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Trump's New and Misguided Respect for NATO

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President Donald Trump is continuing his foreign odyssey with a stop in Brussels to meet leaders of other NATO members. The visit is primarily a meet-and-greet highlighted by dinner, but it illustrates the president's apparent capture by Washington's conventional wisdom.

No international institution may better illustrate Public Choice economics than the transatlantic alliance, which survived despite the demise of the Soviet Union and Warsaw Pact. Indeed, NATO's boosters now are proclaiming a grand revival and pressing for an ever greater U.S. commitment to the organization.

Yet the NATO now-and-forever caucus ignores the larger reality against which U.S. foreign policy must be judged. Uncle Sam is functionally bankrupt. He has around \$200 trillion in unfunded liabilities, promises made with no money set aside for payment. Indeed, the Congressional Budget Office warns that without responsible decision-making on Capitol Hill—and who wants to bet on that—the federal government will be back to trillion-dollar annual deficits within a decade—without a financial crisis. The numbers will only worsen as the entitlement tsunami builds with the continuing retirement of baby-boomers. The U.S. is looking at a debt burden equivalent to that of Greece before its crash.

Military outlays aren't likely to survive unscathed. Domestic discretionary spending, the most easily controlled portion of the budget, accounts for less than 15 percent of federal outlays. The rest goes to Medicare, Social Security, Medicaid, interest, and the military. Seniors are not likely to voluntarily sacrifice their medical care or retirement to defend the European welfare state. Medicaid expansion is a done deal and there is no cheap way to provide health care to the nation's poor. Interest payments will rise substantially as the Federal Reserve abandons its zero-interest policy. Which leaves the Pentagon as an inevitable target for cuts.

Moreover, the U.S. is busier than ever elsewhere in the world. The Obama administration announced a "pivot" or "rebalance" to Asia, emphasizing a shift in resources to what is increasingly the globe's economic engine in the midst of rising security challenges. The Trump administration has carried this policy forward with its emphasis on North Korea. Washington's role will grow ever more complicated if Pyongyang develops a genuine nuclear deterrent.

Other controversies will reemerge. China's aggressive assertion of its territorial claims in the Asia-Pacific creates the potential for a direct military confrontation with the U.S. Moreover, America continues to defend Japan and the Philippines, which could bring America into any conflict between them and Beijing.

Moreover, before venturing to Europe President Trump hopscotched across the Middle East, promising to defend the Sunni monarchies—with talk of a Persian Gulf NATO—and reaffirming Washington's commitment to Israel. In the background are the seemingly intractable wars in Afghanistan—America's longest, by far—Iraq, Syria, and Yemen.

At some point Washington will have to make difficult defense choices. Which should begin with Europe.

During the campaign candidate Donald Trump appeared ready to make serious changes. He derided European free-riding and called the alliance “obsolete.” However, he appointed as secretaries of defense and state advocates of the status quo. Now his administration tells us that alliance is wonderful, necessary, and, it turns out, certainly not obsolete. Indeed, the president eventually explained that he simply didn't know anything about NATO when he criticized it, calling into question essentially everything else he said during the campaign.

The administration continues to push some minor changes in the alliance, but the effort is largely wasted. For instance, President Trump complained that NATO was not active enough on terrorism. However, while combatting the latter warrants cooperation, a military alliance offers little in confronting such an asymmetrical threat. The primary response must come within countries, with better intelligence, speedy responses to threats, and cut-off of local support, backed by international cooperation in kind. In contrast, war is far more likely to encourage more terrorism, as in Iraq and Afghanistan.

Perhaps unsurprisingly for his business past, Trump appears fixated on money. Hence his criticism of Europe's contribution to NATO. Burden-sharing is a legitimate issue: Despite extensive hype over the Russian Threat, only four European nations meet NATO's guideline of military spending at two percent of GDP. Of them, Great Britain and Poland used statistical legerdemain to pass the test, and Greece is more interested in confronting fellow NATO member Turkey than Russia. Which leaves Estonia. The rest of Europe falls short, some countries dramatically so. So much for Europeans fearing an attack by Moscow.

