



Securing the West in a Post-Western World Order: NATO's Third 'Transatlantic Bargain'?

by Graeme P. Herd

Key Points

- *NATO has forged two 'Transatlantic Bargains' in the past - the first when it was created in 1948-49 and the second in 1990-91 as the Cold War ended. 'Transatlantic Bargains' are shaped by three interconnected factors. First, changes to the global distribution of power and so the nature of world order. Second, the U.S.'s ability to adapt its grand strategy to maintain primacy within new strategic contexts. Third, the Allies willingness to serve as the Atlantic cornerstone of a U.S. grand strategy in return for reciprocal benefits.*
- *U.S. Grand Strategy under President Obama – a Pacific President in a 'Pacific Century' – will continue the pivot to the Asia-Pacific region, as it attempts to shape Chinese behaviour and so secure the values and interests of the 'West' within an emergent post-Western but still liberal international world order. In Obama's first term, the U.S. launched a Trans-Pacific Partnership (TPP) that looks set to be concluded by 2015. A signature theme of his second term will be a Trans-Atlantic Free Trade Agreement (TAFTA) between the U.S. and the E.U., which already, when combined, represents 50% of the global economy and 33% of global market share.*
- *A third 'Transatlantic Bargain' will be centred on a hitherto primarily politico-military Alliance using financial and economic statecraft – the power of a global trading system based on NAFTA, TPP and TAFTA to regulate smaller markets and thereby gain preferred policy outcomes. An 'economic NATO' is the sine qua non of Western influence, interests and identity being maintained in a post-Western world order.*

Introduction: Strategic Uncertainty Rules

Strategic uncertainty, ambiguity and ambivalence are the leitmotifs that pervade contemporary international security studies and practice. At Davos international actors are called upon to demonstrate 'dynamic resilience', key opinion formers advocate 'anti-fragile' postures in the face of future risk while paradigms that predict the decline and marginalization of the West or 'Westerners' versus 'Resteners' abound. Indeed, rising deficits force the U.S. and Europe to cut military spending. This reduces U.S. commitment to European security and European capacity to project force in the world, even for modest peace enforcement or peacekeeping missions (as can be seen in Mali).

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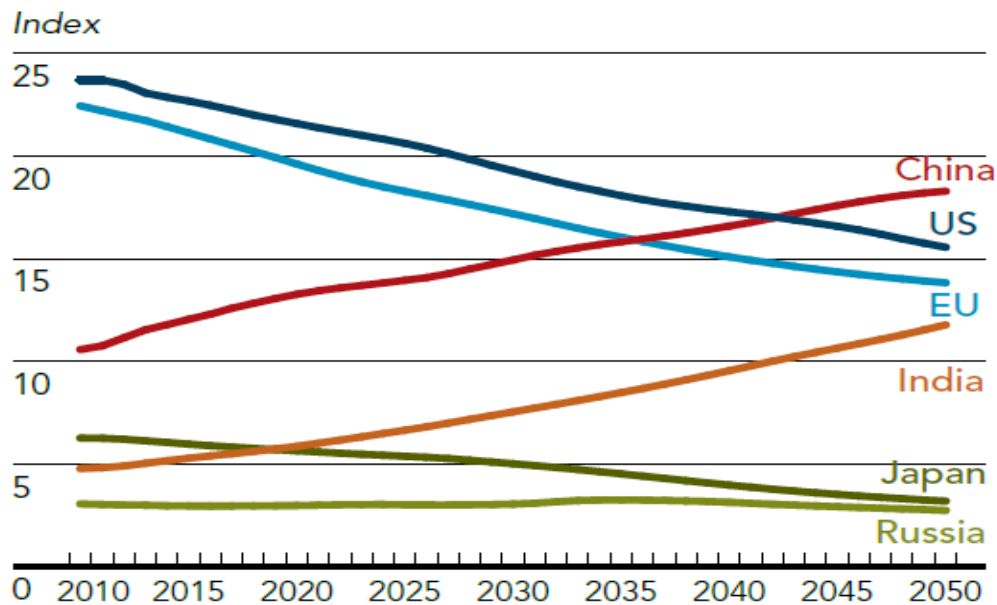
When we look to the future, the latest Global Trends 2030: Alternative Worlds identifies four potential alternative worlds, four mega-trends (individual empowerment, diffusion of power, demographic patterns, a food-water-energy nexus), and six game changers – critical variables include a crisis prone global economy, governance gaps, the potential for increased conflict, a wider scope for regional instability, the impact of new technologies and the role of the U.S. A 'New Multi-

