

Executive Summary Backgrounder

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A Conservative Vision for U.S. Policy Toward Europe

John C. Hulsman, Ph.D., and Nile Gardiner, Ph.D.

For the better part of the past 50 years, each successive U.S. Administration has eventually come to the same conclusion about America's relations with Europe. Every effort at closer European integration is to be welcomed tepidly, as it is assumed that a prosperous Europe would prove more pro-free market, more pro-Atlanticist, and more pro-American. However, in the wake of the transatlantic divide over the Iraq war and the public diplomacy calamity that has followed, such a simplistic analysis does not explain the schism at the heart of the post-Cold War transatlantic relationship.

Rather than continuing the pattern of merely reacting to fundamental changes in Europe, at both the state and European Union (EU) levels, the United States should proactively approach the transatlantic relationship with fixed conservative principles in mind that guide its reaction to specific policy proposals. Specifically, four strategic, diplomatic, and analytical principles, which have political, economic, and military dimensions, should guide Administration thinking on the North Atlantic Treaty Organization (NATO), the EU, and, critically, how to revive the overall transatlantic relationship:

- Europe will remain the foundation of all future U.S. coalitions well into the 21st century.
- A Europe in which national sovereignty remains paramount, where states can react flexibly, suits the American national interest.

- The U.S.–British alliance must remain pivotal to long-term American strategic thinking.
- The European Union must be seen as it is, not as many Europeans might wish to see themselves, if American policies are to prove successful. The EU is collectively far weaker than its federalist adherents proclaim. Simply put, it is considerably less than the sum of its parts.

A Proactive Transatlantic Agenda

Given these broad principles, the U.S. should advance the following policies toward Europe.

1. **Politically**, with regard to the EU, the U.S. should favor a multi-speed Europe, based on the principle of each individual state having greater choice about its level of integration with Brussels.
2. **Politically**, the U.S. must make a massive public diplomacy effort in Europe if it is to retain the ability to engage European countries consistently as allies.
3. **Economically**, the United States should help to establish a Global Free Trade Alliance (GFTA), opening the door to genuine free trade with qualified European nations.

This paper, in its entirety, can be found at:
www.heritage.org/research/europe/bg1803.cfm

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4. **Militarily**, the U.S. should continue to press for NATO reform centered around the concept of increasing the alliance's political flexibility.
5. **Militarily**, the U.S. must continue to encourage European members of NATO to develop a rapid reaction force—quickly deployable, highly lethal, and expeditionary—so as not to erode the political sharing of risks that is so vital to the continued functioning of the organization.

6. **Militarily**, the U.S. should realign its European base structure, updating it to meet the coming challenges of the 21st century.

This vision for the future of Europe highlights conservatism at its best—looking reality square in the face and then making it better.

—John C. Hulsman, Ph.D., is Research Fellow in European Affairs and Nile Gardiner, Ph.D., is Fellow in Anglo-American Security Policy in the Kathryn and Shelby Cullom Davis Institute for International Studies at The Heritage Foundation.

Background

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John C. Hulsman, Ph.D., and Nile Gardiner, Ph.D.

For the better part of the past 50 years, each successive U.S. Administration has eventually come to the same conclusion about America's relations with Europe. Every effort at closer European integration is to be welcomed tepidly, as it is assumed that a prosperous Europe would prove more pro-free market, more pro-Atlanticist, and more pro-American. However, in the wake of the transatlantic divide over the Iraq war and the public diplomacy calamity that has followed, such a simplistic analysis does not explain the schism at the heart of the post-Cold War transatlantic relationship.

Rather than continuing the pattern of merely reacting to fundamental changes in Europe, at both the state and European Union (EU) levels, the United States should proactively approach the transatlantic relationship with fixed conservative principles in mind that guide its reaction to specific policy proposals. Specifically, four strategic, diplomatic, and analytical principles, which have political, economic, and military dimensions, should guide Administration thinking on the North Atlantic Treaty Organization (NATO), the EU, and, critically, how to revive the overall transatlantic relationship:

- Europe will remain the foundation of all future U.S. coalitions well into the 21st century.
- A Europe in which national sovereignty remains paramount, where states can react flexibly, suits the American national interest.

Talking Points

- Rather than continuing the 50-year pattern of merely reacting to fundamental changes in Europe, the United States should proactively approach the post-September 11 transatlantic relationship with fixed conservative principles in mind, guiding its reaction to specific policy proposals.
- Europe will remain the foundation of all future U.S. coalitions well into the 21st century.
- A Europe where national sovereignty remains paramount, where states can react flexibly, best suits the American national interest.
- The U.S.-British alliance must remain pivotal to long-term U.S. strategic thinking.
- The European Union is collectively far weaker than its federalist adherents proclaim. Simply put, it is considerably less than the sum of its parts. American policymakers must see the EU as it really is if their policies are to be successful.

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- The U.S.–British alliance must remain pivotal to long-term U.S. strategic thinking.
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The Strategic Dimension

The Centrality of Europe. Whatever the global issue—be it tracking down al-Qaeda, the Doha free trade round, Iran's efforts to develop weapons of mass destruction, the Arab–Israeli conflict, or Iraq—the United States simply cannot act effectively without the support of at least some European powers. But neither is the world one in which a concert of powers dominates. Whatever the issue, the U.S. remains first among equals. This global power reality makes America's courting of allies vital while also confirming U.S. leadership.

Indeed, the U.S. must accept these paradoxical truisms at the same time.

