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THE ATLANTIC IMPERATIVE IN AN ERA OF A GLOBAL POWER SHIFT

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This paper is primarily based on interviews with policymakers and analysts in Washington, DC, conducted in March 2011.

Ever since the phrase “rise of rest” captured the imagination of the public, policymakers and analysts alike have tried to come terms with the full meaning of this global shift in power and its implications for the West. While some have argued that the decline of the West, in relative if not absolute terms, was inevitable, others have rejected the “declinist” theory altogether and applauded the ascent of countries like China, India, and Brazil as a triumph of Western values and economic principles. After all, these emerging countries have based their ascent and rising standards of living on the embrace of the market economy.

This may very well be true. But it is no less true that the world is undergoing fundamental political and economic changes as new powers emerge, new challenges arise, and new threats imperil our security and way of life. Old institutions have come under stress, and new ones that have been set up to better reflect the balance of power of today and tomorrow have yet to prove their problem-solving skills. During the global financial and economic crisis, the old West — the community of North American and European states — painfully learned that its position as the world’s dominant force was increasingly eroding. The West itself is witnessing major social and economic change. And as a long-term consequence of the end of the Cold War and the demise of the Soviet Union, the institutions that have guaranteed its security and prosperity in the past have experienced phases that have fractured their solidarity and cohesion.¹ This is not the time to complacently stand by as others try to impose their norms and values on the transatlantic community. Rather, this is the moment to bond and strike out together, as Daniel Hamilton and Frances

Burwell rightly argue.² Even though American and European agendas may not (always) coincide, the transatlantic relationship, in the words of former U.S. Secretary of State Condoleezza Rice, is more important than before, simply because the list of challenges to the international order and to the West in particular is both far-reaching and ominous. It includes the rise of China — a development that could spark a new showdown between global superpowers — the proliferation of weapons of mass destruction, Islamist terrorism, failed states, massive environmental degradation, and transnational migration.

The Atlantic community will be able to preserve a rules-based, liberal world order, safeguard its values, and assure its future prosperity only if it unites and builds a strong line of defense against the forces of erosion facing it. In light of these challenges and, particularly, of the emergence of China, a development that will inevitably wear down North America and Europe’s share of the world’s economy, it is clear that the call for a renewed, robust, future-oriented, and closely knit transatlantic partnership must be heard.

There are formidable obstacles standing in the way of renewal, both political and structural, domestic and international. And a renewed Atlantic partnership, if achieved, may not even be able to defend and expand Western interests and values in an increasingly multi-polar world. The old West needs to reach out to other like-minded countries and democracies, avoiding any self-imposed cultural and geographic restraint in the process. The formation of global coalitions of like-minded partners to shape a global political environment in which all can prosper may be the key task of the next few decades.

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¹ Stephen Szabo: “Is there a West?” in *The Globalist*, October 30, 2007; Fareed Zakaria: “The Future of American Power. How America Can Survive the Rise of the Rest,” in *Foreign Affairs*, 87 (2008) 3.

² Daniel S. Hamilton and Frances G. Burwell: *Shoulder to Shoulder: Forging a Strategic U.S.-EU Partnership*, Washington, D.C., 2009.

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As this process evolves, the West must ensure that it preserves and revitalizes its core values. Should this core fracture, the West will also see its clout in the world dissolve, creating a vacuum in which no one will take up the mantle of preserving a rules-based international system, human rights, peace and security, and an open global market economy. When the United States and Europe drift apart, look inward, and grow weary of providing leadership, they are short-changing their own future. And others with very different political concepts may rush in to fill the void.

The China Challenge

In a recent survey sponsored by the German Marshall Fund, business and political leaders in Washington were asked what they considered to be the biggest challenge facing the transatlantic community. They cited the general rise of emerging countries and the relative economic stagnation of the West. It is obvious that the term “emerging countries” is used, in most cases, synonymously with the rise of China. Clearly, the rise of a dynamic and self-confident China will be a driving force of geopolitics (and geoeconomics) in the 21st century. This will be even more so if China turns into a threat to its regional neighbors, alliance systems, and the international order. This would be a revisionist China that would use its growing economic might to accomplish political goals and that would attempt to supplant the very rules that have fueled its rise with its very own regimen of international politics. Such a China would become a major headache for Asia, the transatlantic community, and the “broader” West.

