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## **Austerity Measures in the European Union Member States and its Impact to the Security Agenda**

### **Anotace**

**Úsporná opatření v členských státech Evropské unie a jejich dopad na bezpečnostní agendu.** Tato studie si klade za cíl poskytnout alternativní pohled na agendu obrany z hlediska financí. Cílem pro tuto studii nebylo spojit některé rozpočtové úspory a skutečné akce, jako např. snížení vojenského personálu. Tato studie razí více holistický pohled na to co se vlastně děje s Evropou a Evropskou unií v období, kdy jsou ekonomické potíže, které jsou tam ve skutečnosti téměř pořád. Studie poukazuje na to, že úspory v oblasti obrany jsou mnohem složitější, než jednoduchá úsporná opatření a skutečně skrývá politické záměry komplikovaných vztahů mezi Evropou, Severoatlantickou aliancí a Spojenými státy. Text také ukazuje na skutečnosti, že Spojené státy chtějí udržet činnost Severoatlantické aliance, i přes to, že samotné Spojené státy mají úžasný vojenský arzenál, ale také mají zájmy o to, co Evropa může poskytnout. Mezitím Evropa používá tuto závislost na strategii záměrné vojenské závislosti na Severoatlantické aliancí, aby se buď vzít čas na vybudování vlastní evropské obranné aliance v rámci Evropské obranné agentury, nebo využít čas na znovuzrození vlastní ekonomiky nebo získat podíl na zájmech Spojených států.

### **Klíčová slova**

Obranná spolupráce, Severoatlantická aliance, vojenské výdaje.

### **Annotation**

This study was meant to provide an alternative look at the monetary topic of the defense agenda. It was never a goal for this study to link certain budget cuts to the real actions like military personnel decrease. Instead, the study is taking a more holistic view on what is actually happening with Europe and the European Union while the periods when economies are in struggle, which is in fact almost always. The study proves that the economies in the defense sector are much more complicated than simple austerity measures and actually hide the real political intentions of a difficult partnership of Europe, North Atlantic Treaty Organisation and the United States. The study also reveals the facts that the United States is keen to keep North Atlantic Treaty Organisation running and despite the United States possesses an astonishing military arsenal it is also dependant in its interests on what Europe can give. Meanwhile Europe is using this dependency in playing a blade running strategy of deliberate military dependency on North Atlantic Treaty Organisation in order to either take time to build an own European defense alliance under the European Defense Agency umbrella, or take time to reload the economy, or to get a share of the United States interests.

### **Keywords**

**Defense cooperation, North Atlantic Treaty Organisation, military spending.**

## Abbreviations

EU, E.U.	The European Union
UK, U.K.	The United Kingdom
US, U.S., USA, U.S.A.	The United States of America
NATO	North Atlantic Treaty Organization
WEU	Western European Union
EDA	European Defense Agency
D.C.	District Central
SHAPE	The Supreme Headquarters Allied Powers Europe
GDP	Gross Domestic Product
ECSC	European Coal and Steel Community
CFSP	Common Foreign and Security Policy
CSDP	Common Security and Defense Policy
ESDI	European Security and Defense Identity
BAE	British Aerospace
MIO	Millions
IADS	Integrated Air Defense System
QRA	Quick Reaction Alert
SIPRI	Stockholm International Peace Research Institute
NAC	North Atlantic Committee
DPC	Defense Planning Committee
MC	Military Committee
RAF	Royal Air Force
SAP	System Applications and Products in data processing
ERP	Enterprise Resource Planning

## Introduction

### Objectives

During the last decade, the economic crisis that affected the whole Globe became a definition of cuts. It even may seem that everybody got so much used to the crisis environment that it actually stepped back.

Unfortunately, such perception is incorrect and is rather common for those stuck in a daily routine of personal life, meaning almost every one of us. We tend to recall the negative economical dynamics only once it hits us though our countries' economies or corporations that some may be working for. Nevertheless, as I have already outlined the crisis is still here and economic situation in the World is far from being good and stable.

I would like to dedicate this study to the problematic of military security of the Europe<sup>1</sup> and specifically defense investments, budget efficiency and most importantly the relationship with North Atlantic Treaty Organisation (NATO, Alliance) and the United States. All of this under the umbrella of capitalist economies.

I would be looking to catch trends of defense investments of individual member states. I would also like to look at Europe and NATO relations and specifically check on investments in that area.

Specifically I would like to recall the main historical milestones of the European continent after the Second World War. The formation of NATO, the reasoning behind and trends of the Alliance development would be of the highest interest in the first part of this study. As well as NATO history, it is also important to identify the key defense and economics players in Europe and outline the high efforts of Europe to build an institution aimed on managing the common defense agenda. I will also briefly dive into the monetary topic of the NATO membership to see what is the Europe's weight in the Alliance from this perspective.

### **Hypothesis 1 – European military security is dependent on NATO.**

This part of the study will be looking to find the proofs and make conclusions to the claim that military security of Europe is actually dependant on NATO. The high attention topic of free riders will have a significant part of the second chapter dedicated to it. Though obvious, it is one of the key facts proving my claim that Europe is indeed dependant. I will also broaden a view lest to understand the root causes of dependency and verify if the dependency has only one direction or is in fact mutual.

As a result of such investigations, I would open a topic of common initiatives of Europe and NATO concentrating specifically on NATO missions and reasoning behind.

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<sup>1</sup> Whenever during the work it will state "Europe" it would not mean the geographical Europe, which would include parts of Russia as well, but European states – members of the European Union, NATO and both.

The second part of the study will be developing the investigation in regards to the ways of NATO and the United States to avoid the fulfilment of the Treaty to the extent Europe may insist or require. I will be digging into the problematics of consensus decision making within NATO and doubt its fairness towards putting common interests above national.

**Hypothesis 2 – NATO is not willing to protect Europe to the extent it may require.**

I will also share my visions on why Europe should not expect the full protection from NATO in case of the military conflict and I will not be looking at this from the usual – legal point of view. The fact is that with all the respect to the legally binding aspect of the Treaty I tend to believe that capitalist politics are driven by financial rationale – interest, hence there I will be looking to find the potential areas of NATO interests in Europe decreasing.

The third part of this study is then will be dedicated to strategies hiding behind the investments. I would dedicate a significant part to analysis of the media in search of reasons, intentions and outcomes of defense cuts. Then the study will see if what was happening actually meets the strategies and doctrines of the chosen member states, or if there will be new way that countries will be following. Finally, I will share my visions on the future trends in terms of defense agenda and my view on the role of Europe in it.

Hypothesis 3 – Europe has to invest more into the military security lest to keep a desired level of autonomy from NATO and stay protected.

Overall, I wish that this study would deliver a fresh point of view to the already known problematic of defense investments from the side of Europe. I specifically wanted to outline that the defense topic within NATO is much more complicated and goes beyond the legal aspects of the Treaty and a pure good will of the member states to contribute to the common defense. In my study, I wanted to challenge that by trying to investigate the real motives in the difficult relationship between the United States and Europe under NATO umbrella.