First, there is no other part of the world where political, diplomatic, military, and economic power can be generated in sufficient strength to support American policies effectively. The cluster of international powers in Europe—led by the United Kingdom, France, Germany, Italy, Spain, and Poland—has no parallel in the rest of the world. There are simply a larger number of major powers with which to ally in Europe than anywhere else. Three of the five permanent members of the U.N. Security Council are European; only one is from Asia.

Second, despite rhetoric from EU Commission officials in Brussels, these European powers rarely agree on the majority of the great global issues of the day. As a result, the U.S. must engage European states on an issue-by-issue, case-by-case basis to maximize its diplomatic effectiveness, gaining the greatest number of allies for the largest number of missions. The U.S. must use the widest range possible of diplomatic, political, and military tools to advance its general interests in Europe.

A Europe of Nation-States. The second conservative principle that should drive America's new transatlantic relationship centers on the importance of national choice and sovereignty. A Europe in which states react flexibly according to their unique interests, rather than collectively according to some utopian ideal, best suits American interests. Clearly, a Europe exercising supranational imperatives regarding foreign and security policy means that a lack of unanimity would hamstring American efforts to form coalitions, be the issue political, military, or economic.

For example, to see that such a negative process already exists, one need only look at the current state of U.S.–European trading relations, in which a supranational EU Commissioner, Pascal Lamy, has advanced the collective European trading agenda. However, the EU of today consists of countries that have not reached a consensus on the very principle of free trade. Hence, the EU looks at free trade from a lowest-common-denominator perspective: It can proceed only as fast as its most protectionist member allows. This adherence to supranationalism keeps largely free-trading nations with more open economies—such as the U.K., Ireland, Denmark, Sweden, Finland, the Netherlands, and Estonia—from following their own specific sovereign interests and developing closer and mutually beneficial trading ties with the U.S.

This one-size-fits-all approach does not fit the modern political realities of the continent. European countries have politically diverse opinions on all aspects of international life: free trade issues, attitudes toward NATO, relations with the U.S., and how to organize their own economies. For example, Ireland is a strongly free-trading country, is traditionally neutralist, has extensive ties to the U.S. through its history of immigration to the New World, and is for a large degree of economic liberalization. France, by contrast, is more protectionist, more skeptical of NATO, more statist in organizing its economy, and more competitive in its attitude toward America. Germany falls between the two on issues of free trade and relations with the United States, is more pro-NATO than France but values U.N. involvement in crises above that of the alliance, and is for some liberal-

ization of its economy in order to retain its corporatist model.

This real European diversity ought to be reflected politically, as it is now, in terms of each state's control over its foreign and security policy. A more centralized Europe simply does not reflect the political reality on the ground.

The Diplomatic Dimension: The Anglo-U.S. Alliance

The place to start in practically reforming the transatlantic relationship is to underscore that the U.S.-U.K. special relationship must remain a cornerstone of U.S. strategic thinking. The U.K. is likely to remain America's paramount ally for the foreseeable future. That is why it remains in America's fundamental national interest to help the U.K. maintain both its sovereignty and its flexibility to continue playing this pivotal role.

Since joining the European Economic Community (which later became the European Union) in 1973, Britain has had an uneasy and sometimes tumultuous relationship with Europe. During this period, the EU has evolved from a largely outward-looking economic grouping of nation-states into an inward-looking political entity with ever-greater political centralization. The British have found their national sovereignty gradually eroded by EU laws and regulations.

Despite highly publicized efforts by British Prime Minister Tony Blair to place the U.K. at the "heart" of Europe, disillusionment with Britain's EU membership has grown in the past few years. The British public, which has for centuries taken pride in its country's position as a global leader, has become increasingly skeptical of the notion of

a united Europe as the possible new cornerstone of the U.K.'s foreign policy. A recent ICM poll on Europe, commissioned by the New Frontiers Foundation, revealed that 59 percent of Britons believe that the UK "should take back powers from the EU and develop a new global trade and defence alliance with America, some in Europe, and other countries across the world." Just 30 percent of respondents agreed that Britain "should join the euro and Constitution and aim for a political union in Europe."¹

The U.K. is vital to American strategic interests, and the future direction that it takes in Europe will directly affect the United States. Economically, it is hard to imagine how two countries could be closer. In terms of foreign direct investment—a key determinant of economic integration in the age of globalization—between 1995 and 2003, 64 percent of total U.S. investment in the EU went to the U.K. In terms of total EU investment to the U.S., 62 percent of total investment originated in the U.K.² In addition, the U.S. and U.K. easily remain the largest sources of foreign direct investment in each other's country.³ These staggeringly close financial ties between the world's largest and fourth largest economies are, by themselves, enough to make the U.K. a primary national security interest of the U.S.

Militarily, along with France and the U.S., the U.K. is one of only three NATO powers capable of a sustained global military presence in terms of both lift and logistics.⁴ They are the only Atlantic allies that can participate in the entire military spectrum, from high-end, technologically intricate major war fighting through low-end peacekeeping. It is also helpful that both France and the

1. ICM Poll conducted for the New Frontiers Foundation, September 2004.
2. U.S. Bureau of Economic Analysis, 1995–2003 average.
3. U.K. Ministry of Trade, "UK/US Trade and Investment Brief," revised January 7, 2004, at www.trade.uktradeinvest.gov.uk/files/us_tradeinvest_jan04.doc (September 17, 2004).
4. It is, however, unfortunate that the British government is embarking upon major cuts in the U.K.'s armed forces as part of its modernization program. The British Army will be reduced from 108,500 troops to 102,000, with four infantry battalions being disbanded. The Royal Air Force will lose 7,500 personnel and four squadrons. While supposedly improving Britain's niche military capabilities, the cuts are likely to leave the British military severely overstretched. See U.K. Ministry of Defence, *Delivering Security in a Changing World: Future Capabilities*, Cm 6269, July 2004, at www.mod.uk/issues/security/cm6269/index.html (September 23, 2004).