One way to restrain a revisionist China is to integrate it ever more intricately into global networks of interdependence. This is something that further globalization will take care of, to some extent. Another way is for the United States and Europe to set a common agenda on China. Such

an agenda would ideally include commercial, political, environmental, and security issues. But this approach would give rise to at least two problems: First, there is no forum to impose this agenda. Second, the United States and Europe view China from completely different perspectives and engage with Asia with diverging levels of intensity. Europeans are not really focused on Asia. And when they do turn their attention to it, their motivation is primarily commercial. Americans are definitely focused on Asia in general and on China in particular. Their interest is multidimensional, with security playing a prominent role. While the United States will surely expand and deepen its economic and financial relationship with China – in the absence of major conflict – it would be highly appropriate for a broader transatlantic community to intensify its relationship with China and with Asia at large. As Dan Twining has suggested, it will be necessary to reach out to other Asian democracies to promote regional and global stability.³

The Logic of a Strong Atlantic Partnership

Though still the dominant power in the world, the United States is facing major problems at home. Its economic base is weakening, infrastructure cracking, economic competitiveness declining, and political cohesion loosening. All the while, its public finances have become a matter of urgent concern and national priority.⁴ In particular, the long-term deterioration of its fiscal situation has the potential to sap the lifeblood from the United States’ international activism, limiting the country’s initiative, options, and international leadership. Engaged in three major military conflicts as of this writing, American policymakers have been

³Dan Twining: “As Asia Rises. How the West Can Enlarge Its Community of Values and Interests in the Indo-Pacific Region,” *Brussels Forum Paper Series*, Washington 2010.

⁴Leslie H. Gelb: “Necessity, Choice, and Common Sense – A Policy for a Bewildering World,” in *Foreign Affairs*, 88 (2009) 3.

increasingly looking for partners to address the host of global, international, and transnational challenges facing the country, from managing the rise of China to confronting terrorism. It is looking for partners who are willing and able to bring resources to the table, share the burden, and provide the United States with a kind of political legitimacy that it otherwise would not enjoy if it acted unilaterally. So when it looks for partners, the United States usually finds them across the Atlantic, regardless of the issues that may divide the two partners and regardless of European reluctance to act beyond Europe's immediate borders. One point remains true: The United States and Europe share more with each other than with any other part of the world. They are partners by choice, necessity, and default. The emerging powers, major democracies among them, have so far not shown the kind of support U.S. policymakers had hoped to get. They may seek enhanced international status, but are reluctant, if at all, to assume global responsibility. Hopes of like-mindedness have been dashed.

Successive U.S. administrations have appreciated the enduring merit and value of the Atlantic partnership. In his second term, even President George W. Bush understood the need for close cooperation with America's European allies. His successor, President Barack Obama, has advocated multilateral engagement and made the transatlantic partnership a hallmark of his approach to international affairs. He has, as others before him, asked for strong European partners who can help the United States solve global problems. He wants more Europe, not less. This applies primarily to European capabilities, both military and non-military. It envisions, at least in theory, a "Europe" that will act as a political entity on its own, one that is willing and able to pull its own weight, no longer depending on U.S. leadership when addressing its security and political concerns even close to

home. Is Europe the partner the United States has repeatedly said it wants? Has it achieved greater coherence after so many years of EU reform? Are the United States' European allies really able and willing to share the burden in this new geopolitical world in which power has become diffused and in which a multitude of issues needs attention, commitment, and resources simultaneously? And, a world in which, according to President Obama, the United States is happy to see others accept leadership responsibilities like in the Libya conflict?

Naturally, the Atlantic community is as good a base to operate from as any. The Americans and the Europeans are already closely allied in economic security terms. As far as trade and investment go, no other two regions are as closely connected as North America and Europe. More than 60 years after NATO's inception, the United States, Canada and now 26 European states still organize their security collectively in the alliance. It is an institutional relationship that historically has had no match even as we witness a decline in institutional solidarity. The multiple links that interlock the transatlantic states, economies, and societies should serve as the perfect platform for future cooperation. So is the question one of will as of capacity? Do the United States and its European partners really see their partnership as indispensable for their common prosperity and security? And given the financial and economic problems they face, will the Atlantic partners, and in particular the European ones, really be able to meet the expectations placed upon them for the common good? Should they wish to do so?

The Fading Dream of an Ever Closer European Union

What sort of shape is Europe in today? It is one of the ironies of the transatlantic relationship that at a time when the United States is reordering its global responsibilities and ready to defer leadership

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to others, Europe finds itself in yet another crisis. But this crisis is particularly deep and worrisome as it affects both individual states and the European Union. The sovereign debt crisis of Greece and other member states has brought the crisis-management capacities of key actors nearly to the breaking limit. The euro crisis has been as profound as any in the history of the common currency. It is a watershed moment for European integration, raising the specter that a failure of the euro could trigger the collapse the EU as a whole. The situation has exposed the limits of European solidarity and the weaknesses of institutional regimes and treaty arrangements. Key member states such as Germany were more than reluctant to agree to aid packages and amendments to treaty stipulations that were necessary to allow the rescue of member states choking on a staggering public debt. The economic and financial crisis has been so severe, and the blood between key governments so bad, that even the break up of the eurozone, if not the EU as a whole, was at times considered a possibility. It did not happen, and it will not happen. But, clearly, Europe's economies have not converged. As a result, the debates over the right way to increase productivity and achieve sound public finances have turned highly divisive.

