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EU and NATO: Obsolete or Obstinate?

COULD THE EUROPEAN UNION UNWIND? WOULD ITS END SIGNAL THE END OF NATO? OR WILL EUROPE'S CALAMITIES MAKE FOR A MORE ROBUST EUROPEAN DEFENSE STRUCTURE? NO TO EACH

JOSEF JOFFE

"Whither NATO?" now scores 1,300 entries on Google. Almost as old as the Alliance itself, the phrase has become a tired joke in the strategic community, eliciting groans of "please, not again!" Its academic next of kin is "Continuity and Change: NATO's Evolution in an Unsettled World." Such titles foreshadow pedestrian products rife with boilerplate.

The much more interesting question is: "Why has the Alliance endured?" or "Why is NATO the oldest compact among free nations in history?" What has persisted for almost seventy years suggests resilience and staying power. What has expanded from the original sixteen to today's twenty-eight members reflects not only longevity but also an attractive business model. Apart from finding ever more buyers, that model has consistently overwhelmed all of NATO's numerous crises, be they over nuclear weapons like the New Look* in the 1950s or the Pershing II deployment in the 1980s, American troop withdrawals in the 1960s or German *Ostpolitik* in the 1970s. Endurance amid adversity indicates functionality.

The same holds true for the European Union (EU). Its antecedent, the European Coal and Steel Community, was born just two years after NATO. The EU, previously known as the European Economic Community (EEC), has also relentlessly expanded from six to twenty-eight member states. Would-be joiners like Bosnia and Serbia, not to speak of Turkey, keep knocking at the EU's door. The latest signal from Ankara foresees Turkish membership by 2023. Here, too, enduring demand suggests worth.

Like NATO, the EU has also survived its most serious crises. The first and, until Brexit, worst was the "policy of the empty chair" that Charles de Gaulle inflicted on Brussels in 1966. As long as France was absent, the EEC was unable to make any decision thus paralyzed. "Le Grand Charles" came back after being granted a national veto over issues deemed "important" by any state. In recent times, the European Constitution of 2004 was nixed by referendums in France and Holland. It was replaced by the 2007 Treaty of Lisbon that re-strengthened intergovernmental (as opposed to supranational) cooperation.

So like NATO's, the EU's misfortunes keep passing. Since its founding, the European Union has more than quadrupled its membership and absorbed ever more chunks of national sovereignty. In recent times, Schengenland (no internal border controls) and monetary union marked the two largest steps toward "ever closer union."



So much for the heartening past. At this point, the EU is battling the worst threats in its history. “Euroland” and Schengenland may have been two bridges too far. These two boldest lunges into supranationality took the Union into fraught territory. The Schengen Agreement removed a closely guarded prerogative of the nation-state, which is the control over its borders. When Schengen was signed in 1985, Margaret Thatcher was heard to fume that Greece would now protect Europe’s borders. Her warning came true when hundreds of thousands of refugees entered by the “Balkan route” in 2015. Athens’s failure to stop the Syrian refugee flood triggered the renationalization of border controls from Macedonia to Denmark. De facto, border controls are back in Schengenland.

Monetary union is the second instance of “too much too soon.” Monetary policy rests at the core of national sovereignty, right next to fiscal, immigration, and defense policy. The idea was to turn a “sub-optimal currency zone” into an optimal one by making states obey the common will in matters that decide the economic fates of nations and the political fates of governments.

Shifting monetary policy from the state to the union meant no more deficit spending by which governments had given to Peter without taking from Paul, and so kept the social peace. It meant no more living above a country’s means by resorting to debt financing. No more devaluation by which the Southern tier—“Club Med”—maintained international competitiveness. Routine devaluation had become a way of life in France, Italy, Iberia, and Greece. Adaptation to an ever-changing market had to be done internally—with grievous domestic risks.