U.K. are unique in Europe, with a genuine geopolitical grasp of military realities (partly due to their colonial histories) and a political tolerance for casualties, and this state of affairs is unlikely to change.

Of 1.5 million soldiers available to NATO's European members, fewer than 100,000 can actually be deployed.⁵ It is highly unlikely that any other NATO power besides the U.K. and France will obtain a significant global reach in the medium term.

Even beyond its vital economic ties to the U.S. and its military prowess, the U.K.'s proven political slant toward America is perhaps the single greatest asset in the relationship for the United States. The U.K. and the U.S. have a unique, longstanding tradition of diplomatically siding and working intimately with one another, as demonstrated in World Wars I and II, the Cold War, Afghanistan, Iraq, and the fight against al-Qaeda.

This political affinity—the product of a common cultural heritage, a common commitment to free markets and free elections, and a common geopolitical view of the world—means that the two great nations have an ingrained habit of working together. This political closeness, reinforced by common economic and military ties, is without parallel in the world. It illustrates why the U.K. is so vital to U.S. coalition-building and is likely to remain so in the future.

The Analytical Dimension

Seeing Europe As It Is. The U.S. must follow the conservative thinker Edmund Burke's advice and see the world as it is, not as some might hope it to be. This means that for America's transatlantic policy to be successful, Europe must be evaluated warts and all, and not viewed as many Europeans

might wish: Not only does an overly supranational Europe not suit America's interests, but Europe collectively is far weaker than its federalist adherents proclaim.

Simply put, Europe is considerably less than the sum of its parts. In fact, in the wake of the Iraq war, at the macro level, Brussels looks economically sclerotic, militarily weak, and politically disunited. This dismal reality must be recognized if America's new transatlantic policy is to be successful.

Economically, the Franco–German–Italian core of the euro-zone has structurally high unemployment. Over the 12-month period ending in April 2004, joblessness rates averaged 9.4 percent in France, 9.8 percent in Germany, and 8.5 percent in Italy.⁶ Staggeringly, according to the Organisation for Economic Co-operation and Development, during 1970–2000, the euro-zone area did not create any net private-sector jobs.⁷

Even more damning for Europe's collective economic well-being, its demographic problems—tied to the continent's overly generous safety net—make the preservation of its way of life highly dubious in the medium term without radical reform. In fact, according to *The Economist*, Europe's pension problems will become “a nightmare”⁸ as Europe's birthrate continues to drop and its population ages. As a result, the workforce will groan under the burden of supporting ever more pensioners with lavish benefits. Unless Europe as a whole—currently, Ireland has the problem well in hand—deals with this massive problem, it will be consigned to the status of an aging economic theme park.

Militarily, the collective picture also remains grim. Despite a market that is slightly larger than that of the United States, Europe spends only two-thirds of what the U.S. spends on defense and pro-

5. “Those Who Can't Fight, Train,” *The Economist*, July 3, 2004, p. 41.

6. Organisation for Economic Co-operation and Development, “OECD Standardized Unemployment Rates,” June 2004, at www.oecd.org/document/2/0,2340,en_2649_34487_32053762_1_1_1_1,00.html (September 17, 2004).

7. “New Studies Highlight Higher Taxation and Unemployment in Euro Zone,” *Business for Sterling Bulletin*, No. 49 (June 29, 2000).

8. “Enough to Live On: For Now, at Least,” in “Forever Young,” *The Economist*, March 27, 2004, pp. 11–13, at www.economist.com/surveys (September 17, 2004).

duces around 20 percent of America's deployable fighting strength.⁹ German defense spending has dropped to a laughable 1.5 percent of gross domestic product (GDP). Given Europe's economic malaise, even the current level of spending and capability is in peril. As Richard Perle bluntly put it, Europe's armed forces have already "atrophyed to the point of virtual irrelevance."¹⁰

Politically, contrary to any number of misleading European Commission communiqués, the Europeans remain critically divided on the seminal issue of war and peace. Regarding what to do about Saddam Hussein's Iraq, the fundamental issue of the past 18 months, one sees a complete lack of coordination at the European level. Initially, the U.K. strongly supported the U.S.; Germany's militant pacifists were against any use of force (whether sanctioned by the U.N. or not); and France held a wary middle position, favoring intervention only if the U.N. (i.e., Paris) retained a veto over American actions. It is hard to imagine the three major European powers staking out starker and more different foreign policy positions.

The basic reason for this is obvious: National interests still dominate foreign policy making at the most critical moments, even for states ostensibly committed to some vague form of supranationalism. For the European powers, Iraq has never been primarily about Iraq. What happens in Baghdad, its geopolitical ramifications, has always been peripheral to European concerns about the war. Iraq has been fundamentally about two things for European states: their specific attitude toward post-Cold War American power and their jockeying for power within common European institutions.