At any case, the study should provide a point of view and the answers to why does the United States is keen about Europe in NATO, what are the main concerns of the United States towards Europe, how fluent is the United States in using NATO, why Europe is not really trying to improve its financial behaviour, what the United States can do to Europe for this, and why and what is the crucial role of Europe on the defense scene nowadays, how economies influence the overall picture of the defense relationships.

## **1. Main History Milestones in the Military Security Agenda of Europe and Chosen Member States of the European Union**

### **1.1 Origins of Common Security Efforts in European Union**

In order to understand how did common security develop we would have to look back at post World War II period and try to parallel it to the origins of European Union as a whole.

The World War II was indeed a key milestone in the World's history and its aftershock is still here today. If not to dig into many details of this terrible War, it would be fair to conclude that Germany was the main enemy. European powers like Britain, France, United States were united even with the Soviet Union in the will to withstand the severe German aggression. The fact was clear – Germany was the common enemy.

With the War end, however, things changed. The World order shifted towards looking for new enemies and deterrence of those old ones.

Indeed, no country wanted to make another mistake of playing the appeasement policy towards Germany, as it was after the World War I, hence serious efforts were made ensure there is no possibility of revenge from Germany.

Under umbrella of Germany deterrence, France and United Kingdom initiate discussions and afterwards signature of the Treaty of Dunkirk<sup>2</sup>. This Treaty signed on the 4<sup>th</sup> of March 1947 in Dunkirk between France and United Kingdom was meant to ensure mutual assistance in case of German aftermath efforts. In other words both countries bided their World War II efforts officially and on the paper and after the War. I personally doubt the fact that in case of another potential threat from German side, either of these countries would avoid peace enforcement actions without such a document signed, but the fact remains that this Treaty gave a start to a long and still developing route of common security efforts.

Lest to see all the origins we should also take a look from the eastern part of Europe as the end of the World War II also brought new geopolitical situation. The Soviet Union whose military forces seized Berlin in 1945 also took control of a number of Central European countries such as Czech Republic, the Eastern part of Germany, Hungary, Yugoslavia, Romania, Bulgaria, Albania, Poland, Lithuania, Latvia and Estonia. The Soviet Union's efforts towards the expansion to the West take their origins right from before the World War II. To be exact the Molotov-Ribbentrop Pact that was signed in 1939 with Germany was already dividing Europe into German and Soviet spheres' of influence.<sup>3</sup> Up until June 1941 when Germany broke the pact, the Soviet Union was consistently taking over assigned countries. With the War end, the Soviet Union gathered influence of the countries listed.

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<sup>2</sup> HILL Christopher and Karen E. SMITH. European Foreign Policy. London: Routledge, 2000. ISBN 0203444426, page 3.

<sup>3</sup> VIZULIS, Izidors. The Molotov-Ribbentrop Pact of 1939: The Baltic Case. Praeger, 1990. ISBN 978-0275934569, page 16.

It is clear that Western Europe now had protection issue from the eastern part. Germany was no longer an issue, but the Soviet Union whose troops were almost at the back door of France and Benelux started to be seen as a potentially vast threat. This is why I tend to join those who believe that the Treaty of Dunkirk was rather a step towards uniting efforts to withstand potential Russian aggression.

The Dunkirk Treaty was then followed by the Treaty of Brussels<sup>4</sup> in 1948 which also included Benelux countries. This value of this treaty is historically very important as in the first place it stated that mutual cooperation is against “spread of communism” and in other words against the Soviet Union. This was still claimed under the umbrella of threat coming from Germany.

In the second place, this treaty can be considered as basis for the Western European Union that will be set up in 1954 and I will touch it in more details later also as a pre-successor of NATO. Interesting to note that Brussels treaty was actually outlining mutual military actions against the aggression, while the famous Article 5 of NATO agreement is rather flexible in the means of mutual actions.<sup>5</sup>

In the third place, the Western Union Defense Organization was formed later the year. The fortune of this Union was such that it made it look more as a show off act with naval training exercise aimed to prove that western countries can mutually do manoeuvres.

Nowadays there is still NATO in place and Common Defense and Security Policy eventually substituted Western European Union.

## **1.2 North Atlantic Treaty Organization**

Speaking of NATO and its role in the security agenda of the European Union I must share my own perception of the historical facts of NATO foundation. I see this organization as a very smart strategic step that was made by the United States. Whether it is a genius behind or a simple coincidence, but NATO became something more than a mutual defense Treaty.

It is important for this study to look briefly at the historical timeline of the Alliance and to outline the key milestones. I will deliberately outline the major fact proving NATO’s main goals and comparing NATO’s timeline with the significant moments of the European integration history, such as origination of the European Union and overall approach of chosen European countries to the United States domination in NATO.

Anyhow, looking back at the post World War II era it is now obvious that the threat is no longer coming from demolished Germany, but from the victorious Soviet Union that is simply speaking full of surprises.

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<sup>4</sup> HILL Christopher and Karen E. SMITH. European Foreign Policy. London: Routledge, 2000. ISBN 0203444426, page 3.

<sup>5</sup> What is Article 5? [online]. NATO, 1949, 18. 02. 2005 [cit. 2015-04-24]. Available from: <http://www.nato.int/terrorism/five.htm>

Ambitions of Joseph Stalin towards spreading and supporting communism were indeed in conflict with democratic strategy of the Western Superpower – the United States and were a big threat to the United Kingdom, France and rest of the Western European countries.

Hence, in 1949, on the 4th of April in Washington D.C. the NATO agreement was signed.<sup>6</sup> The whole agreement is perfectly described by the organization's goal claimed by its first Secretary General – Lord Ismay. He claimed that the goal is: «to keep the Russians out, the Americans in, and the Germans down.»<sup>7</sup> This perfectly shows the snobbish approach of the organization itself and the significant role of the United States to be playing in NATO.

Meanwhile, in 1951 in Paris the European Coal and Steel Community was founded. This organization gave a birth to what we know now as the European Union. The idea behind was simple and was originating from French foreign minister Robert Schuman yet in 1950. He claimed that in order to prevent any future wars between France and Germany the competition between natural resources should be made unreasonable and “materially impossible”.<sup>8</sup> The solution was simple in the idea – a common natural resources market between member states that would neutralize competition.

Another fact that can be seen as obvious to mention is that weakened Europe that suffered huge labour losses and destructions during the World War II needed protection. Especially while trying to reorganize the way the Europe existed before the war. Common wealth needs protection and NATO was seen as such a guard from the Soviets. Western European powers had no right to play appeasement and blindly believe that the red army will not go anywhere further west.