“Internal devaluation,” so to speak, would have to level ancient dispensations. It would have to break the power of rent-seeking unions and sheltered corporations. It required flexible labor markets and lower wages on the part of privileged groups. No more inflation, the safety valve Keynes called the “money illusion.” That term signifies that many people have an illusionary picture of their income and wealth, counting nominal francs, liras, and drachmas rather than real ones based on purchasing power.

Not to put too fine a point on it, everybody had to behave like Germany, the driving force behind the euro. Indeed, the European Central Bank was patterned on the German Bundesbank, whose main duty it was to assure the “stability of the currency.” It could not, like the Fed or other European central banks, create money by buying up government debt.

It didn’t work, as sober-minded economists had predicted. Indeed, monetary union made things worse, allowing France, Italy, Greece, et al. to borrow euros at bargain-basement interest rates, instead of having to pay hefty devaluation premiums on debt denominated in their own currencies. What deadly irony! Instead of imposing fiscal discipline, the euro unleashed even more profligacy by letting, say, Rome borrow at the same low rates as

Germany. This perverse scheme has thrust the eurozone into an endless crisis (plus almost-zero growth) since the Great Crash of 2008.

Two bridges too far—are these the beginning of the end or just the end of “too much too soon”? Add the nightmare of Brexit, something completely new under the Brussels sun. No member had even threatened divorce until 2016. It is a safe bet that Britain, literally and figuratively an outrigger of the EU (part of neither Schengenland nor euroland) will eventually sue for divorce by triggering Article 50 of the Lisbon Treaty.

The next question then is: Will Britain set a bad example, tempting others to quit? The answer is no, and this at the “highest level of confidence,” to employ intelligence-speak. Even the “Easties,” the most sovereignty-minded new members of the EU, are not toying with divorce. Even though Brexit will rob them of their strongest ally in the battle against “ever closer union,” they have too much to lose, notably the generous subsidies from Brussels. Nor would they want to be left alone with their newly aggressive neighbor to the East.

For sure, the countries at the core will not rattle the cage. For these countries, the profit-loss ledger remains overwhelmingly positive. For instance, two-thirds of their exports go to the EU; the United Kingdom ratio is only 50 percent. The core countries are simply too deeply entangled with one another. While the UK divorce will take years to consummate, the others—like France, Germany, or Italy—might be looking at a decade.

At a lower, but still high, level of confidence, we should predict that the opposite will not happen either, which is “closer union, now more than ever!” This is the slogan of orthodoxy Eurocrats like Jean-Claude Juncker, the EU president, have been pushing since the Brexit vote. They know that full-scale union, let alone a “European government,” will not happen, not in the triple crisis over Schengen, Brexit, and the euro.

For the next several years, the EU will have its hands full with the sizzling items on its plate: how to keep Britain somehow attached and how to save the euro amid Europe’s secular economic decline. Just in the 2000s, the EU’s share of global GDP has fallen from 30 to 24 percent. That is down twelve points since the peak of 1970—an absolute, not just a relative, drop caused by the rise of China, India, and other Asian nations.

By comparison, America has lost only four points over the last forty-five years, and Japan just two. Among the big EU economies, only Germany and Britain enjoy full employment. In France, Italy, and Spain it is sticky double-digit unemployment.

At the highest level of confidence, we may also predict that Brexit will not unleash a deadly storm on NATO. There are hardly any communicating valves to begin with, though both are headquartered in Brussels. They have always lived separate lives,



although their memberships (setting aside America and Canada) overlap almost perfectly. The two are simply different animals with different metabolisms. NATO essentially rests on a unilateral security guarantee by the United States while the EU is based on sharing and sharing alike.

NATO is a hegemonic alliance; the EU is, in the end, a committee of twenty-eight. Germany may be Mr. Big in this assembly, but it is only *primus inter pares* who must act with the consent of twenty-seven others. NATO, by contrast, is a looser outfit. The US can take the lead by harnessing, as it has, “coalitions of the willing.” The “variable geometry” or “two-speed Europe” that federalists have been dreaming of for decades has been practiced reality in NATO.

