring to the domestic reform process.

In contrast to the Balkans, it is most unlikely that the US will ever see relations with Russia as purely of European concern. The shared Western interest in a stable and friendly Russia will continue, not least because of awareness of how much damage a hostile or disintegrating Russia could still do. It is therefore vital that European policies towards Russia are closely co-ordinated with the US. Yet the relative priority given to Russia by the US will decline over time as the full extent of Russia's economic and military backwardness becomes clear. Russia's total GDP is now less than that of the Netherlands or South Korea. China already has eight times Russia's population and three times its GDP, and this gap is almost certain to grow over the next decade.<sup>11</sup> The more that Russia is successful in efforts to become a 'normal' European power, the more that Europe will be called upon to assist it further along this path.

### **Demonstrating the benefits of multilateralism.**

Europe's own experience of building the European Union means that it is uniquely placed to play a leading role in encouraging the development of wider international responses to global problems. Working closely with other multilaterally-minded OECD states (such as Australia, Canada and Japan), European states need to persuade the US that it is in their common interest to promote robust responses to global problems. More also needs to be done to persuade major developing states (like China, India and Brazil) to become more active partners in international organisations. Europe should not seek to become a hegemon, but rather a catalyst: encouraging collective action through its willingness to provide a disproportionate share of the resources that action requires.

\* Perhaps the most important of the new post-Cold War international regimes, and certainly the one with the greatest implications for global burdensharing debates, is the **Climate Change Convention**. The US is the world's biggest producer of greenhouse gases, with per capita carbon dioxide emissions now at 2.5 times the average West European level and eight times the level of China. In the long term, therefore, no

---

<sup>11</sup> World Bank, *World Development Indicators database*, 2000.

international response to the problem can work if it does not include dramatic reductions in US pollution levels, with all that this will mean for the fossil-fuel-intensive technologies on which US society is currently based. Progress is gradually being made, symbolised most recently by Ford Motor Company's acceptance of the need for action. But EU states need to do much more to persuade the US to take the issue seriously.

The Hague World Climate Conference in November 2000 was intended to produce agreement between industrialised countries on how they should meet targets for reducing greenhouse gas emissions. The talks failed, largely because of the EU's unwillingness to allow the US to take credit for 'carbon sinks' such as forests. In order to meet its target through emission cuts alone, US negotiators argued that it would have had to curtail domestic emissions by an unrealistic 35% from anticipated levels by 2008.<sup>12</sup> They also pointed to the difficulties that are likely to be involved in winning two-thirds approval from a sceptical US Senate. European governments argued, for their part, that the use of a 1990 baseline for reduction quotas had already institutionalised the US's right to pollution levels well beyond those of any other country. To grant further concessions was simply a step too far.

As a consequence of the failure in the Hague, the US position on the Climate Change Treaty will now be a matter for the Bush administration. Given its close links to the oil industry, and the tendency of many Republicans to see the treaty as another 'globalist' threat to the US way of life, it may be some time before a more constructive US approach can be expected. If President Bush adopts an intransigent position on this issue, however, it could do serious damage to the transatlantic relationship. Even Europe's most Atlanticist governments, such as the UK, are firmly convinced that combating global warming should be given a central place in environmental policy. US refusal to accept that it has any responsibility for tackling this problem, therefore, would be seen as a direct challenge to a key European policy commitment.

**European states should reconsider their refusal to back the proposed Hague deal.**

If the new administration was ready to mobilise Senate approval for a compromise deal similar to that proposed by the Clinton administration at the Hague, however, European governments should recognise that, however flawed, this does represent the best currently available deal for shared global action. While European states should seek to persuade other countries to resume a shared global approach in the future they could not, given their shared recognition of the seriousness of the global warming problem, responsibly abandon current efforts to curb their own emissions in the meantime. European countries should therefore also have to pursue **a policy of unilateral restraint**, whereby the European states should **commit themselves to unilaterally meet the targets which they would have been set had the Hague deal gone through.**

The compromise on the table in November would have allowed the US to continue to 'free ride' on European restraint. European action without US cooperation and involvement would clearly do so to an even greater degree. Yet it would still be a major step forward in

---

<sup>12</sup> William Drozdiak, 'Global Warming Talks Collapse', *Washington Post*, 26 November 2000.

institutionalising international action. The key to long term progress in emission reduction is the development and application of 'greener' technologies and lifestyles, and even an asymmetric deal would provide a strong incentive for private companies to do this. Practical European action would also put OECD countries in a much better position to push for the progressive incorporation of middle-income states (such as Brazil and China) into the regime as well as increasing the credibility of European efforts to persuade US policy-makers, and the broader US public, to change their mind about the importance of the issue as the costs of global warming became ever more apparent. Once the US had accepted the need for action, moreover, the US could be pressed to take a greater share of the burden in the steeper reductions that will be needed in future.