The outbreak of Korean War only proved the formation of the organization right. Further on SHAPE – The Supreme Headquarters Allied Powers Europe was formed in order to command and direct NATO operations in Europe, a vital milestone that was meant to ensure that forces in Europe are organized and ready to strike back in case of the Soviet aggression. The Korean War clearly showed that the Soviet Union is able to destabilize the region and provoke. Consequently a number of common military trainings took place in 1952 showing the World that the Alliance member states are able to cooperate together on in the sea, on the ground and in the air, and not only on paper.<sup>9</sup> NATO was developing quite rapidly and already in 1952 two more states – Turkey and Greece joined the alliance. Strategically this was a great win for United States in terms of deterring the Soviet Union. Turkey, thanks to its location was and is one of the key strategic territories between two bipolar powers.<sup>10</sup>

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<sup>6</sup> A Short History of NATO. [online]. North Atlantic Treaty Organization, 2015, [cit. 2015-04-12].

Available from: <http://www.nato.int/history/nato-history.html>

<sup>7</sup> DI PAOLA, Giampaolo. After-Dinner Speech [online]. NATO, 2010, 24.01.2011 [cit. 2015-04-24]. Available from: [http://www.nato.int/cps/en/SID-DE86AFCD-89BCBEOC/natolive/opinions\\_69910.htm?selectedLocale=en](http://www.nato.int/cps/en/SID-DE86AFCD-89BCBEOC/natolive/opinions_69910.htm?selectedLocale=en)

<sup>8</sup> The Schuman Declaration – 9 May 1950.[online]. European Union, 2015, [cit. 2015-04-12]. Available from: [http://europa.eu/about-eu/basic-information/symbols/europe-day/schuman-declaration/index\\_en.htm](http://europa.eu/about-eu/basic-information/symbols/europe-day/schuman-declaration/index_en.htm)

<sup>9</sup> HASTING, Ismay. The increase in strength. [online]. NATO the first five years 1949-1954, 2001, 17.09.2001 [cit. 2015-04-12]. Available from: <http://www.nato.int/archives/1st5years/chapters/9.htm>

<sup>10</sup> See previous footnote.

The year 1954 of NATO and European history, holds three significant events to mention. The first one is the fact that the Soviet Union suggested to join NATO and was ultimately refused in such honour. The Alliance members saw this as an opportunity for the Soviets to destabilize NATO.<sup>11</sup>

Second fact is that NATO's council approved the MC 48 document that declared that in case of the outbreak of the war with the Soviet Union NATO reserves the right to use the atomic weapons regardless of if Soviets would decide to use them first or not.<sup>12</sup> This explicitly shows that all the efforts of NATO at that time were exclusively aimed against the Soviet Union and were highly motivated from the United States, the United Kingdom and France.

Third event is a formation of Western European Union organization that I will touch in more details in the next chapter.

NATO was rapidly developing from the very formation of it and the 1955 incorporation of the West Germany meant to make the Alliance even stronger against the potential Soviet invasion. Expectedly the Soviets did reply by forming the Warsaw pact. A friendship pact as it was referred. In nature it was a mutual defense obligation<sup>13</sup> to all the states under the Soviet influence at that time and before the Soviet Union vanished from existence in 1991.

Later in NATO history there was a very significant conflict within originating from France. Strictly speaking, France in the face of the President Charles de Gaulle openly argued against the United States dominance in the alliance. From the French perspective, the organization was promoting the United States interests within Europe and United Kingdom was supporting this by forming an alliance within the Alliance. France felt cheated and its emperor ambitions were touched. Finally, in 1958 France was refused to be taken as a third player in the game of two – the United Kingdom and the United States and the decision to distance from the Alliance immediately followed. By 1966, France was completely out of the Alliance and the American troops were completely out of France.<sup>14</sup> The search of the US-free defense began. France played a huge role in the formation and development of the Western European Union.

NATO's history was always linked to the United States protection of Europe. That general purpose served Americans well in their initiatives to put their weapons closer to the Soviet Union borders and made the United States free in growing the nuclear potential. Indeed the Cold War period had never been shocked by any real war action; however, both sides of the conflict were getting very much ready. The arms race was one of the key characteristics of the Cold War period and NATO in particular. I would doubt that without the Alliance in place

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<sup>11</sup> Fast Facts about NATO. [online]. CBC News, 2009, 03.04.2009 [cit. 2015-04-12]. Available from: <http://www.cbc.ca/news/world/fast-facts-about-nato-1.778864>

<sup>12</sup> NATO Strategy Documents 1949 – 1969. [online]. North Atlantic Treaty Organization, 22. 11. 1954 [cit. 2015-04-12]. Available from: <http://www.nato.int/docu/stratdoc/eng/a541122a.pdf>

<sup>13</sup> Warsaw Pact. [online]. United Nations – Treaty Series, 22.11.1954 [cit. 2015-04-12]. Available from: <https://treaties.un.org/doc/Publication/UNTS/Volume%20219/volume-219-I-2962-Other.pdf>, Article 4, page 8.

<sup>14</sup> The Big Move. [online]. North Atlantic Treaty Organization – History, 2007, [cit. 2015-04-12]. Available from: <http://www.nato.int/docu/review/2007/issue2/english/history.html>

any of the European countries would have been easy and comfortable with American missiles on their territories.

Before the Ukrainian crisis, which began in 2013, one could argue that the latest history milestone of NATO dates back to the fall of Berlin Wall and the fall of the Soviet Union. Indeed, after the 1991 events NATO faced with a need to re-think its purpose. The common enemy was destroyed from within; the newly formed country named Russia was yet too weak to serve as a pure reason for the Alliance existence and wide presence of America's military forces in Europe. The United States had to find a way to prove the vitality of Alliance and they did.

Bosnia and Herzegovina intervention was a great chance<sup>15</sup> for the United States and NATO to approve its existence in Europe as necessary. I would not be arguing that Bosnian War was a genius planned action of NATO's main actors, however, as the matter of fact NATO is still here and still heavily present in Europe. In addition to that and as the result of this military action, the United States and the United Kingdom managed to push through the abolishment of the need of the United Nations approval for any military actions.<sup>16</sup> Coincidence or a strategy? I would rather keep this question rhetorical.

Despite arguments that the United States committed not to extend the Alliance further east the expansion did take place, allowing the United States to get as close to the Russian borders as never before. Making sure in 1999 that Czech Republic, Poland and Hungary join NATO.<sup>17</sup>

NATO faced a great challenge and a historical moment in 2001 after the September 11<sup>th</sup> attacks. Well-known fact is that it was the first time the Article 5 was invoked.<sup>18</sup> NATO began military operation in Afghanistan and in the Mediterranean Sea. The unity of the NATO member states was high like never before as the new common enemy arose. The United States and the United Kingdom were back again leading the Europe's military and using the high support of strategically efficient actions for United States. It is clear that none of the smaller NATO member states could actually benefit from the war in Afghanistan and later in Iraq. The common security is indeed an argument; however is it the only one. I am sure that both the United Kingdom and the United States have seen few other reasons to military invade the region which was not a big troublemaker during the World War II and immediately after.