When the United States assembles a coalition-within-the-coalition, its most reliable partner has always been Britain. But this bond does not rest on EU membership. In fact, Britain-home-alone may strengthen this bond. In the crunch, historical kinship and comradeship in war will prove stronger than Britain’s always tenuous ties to the EU.

Will the UK departure galvanize the Continentals into building a stronger defense posture? The past does not suggest such a happy outcome. To begin with, the UK has not served as an inspiring example of defense-mindedness while on the inside. Britain has always devoted twice as much to defense spending (as share of GDP) as the rest, and it has been a lot more willing to use force abroad.

Why would the Continentals suddenly rise to the challenge once the UK is out? The answer is that the EU keeps punching below its weight for more profound reasons than Britain in or out. These are rooted in a strategic culture that no longer harkens to Prussian general Carl von Clausewitz, who famously taught that force is a natural adjunct of policy.

The EU sees itself as an “empire of peace” that prefers cooperation to confrontation and peacekeeping to power politics. Yes, it has built all kinds of military structures under the roof of the Common Security and Defence Policy. But the EU’s “standing army,” the Battle Group, has never seen military action. When the other mainstay, the Eurocorps, was deployed on its own, it preferred peacekeeping as in Bosnia or Africa. In Afghanistan, the Eurocorps was part of the NATO-led International Security Assistance Force (ISAF). The EU’s various deployments in and around Africa or lately in the Mediterranean are policing, not strategic, ventures. The numbers range from three hundred to four thousand soldiers. Yet the EU would never tangle with worthy opponents like Russia on its own.

The best friend of European resolve is not Britain, whether in or out, but Russia, as was the Soviet Union in the Cold War. After two decades of cashing in its peace dividends, Europe is seguing into modest rearmament. Most recently, sheer audacity raised its head when NATO decided to deploy four “robust” international battalions to the Baltics and to Poland,

wrapped into a pledge to raise defense spending to 2 percent of GDP—within a decade, that is. So, as always, the US and NATO are the prod, and the Europeans follow.

All told, NATO remains what it has always been: an *American* alliance. As long as the United States underwrites this compact, NATO will live—and live ever better with the help of Vladimir I, the new Russian czar. The US leads, as always, but the downside holds true, as well. As long as the US remains a power in Europe, the Europeans will not build an autonomous defense. They could, of course, given an economy that is equal to the American one and a population that is larger by 180 million. But twenty-eight (soon twenty-seven) do not an *e pluribus unum* make. Nor will the Europeans go for autonomy as long as Uncle Sam acts as their security lender of last resort.

The key phrase is “as long as.” The Europeans may be partial free riders, as smaller nations-in-alliance always are. Yet America’s profits dwarf the costs. European NATO, good for one-quarter of global GDP, is the mightiest girder in America’s security structure. Whence it follows that a country that wants to remain the world’s no.1 will not want to let go of this bastion.

The United States is not doing the Europeans, nor its other friends, a favor by maintaining a far-flung alliance network. Protecting others, America protects itself by holding the line far from its own shores. That is the enduring principle. And as a practical point, “being there” is always better and cheaper than having to go back. History provides bitter lessons.

Think of how much blood it cost the US to return to Europe on D-Day. When Secretary of State Dean Acheson pointedly excluded Korea from the American defense perimeter, he soon had a North Korean invasion on his hands, followed by three years of murderous warfare. If the Obama administration had not denuded the American presence in Europe, Putin might not have pushed into the Ukrainian vacuum.

Drawing a line is not enough, as the Syrian debacle over Bashar al- Assad’s chemical weapons shows. It has to be manned to confront a would-be aggressor with the onus of escalation, which is a strategic as well as psychological burden. Even Obama finally grasped this age-old truth about war and peace when he began to beef up US forces in Europe and to dispatch heavy equipment after seven years of world-wide retrenchment. Nature abhors a vacuum, the Romans taught, and so does the international system.

NOTE

* The New Look, promulgated in 1955, emphasized heightened reliance on nuclear weapons, raising fears in Europe that the United States would withdraw troops from the Continent.





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