Three years ago, even as Europe's collective military outlays were falling, alliance members agreed that they should meet the two percent level. Officials have since celebrated the modest upturn—0.5 percent in 2015, 3.8 percent last year—as if the continent had won a special Olympic gold medal. But collectively NATO defense expenditures in Europe went from 1.44 percent of GDP to 1.47 percent last year.

Germany, with the continent's largest economy, came in at just 1.19 percent. Whatever the promises emanating from Berlin and irrespective of the complexion of the next government, few seriously believe Germany is going to almost double its military outlays in the coming seven years. Nor will Italy, Portugal, Spain, and other nations similarly splurge on their armed services.

Indeed, making unenforceable promises a decade hence looks more like an attempt to placate Washington than deter Moscow.

The allies are left with an unproductive squabble over compliance with arbitrary standards that add little in practical military strength. Why two percent? Should foreign aid count? Should nuclear and non-nuclear powers be held to the same standard? And ultimately none of it matters, since no one holds members to account. The Trump administration could threaten to pull out of NATO if even one member (Luxembourg? Slovenia? Albania?) fails to comply. But that seems unlikely even for President Trump.

The basic problem is that no European, at least anyone living outside of the Baltic States and perhaps Poland, actually fears a Russian attack. What matters is not what the Europeans say, but what they do. No one actually imagines Vladimir Putin's vast legions rolling to the Atlantic. And for good reason. He's a nasty character, but there's no evidence that he expects to or even desires to recreate the Soviet Union and rule over non-Russians, let alone conquer Europe. Moscow has behaved badly in Georgia and Ukraine, but in response to what many Russians along with Putin view as outrageous Western behavior. They see preventing Georgia and Ukraine from joining NATO as essentially defensive, and Moscow has no apparent plans to go further.

Thus, European governments—and especially their peoples—see no reason to spend more on the military. The continent's economy appears to be reviving and politics may be stabilizing, but still faces manifold challenges requiring resources and attention. Europeans aren't interested in sacrificing their welfare to meet Washington's arbitrary demands.

More fundamentally, while they like being protected by America, Europeans don't need America to protect them. They have a larger economy and population than the U.S. and vastly bigger than Russia. The issue is not capability but willingness to do more militarily. And they aren't willing absent a showing of necessity. The latest NATO summit won't change that.

Which suggests that it is time for a different approach. The world has changed dramatically since the alliance was created almost 70 years ago. Washington should use the approaching anniversary to turn Europe's defense over to Europe. The Europeans should create a new security structure, perhaps NATO without America (or as an associate member), the European Union, or some other organization, to coordinate national forces and create international formations. When the Baltic States next demand troops, the Europeans should provide them. When Poland next requests an allied base, the Europeans should fill it. Such an approach would provide a useful test of the relevance of the EU: can it fulfill the most fundamental responsibility of any government in providing security?

At the same time, the U.S. should step back, shifting from perpetual problem-solver to emergency backup. Doing the same in Asia and the Mideast would multiply the benefits, reducing American commitments and allowing a commensurate cut in force structure. The U.S. would come closer to becoming a normal country, with smaller, though still potent, armed forces.

Part of that process would involve establishing the framework for continuing transatlantic cooperation in many areas of mutual interest. An American defense guarantee for Europe is not necessary to work together to confront common challenges. Moreover, without a formal alliance the parties would face less pressure to participate in foolish military adventures such as Afghanistan (almost 16 years of war to establish a liberal democracy in Central Asia) and Libya (the consequences of which are still being felt, most recently, in the Manchester bombing). Washington policymakers should concentrate on issues where U.S. participation both serves American interests and is essential to the mission.

Along the way, Americans and Europeans should sort through the more challenging issues. For instance, should a European nuclear deterrent replace America's nuclear umbrella? Would an American president, any American president, really sacrifice Washington, D.C. or New York to defend Berlin or Rome? There's no good reason why he or she should do so.

NATO played an important role during the Cold War. It succeeded in protecting Western Europeans as they recovered from the devastation of World War II. There's actually no reason to preserve a seven-decade-old alliance in the midst of a radically changed world. Moreover, the U.S. no longer can afford the extraordinary international role it accepted during the Cold War. It is time to adjust Washington's foreign and military policy to match changing circumstances.

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