The latest milestone of NATO existence begins with 2013 Ukrainian conflict. The United States efforts to get closer to Russian Federation and to expand its missile and military base

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<sup>15</sup> However, it is very harsh to refer to this war in such a manner.

<sup>16</sup> Security Council Rejects Demand for Cessation of Use of Force against Federal Republic of Yugoslavia. [online]. United Nations – Press Release, 1999. 26. 03. 1999 [cit. 2015-04-12]. Available from: <http://www.un.org/press/en/1999/19990326.sc6659.html>

<sup>17</sup> Member Countries. [online]. NATO, 2013, 20. 08. 2013 [cit. 2015-04-12]. Available from: [http://www.nato.int/cps/en/natohq/topics\\_52044.htm](http://www.nato.int/cps/en/natohq/topics_52044.htm)

<sup>18</sup> Statement by the North Atlantic Council. [online]. NATO, 2001, 15. 09. 2001 [cit. 2015-04-12]. Available from: <http://www.nato.int/docu/pr/2001/p01-124e.htm>

presence were only partially successful.<sup>19</sup> One thing is to have a new member in NATO and the other thing is to have this member cooperate while the peacetime. The second part of the job was quite challenging for the United States even after the 2004 “Orange Revolution” in Ukraine. The position of the new member states was rather naïve expecting the full protection for only 2 per-cent of GDP, but NATO expectation was far beyond that. Surely, the United States was not comfortable with pro-Russian orientation of Ukraine after Viktor Yanukovich came to power. While Europe and other Alliance members started to see Russia more a partner rather than a threat, the United States did not seem to be in a complete agreement with this view, continuing the strategy of military presence under the umbrella of anti-terrorism efforts.

It is not the purpose of this study to investigate the origins of the Ukrainian conflict and Donbas Civil War; however, it is clear that now military security is a high attention topic in Europe. The United States and Russian Federation are playing muscles with each other and Europe seems to be out of this game, trying deterring Russian Federation with economic sanctions rather than understanding that Europe can strike back.

### 1.3 Western European Union

Speaking about military security in Europe it is unacceptable not to speak about the Western European Union. This union was formed from the modified Treaty of Brussels based on the Paris Agreement in 1954 and initiates a long journey from the very beginning of the European Integration in security agenda to the Common Security and Defense Policy.<sup>20</sup> The union of France, the United Kingdom, Belgium, Luxemburg, Netherlands, Italy and West Germany itself was not meant to replace NATO in its role, but rather to complete it with a substantive European vision and strategy of the defense and security agenda. Hence, it was never a goal of the Western European Union to abandon NATO and the United States and go a completely separate direction.

Anyhow, the creation and existence of the Western European Union proved that Europe was continuously seeking to find its defense identity. Europe was interested in having possibility for military interactions without the United States agreement, hence deciding independently and without the United States participation.

From the very begging, the Western European Union was aimed on economic recovery, aggression resistance and importantly European integration. As was mentioned before, the Western European Union had the mutual defense clause included and explicitly outlined that the defense is meant to be military.<sup>21</sup>

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<sup>19</sup> I am referring to the successful expiation of NATO to the East, covering Czech Republic in 1999, but a failure to place a radar base in Czech Republic later on.

<sup>20</sup> Western European Union (WEU). [online]. CVCE, 2012, 10.09.2012 [cit. 2015-04-12]. Available from: [http://www.cvce.eu/obj/western\\_european\\_union\\_weu-en-73277207-d250-41c5-8960-1d8bce9f11aa.html](http://www.cvce.eu/obj/western_european_union_weu-en-73277207-d250-41c5-8960-1d8bce9f11aa.html)

<sup>21</sup> The EU's Mutual Assistance and Solidarity Clauses. [online]. ISIS – Europe, 2012 [cit. 2015-04-12]. Available from: [http://isis-europe.eu/wp-content/uploads/2014/08/esr\\_61.pdf](http://isis-europe.eu/wp-content/uploads/2014/08/esr_61.pdf)

The Western European Union as well as the all other uniting intentions in Europe was caused by understanding that war weakened Europe has to work together on the key existential agendas in order to survive and develop into a superpower. However, no one except for France was explicitly against the United States hegemony in Europe. The understanding of independence need was there nevertheless. However, there was no opportunity for European states to stay independent without uniting.

Lest to be strong Europe had to be wealthy, lest to stay wealthy Europe has to become strong.

Next decades Europe was paying much more attention to the economic development and the European Union development to be exact. Despite security and defense was almost always the agenda it was never as important as economics because there was and there is NATO covering the back, or is it? It is obvious that Western European Union was not sufficient on its own to deterrent the ambitions of the Soviet Union. Who knows what may have happened without Alliance and if the war was only “cold” thanks to the existence of NATO. The fact however remains; Europe was always trying to be independent, but did not mind to depend on while reaching the first priority goals.

The Western European Union fortune was always closely linked with the European Union formation. The Maastricht Treaty and later the Amsterdam Treaty did play a huge role in the future of Western European Union existence. The Maastricht Treaty from 1992 invented the tree pillars of the European Union and though this was not directly linked to the Western European Union the one of the pillars – Common Foreign and Security Policy did initiate a future re-design on European Security and Defense Identity. Further, on in 1997 the Amsterdam Treaty came into play and addressed the Petersberg’s tasks ownership to Western European Union basing this on independent defense capability.<sup>22</sup>

This was a new beginning of Western European Union. The tasks of Western European Union started to be slowly but steadily transferred under developing European Union policies: Common Foreign and Security Policy, and Common Security and Defense Policies. The Western European Union was shut down in 2011.

Indeed, it was more than described in terms of the action taken to transfer the Western European Union into the European Union, but the key conclusion from this brief historical excursion is that the European Union did eventually start moving towards integration of economical and defense agendas. Having understood that these two cannot exist separately anymore, especially within the economic crisis environment where budget cuts can highly affect the security and defense agendas.

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<sup>22</sup> KOUTRAKOS, Panos. The EU Common Security and Defense Policy. Oxford: Oxford University Press, 2013. ISBN 978-0-19-969272-9, pages 1-17.

## 1.4 European Union Weight (Individual Member States) in NATO

What is Europe without NATO and what is NATO without Europe? I do not believe that there is any fair answer to this rather provocative question that I ask myself. The way you see it depends on the where you look from.

Before I dig into any fact and figures, I will try to share thoughts in regards to these relations. I see Europe less dependent on NATO than vice versa. I stand the opinion that European integration activities would have taken place without participation in the Alliance. Europe had no other option but to unite after the World War II and this was clearly understood by the politicians of that time in my opinion. Europe did not need the United States to state the obvious – a threat coming from the Soviet Union communism expansion. Moreover, when speaking about this threat one should consider that the Soviet Union was also weakened by the War. Nevertheless, considering all the factors I would argue that NATO indeed was a stopping factor for the Soviets not to try their luck in Western Europe. Thus, this played an important role in the Europe's future as economic integration could have been started. Early after the World War II the Alliance was a pre-condition for the initiation of European Union efforts and the Western European Union was more of a Europe's common ego within it.