\* If **the UN** is to recover from the lost opportunities of the 1990s, it needs to be placed on a more secure financial footing. At the heart of the UN's recent financial problems has been the US's persistent failure to pay its assessed contributions to the regular and peacekeeping budgets. The recent burdensharing agreement between the US and UN is therefore a very important step forward. The single-country ceiling (and thus the maximum US contribution) for regular budget assessment has been cut from 25% to 22%, and the US peacekeeping assessment has been cut to 27%. In return, assisted by a \$34 million contribution from Ted Turner, the US will pay its arrears in full.

European states will bear the main responsibility for financing the reduction in the US's contribution, at a cost of around \$150 million a year (including budgets for peacekeeping and specialised agencies). Because of its recent economic difficulties, Japan's budget contribution is also set to fall significantly, with European states again called upon to make up the difference. As a result of these two trends, European countries are likely to be meeting almost half of the UN's total costs by 2005, compared with only a third in 1993.<sup>13</sup> After a decade of more rapid economic growth, the US's GNP now matches that of all EU member states combined.<sup>14</sup> Yet EU member states will soon be contributing twice as much as the US to the assessed budgets of the UN and its specialised agencies.

Despite this asymmetry, the recent burdensharing settlement is a good deal for the UN and for Europe. In accepting it, EU governments have recognised that strict equity can only be one of the criteria for determining levels of contribution to international organisations. Account also needs to be taken of domestic constraints that limit the ability of different countries to pay. This principle has long been accepted in NATO (where the US does more than others) and in the EU (which Germany funds disproportionately). By applying the same principle to the UN, at a cost of only 0.1% of their annual combined defence budgets, European governments may have helped to remove what has been one of the most serious obstacles to the UN's development. They can now use this achievement as a base from which to push for a more general strengthening of the organisation. It will be vital to ensure US support for these efforts, and the budgetary settlement should help to weaken the political position of domestic critics. Yet the general lack of US enthusiasm for

---

<sup>13</sup> Malcolm Chalmers, *Sharing Security*, (Palgrave, 2000) p. 147.

<sup>14</sup> World Bank, *World Development Indicators database*, 2000.

multilateralism means that it will be up to European states, together with other like-minded governments, to take a lead in pressing for UN reform.

### **Championing the cause of developing countries.**

In response to the biggest global problem of all - underdevelopment - an outward-looking Europe could be in a unique position to become the **champion of developing countries**. If the OECD is to have any chance of meeting its target of halving the proportion of people in absolute poverty by 2015, radical action will be required. Increased ODA budgets can make a difference, and are urgently needed. Like military force, however, aid is often a blunt instrument, and needs to be accompanied by many other policies - such as opening up EU markets - if it is to be effective. In the post-war period, the US helped bring about the East Asian 'economic miracle' through a combination of generous access to US markets and substantial transfers of economic aid. It remains to be seen whether European action can provide similar support for a new generation of economic success stories, not only in eastern Europe but also more widely. The highly successful Jubilee campaign for debt relief shows that public opinion can be mobilised in support of development assistance to the world's poorest countries. European governments can build on this success and seek to give developing countries a greater voice in global political debates.

\* **The EU should seek US support for a new WTO round whose main objective would be to provide much enhanced access to OECD markets for developing countries.** As part of such a policy, it should make clear its readiness to undertake radical reforms in the Common Agricultural Policy, which is coming under increased pressure in any case as the prospect of Polish membership draws nearer. European countries should also support reform to make the WTO process more transparent, and help to tackle developing countries' concerns about involvement by promoting the idea of a **WTO participation fund** to help build capacity and skills for the poorest members, and making clear that EU states would contribute resources to support this.

\* **The EU should carry out a radical overhaul of its own aid programme,** simplifying procedures, refocusing on smaller scale projects, and removing the wasteful tying of aid to procurement from EU sources. There are encouraging signs that this is what Commissioner Chris Patten intends to do, but he will require active support from EU member states if he is to be successful. Both the EU and its member states should commit themselves to a reallocation of aid resources away from large-scale infrastructure projects towards those sectors where the private sector is less able to play a role, but which are vital to poverty elimination. Particular priority needs to be given to primary education, health care (including AIDS prevention), ensuring clean water supplies and sanitation, strengthening civil society and supporting small-scale agriculture and business.