Europe remains torn asunder by conflicting points of view on these two critical points. One camp, championed by France, is distrustful of American power and strives to dominate a centralized EU in such a way that it becomes a rival to

America as a pole of power. The other camp, led by Britain and the Central and Eastern European states ("New Europe"), sees American power as something to be engaged and traditionally views a more decentralized Brussels as best for the constituent members of the union.

The European divide, which transcends the debates over Iraq, was exemplified by the recent controversy over who should succeed Romano Prodi as President of the European Commission. France, Germany, and Belgium, all of whom were in the anti-war camp, supported Belgian Prime Minister Guy Verhofstadt, who chaired the notorious "chocolate summit," a meeting of European states determined to coordinate opposition moves against the Bush Administration's policies in Iraq. Britain, Italy, Poland, and Portugal all opposed Verhofstadt and supported the war.¹¹ Consequently, the pro-American camp put forward the name of Chris Patten, the U.K.'s Commissioner, only to have French President Jacques Chirac make clear that he would not accept a British candidate. His deep resentment of Britain's successful rallying of opposition to Franco-German dominance within the EU obviously played a part in these political shenanigans.¹²

On the critical question of the future course of the EU—with Germany for deepening integration and widening membership, the U.K. for widening membership but not much deepening, and the French stressing the deepening of EU institutions—one finds a cacophony of European voices rather than everyone singing from the same hymnal.

This very disparate political, economic, and military picture of Europe explains why the EU constitution—the most recent attempt to impose greater central control over the European process—is unlikely to be ratified. There is no doubt that the framers of the constitution started with their usual overly lofty goals. As former French

9. John Hulsman, "A Grand Bargain with Europe: Preserving NATO for the 21st Century," *Georgetown Public Policy Review*, Vol. 6, No. 1 (Fall 2000), p. 73.

10. "Transformation Postponed," *The Economist*, February 16, 2002, pp. 28–29.

11. Charlemagne, "The Making of a President," *The Economist*, June 26, 2004, p. 57.

12. *Ibid.*

President Valéry Giscard d'Estaing, chairman of the EU's constitutional convention, put it, "I tried to play a little bit the role that Jefferson played, which was to install leading ideas into the system."¹³ The basic problem with this statement is that Thomas Jefferson had nothing to do with drafting the U.S. Constitution, as he was U.S. Ambassador to France at the time. This pattern of grandiose hopes backed by a misreading of history was to plague the entire project.

According to the Laeken Declaration, which launched the process of writing a new constitution to replace the existing treaties, the document would (1) clarify the division of competencies among the EU, the states, and the people, making the EU more efficient and open; (2) be transparent in order to be more explicable as Europe's institutions were to be brought closer to its citizens in an effort to lessen the democratic deficit; and (3) be a two-way process, with some powers returned to the states and the people while other new competencies were bestowed on Brussels.¹⁴ It is now clear that these high hopes bear little resemblance to the finished product.

At over 300 pages, written so only a lawyer can understand it and with absolutely no powers being returned to the states or the people, the constitution has failed by the Laeken Declaration's own description. It has ended up as just another opaque attempt at further EU centralization, including the first formal statement of the primacy of EU law over national law; the incorporation of a very broad Charter of Fundamental Rights (including the inalienable right to strike) that has the full force of law; and the creation of common rules on asylum and immigration by majority vote.

While national vetoes remain over direct taxation, foreign and defense policy, and financing of

the EU budget, the constitution commits the EU members to the progressive framing of a common defense policy. In fact, the document is filled with such contradictions. Many of these discrepancies are to be worked out over time by the European Court of Justice, which has interpretation of the law with the goal of "ever-closer union" as its mandate. This can readily be seen as an effort at further centralization by the back door, a process wholly out of line with the notion of a diverse Europe. Tellingly, the constitution does nothing to provide citizens with any sense of control over the process of European government or the evolution of the EU.¹⁵

These egregious flaws explain why the constitution is unlikely to be ratified. Theoretically, any state can nullify the constitution by voting "no" in a referendum, which is highly likely. In Britain, traditionally very skeptical of EU centralization, a large majority of voters are opposed to ratification. In a June 18–19, 2004, YouGov/*Sunday Times* survey of 1,279 respondents, 23 percent favored ratification of the constitution, and 49 percent were opposed.¹⁶

In addition, neutralist Ireland has fears about closer EU defense cooperation and voted "no" in the recent Nice Treaty EU referendum. Voters in the Netherlands, furious at German and French flouting of the economic Stability Pact, also might vote against the constitution. In Poland, a very unpopular pro-EU government could well lose such a vote. The skeptical Danes, who voted against the original version of the 1992 EU Maastricht Treaty, could again vote "no," for both defense and economic reasons. Ironically, Danes see the EU's economic agenda as far too laissez-faire.

Even the French, traditional champions of all efforts at further integration, might vote against the constitution. The Maastricht Treaty of 1992,

13. David Frum, "Fabulists," *National Review*, June 15, 2003, at www.nationalreview.com/frum/diary061503.asp (September 17, 2004).

14. European Union, "The Laeken Declaration," in EUROPA, December 15, 2001, at europa.eu.int/futurum/documents/offtext/doc151201_en.htm (September 17, 2004).

15. "The Right Verdict on the Constitution," *The Economist*, June 26, 2004, p. 14.