What is then NATO without Europe? Reply is simple – nothing. The whole point of NATO was an official presence of the United States military in Europe. I cannot even call it a poor investment if there was no Europe within the Alliance, as it would not have existed.

Should we look at European Union and its member states weight in NATO we should be looking at the monetary part of the Alliance in the first place.

The NATO participation is not a free of charge initiative. The membership fee is referred to as contribution and as per NATO's official web page; the contribution can be either direct or indirect.<sup>23</sup>

Indirect contributions are valued by NATO as largest and are represented by equipment or troops for a specific operation. In case a given Alliance member decides to contribute indirectly – all costs of such a move stay with that member state. Key thing to understand here is that apart from the situations where Article 5 comes into action the indirect contribution is exclusively a voluntary action. The other part of indirect contribution was invented only in 2006 and is represented by the commitment to a minimum of 2 per-cent of Gross Domestic Product defense spending.<sup>24</sup>

The idea behind is simple and fair. The Alliance members wanted to ensure that each member state is participating proportionally equal on the defense strength, however, the reality turned to be different. Here is an extract of the official NATO text in regards to this matter: "The combined wealth of the non-US Allies, measured in GDP, exceeds that of the

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<sup>23</sup> Funding NATO. [online]. North Atlantic Treaty Organization, 2015, 26. 03. 2015 [cit. 2015-04-12]. Available from: [http://www.nato.int/cps/en/natohq/topics\\_67655.htm?selectedLocale=en](http://www.nato.int/cps/en/natohq/topics_67655.htm?selectedLocale=en)

<sup>24</sup> See previous footnote.

United States. However, non-US Allies together spend less than half of what the United States spends on defense. This imbalance has been a constant, with variations, throughout the history of the Alliance and more so since the tragic events of 11 September 2001, after which the United States significantly increased its defense spending. The gap between defense spending in the United States compared to Canada and European members combined has therefore increased.

Today, the volume of the US defense expenditure effectively represents 73 per cent of the defense spending of the Alliance as a whole. This does not mean that the United States covers 73 per cent of the costs involved in the operational running of NATO as an organisation, including its headquarters in Brussels and its subordinate military commands, but it does mean that there is an over-reliance by the Alliance as a whole on the United States for the provision of essential capabilities, including for instance, in regard to intelligence, surveillance and reconnaissance; air-to-air refuelling; ballistic missile defense; and airborne electronic warfare.

The effects of the financial crisis and the declining share of resources devoted to defense in many Allied countries have exacerbated this imbalance and also revealed growing asymmetries in capability among European Allies. France, Germany and the United Kingdom together represent more than 50 per cent of the non-US Allies defense spending, which creates another kind of over-reliance within Europe on a few capable European Allies. Furthermore, their defense spending is under increasing pressure, as is that of the United States, to meet deficit and indebtedness reduction targets.”<sup>25</sup>

The key line here is outlining the fact that non-US Allies, meaning including Canada spend less than a half of what the United States spends on defense. This explicitly suggest that the United States absolutely fund the Alliance and invest their own money into the European security. The article goes even further outlining that the United States share makes 73 per cent of the defense spending. I mean there is no need to do a deep investigation in order to claim that the Alliance is anyhow ruled by the United States and that investing that much more than the other members all economically rational actors will be trying to promote own aims and goals.

If to be looking at this situation from the other angle one could claim that there is nothing wrong with a “Big” protecting a “Small”; however should we not forget that the United States was never a fan of free of charge market economy. If you cannot pay with money, pay with resources. Low on resources, well in that case the United States will protect you for “free” and in order to do it better the United States will have its troops right at you back yard.

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<sup>25</sup> See previous footnote.

It is also important to note that the financial crisis was indeed a big punch on the defense budgets making the gap described above much more significant and forcing bigger Alliance players like the United States itself, France, the United Kingdom or Germany to fight the deficit and indebtedness. Moreover, specifically Germany had to also invest a lot into the European Union stability during the financial crisis.

The recent crisis in Ukraine did however force the Alliance members to rethink their investment strategies. The activities of Russia opened a very painful question of defense budget cuts in Europe. This unpopular topic was openly addressed on the Wales Summit in 2014 where the leaders of NATO member states agreed to “reverse the trend”, meaning committing to start actually fulfilling the 2 per cent guideline. The agreement points were formulated strictly, but with a decent level of diplomacy and tolerance. The NATO members agreed that “Allies currently meeting the two per cent guideline on defense spending will aim to continue to do so; Allies whose current proportion of GDP spent on defense is below this level will halt any decline; aim to increase defense expenditure as GDP grows; and will move toward the two per cent guideline within a decade.”<sup>26</sup>

Interesting fact is that NATO openly claims that the 2 per cent of the GDP guideline is actually more like a membership fee rather than any significant NATO defense budget source.<sup>27</sup> No guarantees – is the key expression here.

Another indirect contribution that NATO is expecting is “The Major Equipment Spending Guideline”. In fact, this is a simple threshold of the defense spending that have to be directed towards major defense equipment. The current level is 20 per cent and it is claimed that the idea of this indirect contribution is to ensure an adequate and comparable level of defense equipment among the NATO member states. Predictably, the majority of funds in this area are also coming from the United States and Europe is again mostly expected to catch up. Expectedly, the already mentioned Wales Summit ended up with an agreement that those who underinvest will catch up within a decade.

Direct contributions are of two types. NATO differentiated between common funding and joint funding.<sup>28</sup> Again, this is exactly based on the official information from the NATO web resource. Main principle to usage of the direct funding is finding the most appropriate combination of two depending on the need and purpose.

The common funding is about common interests. It may sound primitive, but it perfectly describes the general principle. It is not that simple on practice as first of all a need has to be identified, and then there should be a decision taken on whether to use the common funding principle, which in other words means that the need should “serve the common interests”.

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<sup>26</sup> Wales Summit Declaration. [online]. North Atlantic Treaty Organization, 2015, 27. 03. 2015 [cit. 2015-04-12]. Available from: [http://www.nato.int/cps/en/natohq/official\\_texts\\_112964.htm](http://www.nato.int/cps/en/natohq/official_texts_112964.htm)

<sup>27</sup> Funding NATO. [online]. North Atlantic Treaty Organization, 2015, 26. 03. 2015 [cit. 2015-04-12]. Available from: [http://www.nato.int/cps/en/natohq/topics\\_67655.htm?selectedLocale=en](http://www.nato.int/cps/en/natohq/topics_67655.htm?selectedLocale=en)

<sup>28</sup> See previous footnote.