Focused on managing and, hopefully, solving the sovereign debt crisis, European leaders discovered that the Lisbon Treaty has delivered less than they had expected. Billed as a necessary reform measure that would propel the EU into major-power status and greatly improve its policy-making machinery, it has failed to achieve this or done so only to a limited extent. The high representative for foreign and security policy has been a great disappointment. It is subject of dispute if this is so because of institutional constraints or personal weaknesses of the officeholder, Catherine Ashton. The visibility of the EU has not been enhanced and its aspiration to play a prominent international

role not advanced. Furthermore, the new External Action Service that has been handed this job will not be fully operational until around 2015.

The other new institution under the Lisbon Treaty, the president of the European Council, is the key decision-making body that brings together the heads of state and government of member states. It has more going for it than the high representative and action service do. But introducing a new permanent role adds to international confusion as another representative will be raising his or her voice on behalf of the EU. Maybe even more important is what the new institution symbolizes: the strengthening of the leaders of the member states, i.e., the member states themselves vis-à-vis the core Brussels institutions. Given this new balance of power brought to life by the Lisbon Treaty as well as other factors, the member states are reasserting themselves in a way that "integrationists" denounce as "re-nationalization." It is a matter of debate if this change has really weakened "Europe." But from the euro crisis to the conflict over Libya, it is the heads of state of governments who are calling the shots, particularly those who represent the larger member states, including Germany. Member states have taken "Europe" back. The old romanticism that envisioned an ever closer Union seems to have faded into the past.

The reassertion of the member states' interests is more than a direct result of circumstances, treaty innovations, or the response to the economic and financial crisis. To some degree, this reassertion reflects the changing attitudes of the public in many member states about further integration and even toward the European Union itself. Part of this new skepticism toward the EU may be related to the loss of faith in the euro, but part of it follows a trend of declining support and enthusiasm for integration in general among voters, from Germany to Greece. The consequence of this lack in trust is dramatic:

EU institutions do not enjoy the kind of legitimacy that the EU elite assumes they do. Many voters do not wish European integration to proceed quickly. Rather, they want to see diversity preserved and the nation states, which they trust more, to continue to act on their behalf. Such attitudes are slowing the transformation of the EU into a coherent, state-like political entity.

The resentment toward more political integration manifested itself with grave consequences in referendums in France and in the Netherlands over a European Constitution in 2005. It has been a force behind the recent rise of populist parties throughout Europe, and it has emerged as a pattern in polls that have looked at voters' reactions to the euro crisis. Some of these reactions have been nasty and downright xenophobic. They are but one example of the widening gulf between the political-media elite and the public in key member states.

Europe's Fiscal Woes

Alarmed by this trend, the failure of economic coherence, and the rancorous debate about European rescue packages, some observers have warned Europeans to prevent (economic) diversity from challenging the achievements of integration.⁵ They fear this might undermine Europe's capacity – and will – to act together. As a matter of fact, however, the outcome of efforts to manage the sovereign debt crisis in (southern) member states and in Ireland and to save the eurozone from collapsing points in a different direction. Policy coordination and monitoring in Brussels of member states' budgets will increase. And it is fair to say that the mechanics of the present and future rescue mechanisms will constitute the basis for some form of transfer union in which the weak can directly tap the coffers of the strong. As a consolation for eventually giving up its resistance to

such a transfer union, Germany won an agreement that the members of the currency union must pursue fiscal prudence and a policy of productivity growth that follows the German model. So for the time being, the eurozone will not collapse. But then, neither the eurozone nor the wider EU has been a shining example of self-confident dynamism.

In fact, European countries, with a few exceptions, are struggling to regain their economic stride. They face the double challenge of structural changes and the financial and economic crisis. For all of them, austerity, budget consolidation, and reduced public debt will be the overriding priority for governments for years to come. A reduction of government spending will not be confined to outlays for domestic purposes, welfare, education, and healthcare. Almost all sectors of public activities will be affected, including military spending. It is not just the "usual non-militarist suspects" who have announced lower outlays for defense purposes. Countries like the United Kingdom, which were not known for financially starving their armed forces in the past, are now severely cutting back military spending. At the same time, emerging powers are continuously increasing their military spending, first and foremost China.