\* The level of European overseas development assistance needs to be radically increased. As a first step, **EU governments should agree the 'Headline Goal' of increasing ODA budgets to at least 0.5% of GNP by 2006, with the goal of fully meeting the UN's 0.7% target (to which all EU donors are already committed in principle) no later**

**than 2010.** This goal will be hard to achieve in a time of tight budgets, requiring a near-doubling of aid within five years. Three EU member states (Denmark, Netherlands and Sweden) already meet the 0.7% target, and others - including the UK - are committed to substantial year-on-year increases. Yet clear headline goals (comparable in some respects to those set by the EU for military forces) would encourage member states to do more. Some of the EU's less generous aid donors (such as Italy and Spain) were significant recipients of EU support in the past, and also make relatively small contributions to EU military efforts. As they approach (or exceed) average levels of EU income per capita, it is reasonable to ask these states to devote a small part of the fruits of their economic success to helping others still struggling to catch up. But a commitment to increased ODA would also require substantial new resources from France, Germany and the UK, all of whom spend less on aid now (as a proportion of GNP) than they did in 1990.

\* In addition to taking on a greater share of global development assistance, EU member states also need to do more to acquire capabilities for **humanitarian military intervention** outside the continent. Although it has the greatest capability to do so, experience in the 1990s suggests that the US will continue to be uneasy about putting its forces in harm's way unless its own interests, or those of close allies, are involved. With Colin Powell in the State Department, this trend could be further strengthened. Yet US reluctance should not be used to absolve European states of the moral responsibility to act when massive human suffering is threatened, provided only that it is also practical to mount a response. Whatever its shortcomings, the recent UK military intervention in Sierra Leone demonstrated that a European state can make a real difference, even in the absence of support from other Western states. A more broadly-based European commitment could do more, not least by helping provide the core capabilities that are so often lacking in humanitarian military interventions. In practice, of course, there are severe limitations to the number of cases where such intervention is both feasible and helpful. Yet demonstrating both a readiness and the capacity to help where these conditions are met, for example in a case like that of the Rwandan genocide, would do much to demonstrate that Europe's foreign policy was based on values as well as material interests. If linked to a strengthening of the UN's military capability, it could also be a major step towards restoring the credibility of the global organisation.

#### **4. Conclusion: Towards a Transatlantic New Deal.**

US military power provides an essential guarantee for European security, providing a framework within which the EU and NATO can enlarge. In addition, since no other state has a comparable capacity to project power rapidly, the system of global collective security based on the UN would be severely weakened without active US military engagement.

By contrast, although its total economic weight is comparable, there is little prospect that the EU will match the amount (currently \$300 billion a year) that the US spends on defence. Even in France and the UK, Europe's most active military powers, defence spending continues to decline as a proportion of both government outlays and GDP. Elsewhere, there is even less evidence of the step-change in attitudes that would be necessary if defence were to claim priority status. Support for a Common European Defence Policy reflects a recognition of the need to bring Europe's military capabilities into line with the considerable resources expended on them. But the existence of fifteen (and probably 25 by 2010) separate national vetoes in the Union is bound to limit both the speed and effectiveness with which action can be taken. In the absence of profound changes in both Europe's external environment and its internal constitution, therefore, the EU is unlikely even to aspire to rival the US as a military superpower.

If European leaders are to alter the perception that they are 'freeriding' on US generosity, therefore, they should begin by highlighting the disproportionate contributions that they make to non-military aspects of security. European governments spend three times as much as the US on development assistance, will soon contribute twice as much to the UN budget, and have a much better record in combating global warming. The US also has much to learn from the EU's less militarised approach to 'backyard' conflict prevention, as current developments in Columbia are demonstrating all too clearly.

But education is not enough. European governments also need to contribute more to the costs of providing international public goods. That is why this commentary has recommended a series of vital practical reforms and commitments for European states to undertake.

The US can and should be a key partner in the development of a more far-sighted approach to these problems – of European security, conflict, underdevelopment and global warming - but its priorities lie elsewhere. Progress is therefore likely to depend above all on Europe's willingness to play a disproportionate role in financing non-military international public goods. The EU's recent willingness to take on a greater share of the UN budget is a welcome, and highly symbolic, shift in this direction. It should set a precedent for European leadership in other areas.