Component Global Power Index Forecast' (see Box 1) predicts that by 2035 China's power will surpass the E.U., by 2040 the U.S.'s in terms of its GDP, population size, military spending, and technological investment.¹ What future, then, for NATO?

¹ Global Trends 2030: Alternative Worlds, National Intelligence Council, December 2012, <http://www.dni.gov/index.php/about/organization/national-intelligence-council-global-trends> (accessed 15 December 2012).

Box 1:

New Multi-Component Global Power Index Forecast



'Transatlantic Bargains' – I and II

NATO was created and evolved during a period of rapid structural change. The international system shifted from being multi-polar to bipolar in 1948-49. In response, the U.S. adopted a grand strategy that, in the words of G. John Ikenberry, aimed to secure Euro-Atlantic stability and lead a liberal internationalist order "embodied in the Atlantic Charter, the Bretton Woods agreements, the Marshall Plan, and the United Nations. It was a project aimed at putting the major industrial states on a stable and cooperative footing. It was a project organised around ideas about trade, democracy, social advancement and multilateral frameworks to manage and stabilize a modern international order."² In return for an Article 5 commitment by the U.S. to guarantee through its nuclear umbrella European territorial integrity, the European Allies supported U.S. leadership of a liberal internationalist global order. This bargain gave a direction and purpose to NATO's role within an unwritten and largely implied and assumed compact or contract.

The international system changed once more in 1989-90, from bipolar to unipolar, as the Soviet glue that had held the Alliance together came unstuck and the U.S.S.R. and its alliance system imploded. The end of the Cold War raised the question of NATO's future relevance after its main mission – collective defence against a Soviet threat – was fulfilled. This structural change encouraged reflection and a re-examination of interests and self-images and resulted in a U.S. grand strategy based on the notion of engagement of former strategic adversaries and enlargement of market-democratic systems. The 'Transatlantic Bargain' this time was

² G. John Ikenberry, 'Question Two: What Would a New Transatlantic Bargain Look Like?', in Mark D. Ducasse (ed.), *The Transatlantic Bargain*, NDC Forum Paper 20, January 2012, pp. 83.

based on continued U.S. engagement in European defence while the European Allies agreed to accept a broader collective security and crisis management role for NATO, as well as enlargement of the Alliance under U.S. leadership.

Future Scenarios

Under foreseeable circumstances, two alternative types of emergent structural change can be posited: first, rapid structural change from a unipolar to a bipolar competitive world order based on Sino-U.S. rivalry; second, less rapid structural change in which China emerges alongside other 'BRICS' and 'Next-11' states, such as Indonesia, Turkey and Mexico, to create a multi-polar cooperative or competitive world order to replace unipolarity. Each variant would generate a different U.S. grand strategy, and each grand strategy would seek to utilize NATO to best effect.

Worst Case: 'New Cold War'?

In a 'New Cold War' scenario context, the U.S. would champion the liberal international order based on free trade, social advancement and market-democratic states, with a more explicit military-security dimension based on two pillars; a renewed engagement with Europe through a new 'Transatlantic Bargain'; and a neo-containment policy in the Asia-Pacific, based on revitalized trade partnerships and defence alliances in that region. In response to the logic of power-shift to China and growing interdependence and competition for finite energy resources and raw materials, NATO would utilize existing and create new regional partnerships to balance China in Central, South and East Asia. One could envisage, for example, Thailand, Japan, Republic of Korea, Australia, New Zealand, Vietnam, or even India creating alternative regional organizations that exclude China, or looking to

NATO to formalize a partnership programme in East and South Asia to that same end.