The implications of lower defense spending in Europe are obvious. European countries will be even more reluctant than before to make costly military commitments. They will cut back on procurement and the length of military operations. In the future, they will lack the means and capabilities to sustain NATO commitments. And even though the United States will no longer be able to annually increase the Pentagon's budget to the extent that was common during the first decade of this century, the gap between the transatlantic partners in terms of spending, troop levels, and capabilities will inevitably get wider and deeper. This will certainly have an impact on interoperability within NATO, burden sharing, and

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⁵Daniel S. Hamilton: *Europe 2020. Competitive or Complacent?*, Washington, D.C., 2011, p. 3.

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the military weight of U.S. partners in Europe. It would aggravate an already sensitive issue — the separation of duties and burdens.

It is true that driven by fiscal necessity, European countries might try to offset reductions in military funding with additional and better bilateral and multilateral military partnerships. For example, they could coordinate procurement and/or pool and share military resources. France and the United Kingdom have agreed to do this. Theoretically, countries could give up certain capabilities that would then be assumed by other countries. But the combined reality of defense establishments, vested interests, and status preservation might be stronger than visionary thinking. There is a more fundamental meaning to this: While the need to cultivate a greater sense of purpose and identity may be obvious,⁶ not the least because of the global shift to a multi-polar international system, the difficulty of translating this need into political reality is no less obvious.

Germany and the Reassertion of EU Member States

Member states of the European Union have increasingly reasserted themselves, eclipsing the Union's institutions here and there. This is especially true of Germany. Traditionally pro-European, Germany has recently dabbled in Euro-skepticism. The public, no longer willing to foot the EU's bills, has reacted with unprecedented anger to demands to bail out profligate eurozone members. The government has flexed its muscles in negotiations over rescue mechanisms, stability-pact reform, and, more broadly, supply-side oriented economic policies. Clearly, the remarkable performance of the German economy is the underlying reason why German policymakers acted with much less timidity than in the past. It is, in a

⁶ See Daniel Deudney et al: *Global Shift: How the West Should Respond to the Rise of China*, Washington, D.C., 2011.

way, the result of a process of normalization that, by and large, started with unification. But fighting for national interests rather than for European interests has become more common for most of the European states. In addition, they act in sub-groups using the provisions in the Lisbon treaty that allow for the “enhanced cooperation” of smaller groups – a kind of coalition of the willing with treaty blessing.

There is a lesson for the United States that reinforces a traditional inclination. It may no longer discount “Europe” nor ignore “Brussels,” and “divide *et impera*” may be a leadership tactic of the past. But the *modus operandi* in key issue areas still seems to be bilateral, through national capitals. Given the proliferation and weakness of key EU leaders, this does not come as a surprise. So the United States might prefer working first with Germany, Europe's economic powerhouse, on economic issues, before broadening the discussion into greater forums — Germany is vital to the United States' transatlantic economic agenda, not necessarily for other matters — and with the United Kingdom and France on issues that have a military dimension. The Libya-conflict or the Western approach toward Iran's nuclear program are good examples. While consensus-building in the traditional Euro-Atlantic institutions is bound to become increasingly difficult, time consuming, and politically costly, coalition politics will be more and more the rule rather than an exception in the years to come. With an eye on efficiency and effectiveness, this may be the right course to pursue, even to the dismay of EU integrationists. This is true for Europe and for the wider West, too.

The Challenge of Atlantic Renewal

The United States and its European partners have their work cut out for them. Faced with profound domestic changes and a global power shift that will bring new powers to the fore, the

“old West” has but one choice: It must renew itself and reinvigorate its economies. Only by regaining strength and confidence will the members of the Atlantic community be in a position to defend their interests and their values. Europe must reinforce its ties with the United States, and the United States must reinforce its ties with Europe. A reinvigorated relationship is a necessary prerequisite to meet the challenges of the 21st century. It falls upon the leaders to make the required political investment and arrest those domestic and structural forces that make both sides drift apart. In meeting the responsibility for redeveloping a common purpose, both sides need to address their weaknesses.

They must also be realistic. Protestations to the contrary, Europe does not have global ambitions, even though its economic and financial interests

certainly have a global reach. When it comes to global order or geopolitics in Asia, its presence is hardly felt, perhaps with climate change policies being a notable exception. Sometimes it is not engaged at all. This will not change any time soon, however welcome a change in European outlook would be, not the least from an American perspective. But Europe is shrinking. No matter how much the United States wants to redistribute the burdens of maintaining global stability, it cannot defer leadership to others. For often enough, others are either unprepared or unwilling to bear the costs of leadership for purposes that are far greater than their own.

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