16. YouGov, "YouGov/Sunday Times Survey Results: The European Constitution," June 18–19, 2004, at www.YouGov.com/YouGov_website/asp_bespollarchives/pdf/omi040101040.pdf (September 17, 2004).

which established the process that led to the European common currency, was undoubtedly a move toward greater centralization of the European project. Yet the French barely passed the referendum by margin of less than 1 percent, as many saw it as being skewed toward the advantage of Germany. Frustrated by its very lack of ambition, the French might also vote against the constitution.

Surely, one or several of these political outcomes is almost certain. If so, American policymakers need to recognize that the EU drive toward ever-closer union has at last decisively sputtered and that engaging Europeans at the state level will be generally far more effective than engaging the EU.

Seeing Europe As It Would Be: The Euro-Federalist Fantasy. Former British Prime Minister Margaret Thatcher recently remarked that the Franco-German vision of a United States of Europe was “a classic utopian project, a monument to the vanity of intellectuals, a programme whose inevitable destiny is failure.” Indeed, the fact that “such an unnecessary and irrational project as building a European superstate was ever embarked upon will seem in future years to be perhaps the greatest folly of the modern era.”¹⁷

Lady Thatcher will probably be proved right in her assessment of the grand European project as an elaborate illusion conjured in the fevered minds of strategists in Brussels who dream of a united Europe as a counterweight to American power. For the sake of argument, however, what if the Gaullist vision was to become a reality? How would a politically unified Europe affect the United States?

It is frightening to imagine what would happen to American interests if the supranational imperative extended further into the foreign and security policy realm. For example, if a Common European Foreign and Security Policy had genuinely functioned in 2003, however badly, then Belgium, France, or Greece (all states with strongly anti-American publics) could have vetoed the U.K.,

Poland, and Italy from aiding America in Iraq. Significantly, a majority of the EU's current 25 member states supported the U.S. decision to liberate Iraq, and 12 European Union countries have sent troops to help stabilize Iraq.¹⁸ None of this would have been possible with a common EU foreign and security policy.

Those who wish to preserve America's ability to pursue coalition-building must therefore strenuously oppose efforts to increase the level of EU foreign policy integration. Such a process would perpetually prevent many European states in a divided EU from realizing their national interests and from working closely with the U.S. to solve global problems.

A single European Union seat on the U.N. Security Council would also be against the U.S. national interest. While removing France as a permanent veto-wielding member might benefit the United States, the loss of the British seat at the Security Council would leave America isolated. A powerful alliance could be struck among the EU, Russia, and China, placing the United States in a far weaker political position. Washington should firmly oppose any move toward creating a permanent EU seat, which would effectively marginalize Britain.

Indeed, the most prominent major casualty of a united European foreign policy would be the Anglo-U.S. special relationship, forcibly consigned to the scrapheap of history. America's closest ally in the war on terrorism would be unable to operate its own foreign policy and stand alongside America when and where it chooses to do so. A neutralized Britain would be forced to remain on the sidelines while America confronted rogue states such as Iran, North Korea, and Syria.

The consequences for American foreign policy would be hugely damaging. In fact, it is highly conceivable that in such circumstances, the United States would have to wage its next major war on its own, with no significant military ally present.

17. Margaret Thatcher, *Statecraft: Strategies for a Changing World* (London: HarperCollins, 2002), pp. 359 and 410.

18. See Nile Gardiner, Ph.D., “The Myth of U.S. Isolation: Why America Is Not Alone in the War on Terror,” Heritage Foundation WebMemo No. 558, September 7, 2004, at www.heritage.org/Research/Europe/wm558.cfm.

A Proactive Transatlantic Agenda

Given these broad principles, the U.S. should advance the following policies toward Europe.

Policy #1: Politically, with regard to the EU, the U.S. should favor a multi-speed Europe, based on the principle of each individual state having greater choice about its level of integration with Brussels.

If, as is likely, the EU constitution fails to be ratified, France has called for the creation of a more centralized, confederated European core dominated by France and Germany, with Italy, Luxembourg, and Belgium as probable members.¹⁹

The U.S. should support this French initiative if it leads to a genuinely multi-speed Europe. That is, the French cannot be the only ones to redefine their relationship within the EU. There must be at least three speeds to such a reconstituted EU: the inner-core confederation, a *status quo* group of states that wish to remain roughly as integrated as they are now, and an outer core that wishes looser ties with Brussels. This latter group ought to regain the right to join trading blocs with non-EU countries. This will require a trade opt-out, just as a new confederal opt-in will be necessary for the inner core.²⁰

Such a reconstituted process must be negotiated all at once so that a newly defined inner core, led by France, cannot stop other states from also altering their relationship with the EU. If such a policy is adopted, individual European states will be free to decide their own destinies.

Policy #2: Politically, the U.S. must make a massive public diplomacy effort in Europe if it is to retain the ability to engage European countries consistently as allies.

For a problem to be remedied, its true dimensions must be clearly examined. There is little doubt that the U.S.–Europe diplomatic controversy over Iraq and its aftermath, involving both those committed to the mission and those opposed, has been a public diplomacy disaster of the first magnitude.

While governmental support for U.S. policy in Iraq is still strong in many European countries, public hostility toward American foreign policy remains extremely high. The recently published Gallup *Transatlantic Trends 2004* poll of public opinion in nine major European Union member states²¹ should make disturbing reading for the U.S. Department of State: 76 percent of those surveyed disapproved of the U.S. President's international policies, and 75 percent were opposed to the war in Iraq. Most worrying of all, 58 percent of European respondents held the view that strong U.S. leadership in the world is “undesirable.”