Enhanced support for NATO operations and even increased demands for membership should soft balancing fail, would constitute a natural progression. Under such conditions, NATO crisis management operations in the region would not be UN-mandated but rather legitimized by regional organizations and NATO regional partnerships. NATO's Asia-Pacific regional partnerships would thus become as much political instruments to legitimize operations as militarily useful to preserving the strategic balance and so stability: realpolitik interests as much as normative compatibility will shape the composition of such a partnership. According to this logic, the *finalité politique* of NATO would be for NATO to become the institutional core of a worldwide community of democracies, with a global geo-strategic operational range, from Kinshasa to the Kurile Islands.

For the European Allies, political support for the U.S. could be offered in return for U.S. security commitments and solidarity, more necessary in the context of China leveraging its net creditor status and 3.2 trillion U.S. dollar reserves to directly shape the rules of the game in global trade and finance as well as seeking to influence the foreign and security policies of individual European states. For the U.S. the institutional weight and political legitimacy of NATO acting through the North Atlantic Council would be more important than the military efficiency and effectiveness of NATO Allies. In East Asia and facing China, the military efficiency and effectiveness of U.S. allies and partners in this region would be as important as the political legitimacy that such an alliance system would bring. Increased tension would be bounded by the growing realization that power shifts deepen shared strategic vulnerabilities (nuclear, cyber and space) which both the U.S. and China and to a lesser extent Russia are subject and so encourage mutual strategic restraint.

Best Case: 'Cooperative Multi-polar Order'?

What would be the strategic effects of growing interdependence? The economy-environment-energy nexus, the rise of non-state actors – whether organized criminals or terrorists - and system collapse triggered by systemic shocks present two hard truths: all states are threatened; no single state can address these challenges alone. This suggests the emergence of a world order driven by a cooperative imperative as reciprocal cooperation and collective action constitute a rational response to shared threats. The recognition of mutual indispensability could create incentives for peace with a global security community. A shared 'market-democratic/good governance' modernity paradigm would be championed by the U.S. and China, and normative convergence between these Great Powers would be in evidence – whether around

the application of 'Responsibility to Protect' or agreement on the definition and practice of a 'responsible stakeholder'.

It is this kind of world order which NATO encourages and its mantra of 'multinational solutions to global problems' become an operating principle. Cooperative security makes the most sense given the transnational nature of contemporary threats, budgetary cutbacks and reduced resources. Within this cooperative multi-polar/partner world order, NATO would be viewed as a key element in a globalized collective security and crisis management system, a forum for allied security debates on the full range of global issues and how best to address transnational shared threats.

Partnerships with the Global Contact Group are strengthened through joint operations, and the existing bi-annual NATO-China strategic exchanges are translated into a dialogue and then strategic partnership. India also becomes a Strategic Partner with this enlarged institutionalized West, and NATO would create additional partnership programmes to facilitate UN-mandated operations to manage regional flashpoints. The U.S.'s ability to project and sustain power and "mastery" over all five Global Commons (high seas and sea-beds, space, Antarctica and cyber space) has allowed for global energy and food supply chains and international trade and commerce to flourish, buttressing U.S. economic and military primacy. Thus, the U.S. would be a key driver to in this

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Box 2: Article 2 of the North Atlantic Treaty signed in 1949 states:

"The Parties will contribute toward the further development of peaceful and friendly international relations by strengthening their free institutions, by bringing about a better understanding of the principles upon which these institutions are founded, and by promoting conditions of stability and well-being. They will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them."

regard, expanding partnerships to cover cyber threats, and creating bilateral partnerships to include states whose proximity to vital sea lanes (South Africa) or increasing normative and physical role within the Global Commons (China, India, Brazil) renders their cooperation essential.