The overall principle of common approach to common funding is expected to be “over and above”, hence insisting on budget increase tendency.<sup>29</sup>

More to NATO funding. There are also the following types of funding. The civil budget represents money spent on running NATO as an organization. It consists of personal expenses, operation costs, and capital and programme expenditures. In order to keep these costs at a reasonable level NATO is formulating the budget based on the need. The so-called objective based framework. The money usually come from Foreign Ministry budgets of the member countries. The military budget as it easy to guess is dedicated to the costs of running the military part of NATO. It covers the operating and maintenance costs of NATO Command Structure. The budget is rather complicated and covers a number areas of NATO functioning. For example:<sup>30</sup>

- the Military Committee, the International Military Staff and military agencies;
- the two strategic commands and associated command, control and information systems;
- theatre headquarters for deployed operations;
- the NATO static and deployable Combined Air Operations Centres, deployable ARS and radar systems, and deployable HQ communication systems;
- the Joint Warfare Centre (Norway), the Joint Force Training Centre (Poland), the Joint Analysis & Lessons Learned Centre (Portugal), the NATO Defense College (Italy) and the Communications and Information Systems School (now relocating to Portugal);
- the NATO Standardization Office, the NATO Communications and Information (NCI) Agency (Belgium) via its customers, Allied Command Transformation experimentation funds, the NATO Science and Technology Organization (Belgium) and the Centre for Maritime Research and Experimentation (Italy);
- limited partnership support activities and part of the Military Liaison Offices in Moscow and Kyiv.

The budget is funded from the defense budgets of the NATO member states based on the agreed cost-shares.<sup>31</sup>

You can imagine that the underinvestment into the defense will have a direct impact either on the funding of the above mentioned areas, meaning that the cost-sharing agreements will be violated, or the other option is to keep the cost-sharing as committed, but decrease the part of the defense budget available for the rest of the defense agenda. Anyhow this directly affect the weight of the given member state in NATO. Underinvestment into own military and defense or breaking the commitments towards the Allies is a way to weaken the position. It is silly to expect that NATO consensus methodology will be fairly applied to those who break the fundamental agreement and mutual commitments of the Alliance. I acknowledge that this is maybe quite psychological, but at the end of the day, it is an utopia to claim that even such organizations as NATO fully work to rule and to every symbol in the Treaty. The fact is that we are yet to see that NATO is rather a flexible organization and the

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<sup>29</sup> See previous footnote.

<sup>30</sup> See previous footnote.

<sup>31</sup> See previous footnote.

“heavier” you are, the easier it is to bend the NATO decision line towards your goals and interests.

NATO has two more funding methods. One of them is the NATO Security Investment Program. This program is there to find money for defense initiatives beyond what is seen as sufficiently required. Mostly it is aimed on the integration initiatives that are to make the Alliance work more efficiently and more interdependently. To a certain extent, this program can be seen as a substitute to the part of the European Defense Agency’s agenda. The second method is called joint funding is again aimed on increasing the mutual dependence of the NATO member states in the areas of the development, production, even procurement of the equipment, by funding the work-groups or agencies within the NATO structure to lead such projects. Again, this replicates one of the goals of the European Defense Agency.<sup>32</sup>

The question that I ask myself here is why would NATO want to have a least two funding methods that are aimed to duplicate what European Defense Agency is meant to do? Well, two reasons that I see. First, European Defense Agency is quite a young organization compared to NATO and if to be correct it is vice versa in term who is replicating who. The European Defense Agency mission is actually copying part of NATO functions. Secondly, even though there is European Defense Agency now, there is no strategic sense to cancel such funding methods. It gives NATO an opportunity to attract budgets away from European Defense Agency and back into NATO by making more comfortable conditions, maybe less bureaucracy and importantly an understanding that ambitious projects that are too costly for Europe can actually be brought to live with the funding from the United States. Again, the main advantage and dependency is money. And the one who has money, always chooses the music the others dance to.

Having written all of the above I am confident to conclude this chapter claiming that European countries are rather still being towed with its NATO membership. Even the countries with the highest defense budgets like France and the United Kingdom underinvest into defense agenda. Hence, from the financial perspective that I will also look into more details in the next chapters the Europe’s weigh in NATO is rather pathetic. Nevertheless and as I claimed earlier the United States is not kind of the economy that will be accepting a non-fair play conditions without seeing another income. It does not have to be monetary, though the recent Wales Summit put European states under the certain level of financial pressure for the next decade. There is something more Europe could give to the United States and in that terms the weight of it should not and is not underestimated by the Unites States officials. Will this last? Well, it depends.

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<sup>32</sup> See previous footnote.

## 2. European Union's Military Security is Dependent on NATO

This topic or even a claim from my side had been touched indirectly for a number of times earlier in the text. Indeed, I claim what in my opinion is a fact – the European Union's military security is dependent on NATO. Nevertheless, I acknowledge that the way it sounds is rather too general and not yet fully supported by the facts and figures. In this chapter, I will try to investigate the kind and the level of this dependency and investigate such a widely discussed phenomenon of «free riders». Surely, I will provide fact and figures that I see relevant for my investigation.

A dependency can be quite a widely understood property. There are many aspects and views that it is theoretically possible to look from, however I will try to keep it as simple as possible in this exact case.

**The freeriders.** I am sure you all know what that term means and I am sure that many of you have once been a free rider yourself in your daily life. There is nothing wrong with it as long as you do not go over the limit. Within NATO the member, states from Europe are now being seen as free riders who are actually getting close if not yet over the acceptable limit of the main NATO funder – the United States. The whole concern of the United States is around the fact that the will to invest into military, which is coming from Europe, is actually decreasing from year to year while in order to keep the Alliance working the United States has to keep investing more and more into NATO capabilities on its own. One could claim that Europe was hardly struck by the financial crisis, which made Europe re-think its military expenditures, but frankly speaking, the United States was also affected hardly by the same crisis. The whole concern here is rather about willing to invest from the side of Europe.

The perception in the air is that Europe can actually increase its indirect and direct contributions to NATO, but does not want to do that since the United States invests enough for Europe to be protected from any threat. The behaviour of European politicians can be compared to teenager who knows that things have to be done in one way, which is rather more complicated, but since no one is punishing and only warns, the teenager continues to play his game further.

Lest to have a deeper dive into the topic of “free riders” I again have to stop and look back in time and at the history of views and perceptions. I will be looking at a number of articles from the verified resources on the internet that can help me analyse the development of this phenomenon and specifically interesting part – perception of it in terms of the situation in the World.