If Europe is the most likely place for America to find allies well into the new century,²² the U.S. must launch a public diplomacy campaign on the continent to make such a long-term strategy possible. Indeed, it must become the main focus of global efforts at public diplomacy, as nowhere else in the world will safeguarding American goodwill make such a practical difference.

The U.S. must recognize that much of Europe is alienated from the American worldview, be the subject trade, Iraq, or the wider war on terrorism. It may take a generation to rejuvenate the transatlantic alliance, and America must not underestimate the scale of the problem if this new strategy is to work. Unless the public diplomacy tool is used

19. “The EU Question: Integrate or Separate?” *Deutsche Welle*, December 15, 2003, at www.dw-world.de/english/0,3367,1716_A_1060937,00.html (September 17, 2004).

20. See John C. Hulsman, Ph.D., *The World Turned Rightside Up: A New Trading Agenda for the Age of Globalisation* (London: Institute of Economic Affairs, 2001), p. 61.

21. The poll, commissioned by the German Marshall Fund of the United States and the Campagna di San Paolo of Italy, surveyed public opinion in the U.K., France, Germany, the Netherlands, Italy, Poland, Portugal, Slovakia, and Spain. *Transatlantic Trends 2004*, “Transatlantic Trends Overview,” at www.transatlantictrends.org (September 27, 2004).

22. Significantly, this view is supported in the *Transatlantic Trends 2004* poll of American public opinion, which reported that 54 percent of Americans see Europe as most important to “American vital interests today.” Just 29 percent of Americans surveyed believed that Asia was more important to the United States than Europe is.

in Europe, America may have no allies with which to work in the future.

Policy #3: Economically, the United States should help to establish a Global Free Trade Alliance (GFTA), opening the door to genuine free trade with qualified European nations in the outer core.²³

A GFTA would be an economic coalition of the willing, determined to liberalize trade among its members. A GFTA would augment already existing bilateral, regional, and multilateral free trade negotiations. It would not be a treaty; it would be a legislative initiative offering free trade between the U.S. and other nations that have a demonstrable commitment to free trade and investment, minimal regulation, and property rights. Congress would authorize GFTA members' access to the U.S. market, with no tariffs, quotas, or other trade barriers, on the single condition that they reciprocate this access to the U.S. and other members of the GFTA.

GFTA membership should be based on objective analysis of the country's commitment to free trade in goods, services, and investment, such as that used in the *Index of Economic Freedom*,²⁴ published annually by The Heritage Foundation and *The Wall Street Journal*. Four of the *Index's* 10 factors constitute a sound measure of the openness of a country's markets:²⁵

- **Trade policy.** A prospective GFTA member would have to have minimal barriers to trade, including low tariffs and minimal import licenses, controls, quotas, and other non-tariff barriers.
- **Capital flows and foreign investment.** Another key requirement would be an open investment regime, including a transparent and open investment code, impartial domestic

treatment of foreign investment, and an efficient and speedy approval process.

- **Property rights.** A central tenet for the exchange of goods and services is an established rule of law enforced by an independent, fair, and efficient judicial system that protects private property and provides an environment in which business transactions take place with a high degree of certainty.
- **Regulation.** A GFTA member must not impose an undue regulatory burden on entrepreneurs or business. Key elements include an efficient, transparent licensing system that allows a business to be established quickly, equal application of regulations, and transparency.

The *Index* ranks countries on a scale of 1 to 5, with 1 being the score of the most economically open states. Using the *Index*, countries receiving a score of either 1 or 2 on trade policy, capital flows and foreign investment, property rights, and regulation would qualify. While only 12 countries would currently qualify for a GFTA, another 19 countries representing every region of the world qualify in three of the four factors and thus would need only to improve their scores in the remaining factor.

A GFTA would offer a viable alternative to waiting vainly for the EU to favor free trade. In 2004, GFTA members could include Denmark, Estonia, Finland, Ireland, Luxembourg, and the United Kingdom. A GFTA would associate genuine free-trading European nations with other dynamic economies around the world. For example, in 2004, Australia, Hong Kong, New Zealand, Singapore, and the United States would also have qualified.

Rather than having a standing secretariat, the GFTA would merely be a formalized meeting of the member countries' trade ministers, staffs, and technical experts. Any specific technical working

23. Edwin J. Feulner, Ph.D., John C. Hulsman, Ph.D., and Brett D. Schaefer, "Free Trade by Any Means: How the Global Free Trade Alliance Enhances America's Overall Trading Strategy," Heritage Foundation *Background* No. 1786, August 5, 2004, at www.heritage.org/Research/TradeandForeignAid/bg1786.cfm.

24. For the most recent edition, see Marc A. Miles, Edwin J. Feulner, and Mary Anastasia O'Grady, *2004 Index of Economic Freedom* (Washington, D.C.: The Heritage Foundation and Dow Jones & Company, Inc., 2004), at www.heritage.org/index.

25. John C. Hulsman, Ph.D., and Aaron Schavey, "The Global Free Trade Association: A New Trade Agenda," Heritage Foundation *Background* No. 1441, May 16, 2001, at www.heritage.org/research/tradeandforeignaid/bg1441.cfm.

group would exist only so long as its specific task was being addressed (e.g., agreeing on common accounting standards). Further decisions on trading initiatives—such as codifying uniform standards on subsidies and capital flows—would be made on a consensual basis to further minimize barriers within the alliance.