The Third Transatlantic Bargain?

For NATO and for now being "good enough" is better than "good" – particularly as there is no consensus within NATO as to the meaning of

“better”. However, while further politico-military cooperation amongst Allies for strategic effect would be difficult, developing an ‘economic NATO’ offers a way forward under the conditions of either of the scenarios posited. Article 2 of the North Atlantic Treaty signed in 1949 states: “The Parties will contribute toward the further development of peaceful and friendly international relations by strengthening their free institutions, by bringing about a better understanding of the principles upon which these institutions are founded, and by promoting conditions of stability and well-being. They will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them.”³

Under Obama 2.0 U.S. foreign policy looks set to be highly pragmatic, avoiding impossible issues, managing the inescapable ones, placing less emphasis on military instruments (‘light footprint’ doctrine) and more on financial and economic tools (‘geo-finance’ and economic statecraft). At present the U.S. and E.U. enjoy 50% of global GDP and more than 33% of global market share, and figures for 2011 show that U.S. direct foreign investment (DFI) in the E.U. was twice that of any other region (\$2 trillion) while E.U. DFI in the U.S. was four times that of any other region (\$1.6 trillion). U.S. Secretary of State Clinton, German Chancellor Merkel, British Prime Minister Cameron, the U.S. Congress and E.U. Parliament have all called for a Trans-Atlantic Free Trade Agreement. Clinton has noted: “If we get this right, an agreement that opens markets and liberalizes trade would shore up our global competitiveness for the next century.” Will, Clinton asked, the U.S. and Europe “invest the same energy in economic relations as they already invested in security partnership”? Pointedly, she added, Asia

3 ‘The North Atlantic Treaty’, Washington D.C. - 4 April 1949: http://www.nato.int/cps/en/natolive/official_texts_17120.htm (accessed 28 January 2013).

would become a focus of common strategic action: “Our pivot to Asia is not a pivot away from Europe. On the contrary, we want Europe to engage more in Asia along with us”.⁴

The West’s inherent potential is clear: “Most of the richest, industrially advanced, democratically stable states are in, or affiliated with, the West, where there is also the largest accumulation of land power the world has ever seen.”⁵ If TAFTA succeeds, the U.S. can act as ‘conciliator and offshore balancer’ in the Asia-Pacific through harnessing hard-soft economic and financial power of the institutionalized West (EU and NATO). Gatekeeper “governments that regulate large markets can use their economic might to cajole and coerce both private and public actors”, as Daniel Drezner has argued, “into altering their policies. Sometimes the simple existence of asymmetric dependence can compel useful concessions from other actors. In other cases, explicit threats or acts of economic coercion are necessary.”⁶ The fusion of transatlantic financial and economic with politico-military power will become the strategic signature theme of our times and, if successful, ensure that the West decisively shapes a post-Western world order.

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4 Brian Beary, ‘EU/US: Clinton Urges Free Trade Pact in Euro-Focused Speech’, *Europolitics*, No. 4540, 3 December 2012; David Ignatius, ‘Meet ‘TAFTA’: An economic NATO’, *The Washington Post*, 6 December 2012, p. A18; Javier Solana, ‘Transatlantic free trade?’, *Korea Times*, 15 January 2013.

5 Simon Serfaty, ‘The Folly of Forgetting the West’, *Policy Review*, Aug-Sept 2012, p. 47.

6 Daniel W. Drezner, ‘The Power of Economics and Public Opinion’, *Policy Review*, No. 172, 30 March 2012: <http://www.hoover.org/publications/policy-review/article/111651> (accessed 28 January 2013).

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NB: This paper is solely the opinion of the author and does not necessarily reflect the official view of the GCSP.

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