### 2.1 “Free riders” in Media

The topic of free riding in NATO and hence on the United States defense budget is not new. Already in 1995 there has been an article by Dawid Gompert and Richard Kugler that was suggesting that Europe, especially the United Kingdom, France and Germany are enjoying a free ride that United States of America are giving them through NATO. At that time, Russian

Federation was not seen, as big threat as it is now for example. I quote: “Fortunately, since there is no threat of a Russian invasion of Central Europe, basing NATO forces there is not only ill-advised but unnecessary. With Russia's steep economic, industrial, and military decline, NATO will have years of warning time if Russian Federation rearms. In the meantime -- indeed, in perpetuity, if Russia does not threaten Europe again -- NATO can rely on a power projection strategy to keep Central Europe safe and confident.”<sup>33</sup>

The claim is surely not applicable to nowadays, however it was a fair observation of that time based on which the authors of the article were trying to support the idea of power projection. In other words the idea behind is that America's allies in Europe have to actually stop pretending that they have no defense budgets and start to actually help the United States out with its heavy warfare initiatives in Persian Gulf and Bosnia, or elsewhere in the future. Europe was acclaimed to be like Switzerland protecting its borders from no big or even any threat instead rather redirecting resources on this initiative towards supporting the United States in its military affairs. Specifically this concern was addressed to France, the United Kingdom and Germany, given the understanding that definitely the first two (who in fact dedicated some pathetic amount of military resources to each NATO and the United States campaigns) have their political and economic interests in such campaigns as well as the United States and to a much profitable ration compared to what they actually give in order to support these.<sup>34</sup>

Another two interesting quotations found in the article are: “Western Europe's economy is 120 percent of ours...”<sup>35</sup> and “In the 1991 Gulf War, the United States provided 90 percent of Western "coalition" forces.”<sup>36</sup> The Gulf War, whatever the democratic intentions were used to PR it was about oil. The initiative was coming out of the United States, however the fair point made by the article author was that Western Europe was indeed importing oil from that area and therefore had to have at least some interests in promoting the right kind of state order in that area. Specifically given that at that time the Western Europe's economy was indeed a bit bigger than those of the United States, 120% if to be exact. The fact remains though; Europe was free riding this campaign on the 90 per cent strong American shoulders without being even a bit shy.

Overall, the article speaks about a power projection, but not the “free riders” and the authors are suggesting that Europe is not actually free riding the United States and the Alliance because they simply cannot afford to be self-protected, but simply because the strategy they use is different to the one the United States is promoting. The strategy seen as the only correct is the already mentioned power projection and in other words – military resources that are capable to fight the heavy warfare. Reading between the lines it is not hard to conclude that the United States is actually willing its allies to be contributing to the

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<sup>33</sup> GOMPERT, David and Richard KUGLER. Free-Rider Redux: NATO Needs to Project Power (And Europe Can Help). [online]. Foreign Affairs. 1995, [cit. 2015-04-12]. Available from: <http://www.foreignaffairs.com/articles/50581/david-gompert-and-richard-kugler/free-rider-redux-nato-needs-to-project-power-and-europe-can-help>

<sup>34</sup> See previous footnote.

<sup>35</sup> See previous footnote.

<sup>36</sup> See previous footnote.

United States initiatives all around the World where America's interests are concerned. Instead, European states rather choose the defensive strategy and concentrate on the border protection, internal security and continuous, as they see threat from Russia, though with the last one the expectation is that NATO will intervene when needed. In my view, on the one hand, the United States strategy makes certain sense and Europe should be interested in providing decent support to the power projection. Given the interdependence of the World even in 1995,<sup>37</sup> it is playing the appeasement policy again if not noticing the need to maintain the military security outside of the Alliance. And indeed the action must be preventive, rather than factual. On the other hand, the United States never did and never will follow the route of only good intentions based on World peacekeeping initiative. The United States has to have an economical or strategic interests covered as well in order to initiate a warfare. Europe, however, like an older kid in the family who never managed to had at least an equal share of such economical and strategically benefits, hence is not willing to support America's actions. I am not trying to excuse Europe from free riding, however, in my opinion this is the cause of the pathetic willingness of Europe to invest into the Alliance and pretending to be independent of the Alliance in question of the homeland security.

Jumping a more than a decade forwards into 2010 there is another article that is useful for the study that I am trying to conduct here. Before I look at it closer should I mention the fact that indirect contribution guideline of 2 per cent of GDP defense budget was invented in 2006. This will be important when speaking about Europe's contributions into NATO and judging its dependency on the Alliance.

The article is called "U.S. Defense Spending Subsidizes European Free-Riding Welfare States" and Ted Galen Carpenter and Marian L. Tupy in the Daily Caller wrote it in July of 2010. Should be easy to find in the internet, as it is available online.<sup>38</sup> Anyhow, I wish to start my way through this article with outlining that the difference between the first and this article is 15 years, but the term "freeriders" is still in and actual.

In fact, the "free riders" problem, as the article suggests was in place already during the Cold War. I must outline that I fully agree with this claim as indeed the Cold War by its nature; main actors, strategy and intentions did indirectly support the development of the free rider habits in Europe. Three main factors that I see as stimulus for free riding: tendency to improve economics in Europe, hence minimization of defense budgets, increasing defense budget of the United States, provision of the European territories for America's military, missiles for example. Though the last one was never anyhow officially documented as contribution alternative, I tend to believe that the European governments saw this as their very valuable share in NATO.

The tendency of the United States defense budget to grow is still here. Outlined in the article "...the U.S. spends nearly as much on the military as the rest of the world combined. This

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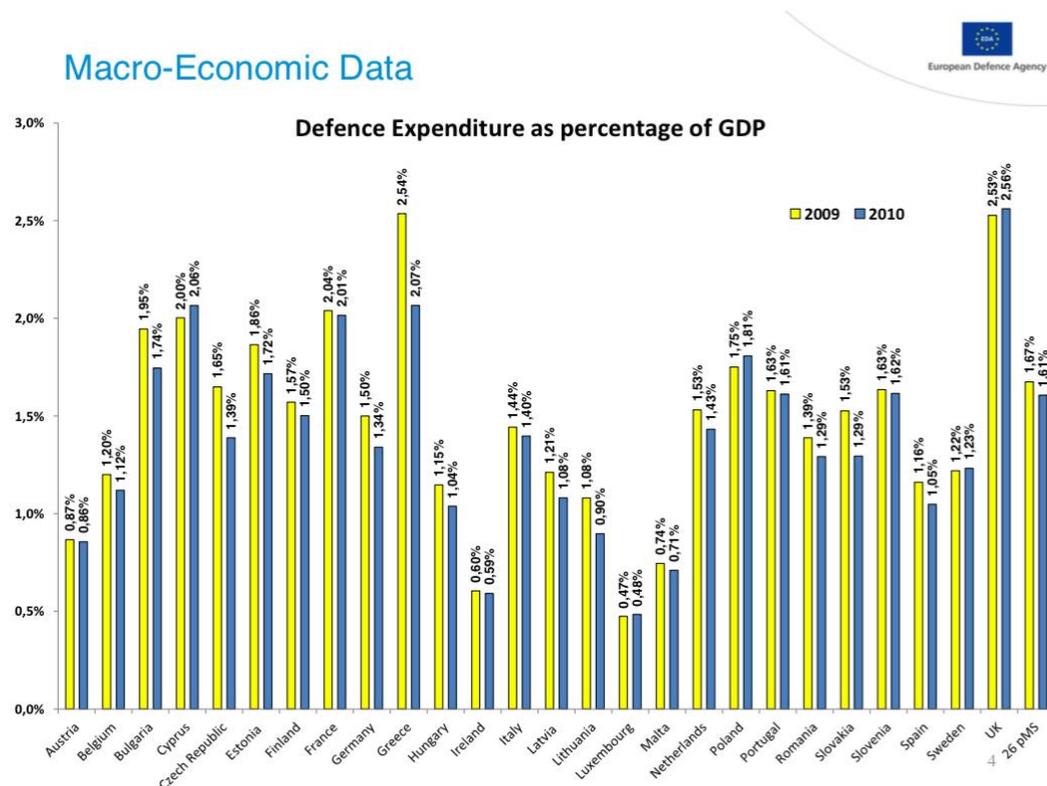
<sup>37</sup> Now the World is even more interconnected due to the expanding globalization.