The GFTA can change the very way people and countries think about free trade. Further global trade liberalization would no longer require wrangling over “concessions.” Instead, free trade would be seen for what it is: a policy that gives countries that embrace it a massive economic advantage. As the advantages of the alliance became apparent, the GFTA would serve as a practical advertisement for the enduring global benefits of free trade. Such an organization would be extremely attractive to the outer European core, tired of the overly statist strictures of protectionist Brussels.

Policy #4: Militarily, the U.S. should continue to press for NATO reform centered around the concept of increasing the alliance’s flexibility through the increased use of the Combined Joint Task Force (CJTF) mechanism.

While agreeing with unilateralists that full, unqualified approval of specific missions may prove difficult to achieve diplomatically with NATO in the new era, conservatives disagree with them about continuing to engage others at the broadest level. As Iraq illustrates, there are almost always some allies who will go along with any specific American policy initiative.

In April 1999, the NATO governments ratified the CJTF mechanism that adds a needed dimension of flexibility to the alliance.²⁶ Until recently, alliance members had only two decision-making options: Either agree *en masse* to take on a mission or have one member or more block the consensus required for a mission to proceed. Through the CJTF mechanism, NATO member states do not have to participate actively in a specific mission if

they do not feel their vital interests are involved, but their opting out of a mission would not stop other NATO members from participating in an intervention if they so desired.

The new *modus operandi* is a two-way street. In fact, its first usage (*de facto*) involved European efforts to head off civil conflict in Macedonia. The United States, wisely enough, noted that Macedonia was, to put it mildly, not a primary national interest. However, for Italians, with the Adriatic as their Rio Grande, the explosion of Skopje would have had immediate and direct geostrategic consequences, both by destabilizing a nearby region and by causing an inevitable flow of refugees. By allowing certain European states to use common NATO wherewithal—such as logistics, lift, and intelligence capabilities, most of which were American in origin—while refraining from putting U.S. boots on the ground in Macedonia, the Bush Administration followed a sensible middle course that averted a possible crisis in the alliance.

Beyond the sacrosanct Article V commitment, which holds that an attack on one alliance member is an assault on all members,²⁷ the future of NATO consists of just these sorts of coalitions of the willing acting out of area. Such operations are likely to become the norm in an era of a politically fragmented Europe. The CJTF strategy is critical to the development of a conservative *modus operandi* for engaging allies in the new era.

Here the conservative strategy confounds the impulses of both unilateralists and strict multilateralists. Disregarding unilateralist attitudes toward coalitions as not worth the bother, conservatives should call for full NATO consultation on almost every major politico-military issue of the day. As was the case with Iraq, if full NATO support is not forthcoming, conservatives would doggedly pursue the diplomatic dance rather than seeing such a rebuff as the end of the process, as many strict multilateralists would counsel.

26. See John C. Hulsman, Ph.D., “Getting Real: An Unromantic Look at the NATO Alliance,” *National Interest*, No. 75 (Spring 2004).

27. North Atlantic Treaty Organization, “The North Atlantic Treaty,” April 4, 1949, at www.nato.int/docu/basicxt/treaty.htm (September 17, 2004).

A CJTF, in which a subset of the alliance forms a coalition of the willing to carry out a specific mission using common NATO resources, would be the conservatives' second preference. If this too proved impossible due to a general blocking of such an initiative, a coalition of the willing outside of NATO, composed of states around the globe committed to a specific initiative based on shared immediate interests, would be the third best option.

Only after exhausting these three options, if fundamental national interests were at stake, should America act alone. By championing initiatives such as the CJTF, conservatives are fashioning NATO as a toolbox that can further American interests around the globe by constructing ad hoc coalitions of the willing, both within and without NATO, that can bolster U.S. diplomatic, political, and military efforts in specific cases.

Policy #5: Militarily, the U.S. must continue to encourage European members of NATO to meet the Prague goals²⁸ of modernizing the alliance by developing a rapid reaction force—quickly deployable, highly lethal, and expeditionary—so as not to erode the sharing of risks that is so vital to the continued functioning of the organization.

The present unequal division of labor between the U.S. and its European allies—with the U.S. fighting the wars and the Europeans keeping the peace—sets a terrible precedent for the future of the transatlantic alliance.²⁹ There is a raft of statistics to bolster this conclusion. In 2003, France spent 2.6 percent of its GDP on defense, and the U.K. spent 2.4 percent. From here, European spending falls off a cliff. In the same year, Italy spent just 1.9 percent, Germany 1.5 percent, and Spain a miserly 1.2 percent.³⁰

Such a paltry effort illustrates why Europe's only hope of making a viable contribution to the common NATO defense is to modernize and pool resources in an effort to play niche roles in an overall American-led defense strategy. There is no doubt that Europe's armies are top-heavy. Staggeringly, out of around 1.5 million European personnel in arms, only around 100,000 are deployable. Evidently, there are a lot of European colonels wandering around Brussels.

Technologically, there is also a vast and growing discrepancy. The U.S. spends nearly four times as much as its European allies on defense research and development.³¹ This has obvious repercussions. Of the 5,000 attack aircraft available to Western European militaries for deployment, barely 10 percent are capable of precision bombing.³²

The technological discrepancies continue in the field of "lift," the ability to transport an army at will. Europe has almost no independent lift capacity. While unglamorous, logistical lift is probably the key component for fighting wars in the post-Cold War era. For example, even in their backyard, the Balkans, the Europeans are dependent on American lift capabilities.

In the post-September 11 era, NATO's two-tier division could well imperil the viability of the alliance. If the U.S. continues to be the "mercenary" of the alliance while the Europeans are the "social workers," this functional disparity will lead to a constant difference in political points of view.

Such a functional and political gulf, impossible to eradicate, must be kept to a minimum through initiatives like the NATO Rapid Reaction Force (NRF). The NRF tries to reestablish the principle of a genuine sharing of military risk, which is so vital to the continued political functioning of the alliance.

28. After the failure of the Defense Capabilities Initiative of the late 1990s, NATO agreed at its summit in Prague to attempt yet again to modernize the European pillar of the alliance. Foremost among the "Prague Goals" is construction of the NATO Rapid Reaction Force composed of European troops, which is to involve the allies in high-end war fighting.

29. See Hulsman, "A Grand Bargain with Europe: Preserving NATO for the 21st Century."

30. See Central Intelligence Agency, *The World Factbook 2004*, September 14, 2004, at www.cia.gov/cia/publications/factbook (September 17, 2004).

31. Kenneth I. Juster, "The Mistake of a Separate Peace," *The Washington Post*, August 9, 1999, p. A15.

32. Bruce Clark, "Armies and Arms," *The Economist*, April 24, 1999, p. 12.

The NRF, comprised of European forces, is to be quickly deployable, highly lethal, and expeditionary, involving European troops in high-end war fighting. It was agreed to at the Prague NATO summit as part of a series of goals designed to modernize the European pillar of NATO. The U.S. must continue to press the Europeans to live up to their commitments made in Prague, as NATO has become more vital than ever, especially in a time where changing and far from identical European and American interests require ever more consultation.

Policy #6: Militarily, the U.S. should realign its European base structure, updating it to meet the coming challenges of the 21st century.

On August 16, 2004, as part of America's global base realignment and closure program, President George W. Bush called for the removal of up to 70,000 U.S. troops from Europe and Asia over 10 years, a sweeping reorganization that would better prepare the armed forces to handle post-September 11 crises.³³ Two armored divisions would return to the United States from Germany, while one Stryker brigade would take their place. The plan calls for more troops to be deployed farther south and east in Europe, nearer the arc of instability (the Caucasus, Iraq, Iran, the Middle East, and North Africa), where future crises are most likely to originate.

This redeployment is more consistent with the realities of today's threats.³⁴ The ability to deploy troops quickly is a huge problem for NATO. By increasing the number of American troops that can be quickly deployed, the U.S. will help to revitalize the alliance, making it relevant for the new era.

This restructuring will increase America's geo-strategic flexibility. Currently, the United States is too dependent on a few vital NATO countries. Developing a presence in other nations in Europe will spread the strategic risk, decreasing America's dependence on any one NATO ally. For example, as happened over Iraq, Turkey will not be one of

the few critical pressure points in mounting a military campaign in the Middle East. Basing in Bulgaria and Romania would shift some of the burden away from this hard-pressed ally, allowing Ankara to emphasize military action as regional in nature, not solely as a make-or-break U.S.–Turkish matter.

It is also important to emphasize that any restructuring of American forces is not a reaction to Germany's opposition to the war with Iraq. It is imperative to reaffirm that the U.S. values its traditional European alliances, especially with Germany, and that its restructuring efforts will benefit all of Europe by adjusting NATO's force structure to reflect the seminal fact that the world has entered a new era.

A Conservative Transatlantic Strategy for the 21st Century

Only by grounding American policy prescriptions in overall conservative philosophy does it prove possible to escape from the reactive nature of current American efforts to deal with the bewildering continent of Europe. By following Burke's adage of looking at things as they are, it becomes clear that "Europe" is less than its admirers claim and more than its detractors admit.

It is clear that European countries remain the foundation of all future coalitions that America can assemble well into the future, with the U.K. playing a critical role in their formation. It is also true that the United States simply cannot act effectively in the world without at least some European allies, whatever the issue.

Furthermore, Europe is not the monolith many Gaullist centralizers would have one believe. It shows amazing diversity, whether the issues are economic, military, or political. Europe is ultimately a hodgepodge, and this perfectly suits American interests.

Simply put, a Europe where national sovereignty remains paramount regarding foreign and

33. Peter Wallsten and John Hendren, "Bush Unveils Plan to Move Troops Home," *Los Angeles Times*, August 17, 2004, at www.latimes.com/news/nationworld/nation/la-na-bush17 (September 17, 2004).

34. See Jack Spencer and John C. Hulsman, Ph.D., "Restructuring America's European Base Structure for the New Era," Heritage Foundation *Background* No. 1648, April 28, 2003, at www.heritage.org/Research/Europe/bg1648.cfm.

security policy, where states act flexibly rather than collectively, will enable America to engage European states most successfully.

This flexibility, whether in international institutions or in ad hoc coalitions of the willing, is the future of the transatlantic relationship, for it fits the objective realities of the state of the continent; such a Europe is worth conserving. Accordingly, America should:

- **Favor** a multi-speed Europe, based on the principle of each individual state having greater choice about its level of integration with Brussels;
- **Make** a massive effort in public diplomacy to safeguard the vital relationship;
- **Propose** the establishment of a GFTA, a coalition of the willing based on free trade;
- **Press** for continued NATO reform of decision-making structures such as the CJTF;
- **Advocate** increased European commitment to shared war fighting with Europe's American allies through the development of the NATO rapid reaction force.

This vision for the future of Europe highlights conservatism at its best—looking reality square in the face and then making it better.

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