<sup>38</sup> CARPENTER, Ted Galen and Marian L. TUPY. U.S. Defense Spending Subsidizes European Free-Riding Welfare States. [online]. CATO Institute, 2010, 12.06.2010 [cit. 2015-04-12]. Available from: <http://www.cato.org/publications/commentary/us-defense-spending-subsidizes-european-freeriding-welfare-states>

year, defense spending will be roughly five percent of America's almost \$15 trillion GDP. U.S. spends nearly as much on the military as the rest of the world combined. This year, defense spending will be roughly five percent of America's almost \$15 trillion GDP."<sup>39</sup> These are mind-blowing figures and a very bold observation. However, it would not ring much bell on its own apart from acknowledging that America is indeed a very militarized state.

Comparing this to allies' figures cannot provide any satisfaction again. We also should keep in mind that from the time perspective it is the year 2010 that we are looking at the moment. It had been 2 years since a severe economic crisis and as we would know now it is still few years to go on after 2010. Looking at France and the United Kingdom the figures are the following – 2.1 per cent for France and 2.6 per cent for the United Kingdom. The study on this topic made the article authors suggest that these figures represent a decline and the further cuts are in plans: "Reliable media reports indicate that France plans another whopping 12.5 percent reduction, amounting to \$5 billion. The new British government is conducting a comprehensive defense review that will likely slash at least another 10 percent from the already shrinking defense budget."<sup>40</sup>

The GDP figures mentioned above can also be obtained from European Defense Agency reports that are freely available on the agency's official web pages.



Picture #1 – Defence Expenditure as percentage of GDP. *European Defence Agency.*

<sup>39</sup> See previous footnote.

<sup>40</sup> See previous footnote.

Immediately we can notice that the United Kingdom budget did not actually decrease from 2009 to 2010, but rather insignificantly increased. France though is beneath the claimed level by almost 0,1 per cent. However there is a difference in figures precision between the official sources and what the article authors tend to claim the point remains, the budgets are low and especially if to look at other NATO members. Germany is far below 2 per cent in 2009 and in 2010 the drop is quite dramatic. Czech Republic tends to follow German example, but Poland nevertheless tries to turn the tendency opposite way and insignificantly for alliance and significantly, for polish, economy increased the investments. The overall result is decreasing tendency and the figures far beyond 2 per cent.

France and the United Kingdom are indeed militarized nations compared to other European countries. Historically it has always been the case of these two countries, but Germany, for example show a completely opposite picture of what it used to be. Not that the history has to repeat, but since the past days are now gone the expectation that Germany will play a significant role in NATO by directing sufficient funds is rather an utopia at the moment. Germany seems to be choosing the route of appeasement pacifism. The other military nation such as Italy follows the German path.

European countries are claimed to be choosing the social investment path before and during economic crisis and the United States protection is taken by given. "When questioned about his party's support for such cuts, Slota claimed that his coalition partners convinced him that Slovakia did not need additional military spending because "we enjoy protection primarily from NATO." That was little more than a code phrase for protection that the United States as the alliance's dominant player provides.

Most other NATO governments appear to have implicitly made similar calculations. They are reducing their militaries to skeletal size and increasingly rely on the U.S. to protect their security. But it gets worse. Instead of being grateful to U.S. taxpayers for enabling European welfare states to persist without the drag of more military spending, European elites miss no opportunity to castigate "American conditions" — a caricature of "cut-throat capitalism."<sup>41</sup>

Compared to the first article that I was analysing earlier in the study the suggestion here is rather more cutting. While the first article was basing on the idea that Europe has to change the approach to how it uses its military resources and direct them to power projection strategy of the United States this article insists on the idea of cutting the amount of troops the United States now has in Europe. This seen to have two positive outcomes: one is a cost-saving measure and the other is sobering the Europe's mind that such an unfair behaviour towards common commitments can leave Europe insecure. This should "end a stark, tangible message to the Europeans that would convey the depth of American dissatisfaction about their free-riding behaviour."<sup>42</sup>

Finally, there is one more article that I want to dedicate some attention to. It dates back to the spring of 2014. The timeframe is significant specifically due to the Ukrainian crisis

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<sup>41</sup> See previous footnote.

<sup>42</sup> See previous footnote.

already developed into the proper local warfare. The article is called “NATO's Secretary General Tells Europe to Stop Relying on the United States and Provide Its Own Defense” and the author is Armin Rosen. The material had been published in the online version of the Business Insider.<sup>43</sup>

The article itself is very short and straight forward. In order to clearly analyse it I would quote it all. “The Secretary General of NATO touched on one of the more sensitive aspects of the ongoing crisis in Ukraine during a speech at a security conference in Slovakia today. Because Europe has been fairly peaceful in recent decades, and because European NATO states are under the American defense umbrella, they don't need to dedicate all that much of their resources to their own security. This is partly a legacy of the Cold War period, when the United States subsidized the defense of European "frontline states" that were potentially threatened by Soviet aggression.

But this dependence on the United States, along with 20 fairly uneventful years in Europe following the breakup of the Soviet Union, leaves much of the alliance vulnerable to a newly-aggressive Russian Federation — and it might not always be the case that the United States are in a position to defend them. For the Associated Press, NATO head Anders Fogh Rasmussen warned that European countries now risk becoming "free-riders" and told reporters “every ally is expected to play its part toward contributing to our shared security,” adding, "we have to invest more in defense.”

According to NATO'S latest annual report on its members' defense spending, the U.S. and Canada spend nearly three times more on defense than all European members combined.

Meanwhile, defense spending actually declined in most NATO states in 2013 (the column on the far right) — even though Europe's biggest security crisis in decades would turn out to be just a few months away.

Rasmussen's statements underscore the long-term shift that Europe's security environment may currently be undergoing. The threats to the continent's stability are growing — and defense budgets, as well as European countries' role in their own security, may have to grow with it.”<sup>44</sup>

The main similarity to other two articles is again the fact the “free riders” term is still there and used, meaning that not in 15 and not in 19 years, the Europe had changed its attitude towards the Alliance membership and America’s contributions to the Europe’s defense. However, the key difference here is the emphasis on the fact that Europe has to invest more into its own security. I should outline that the view is no longer that Europe should invest more into NATO partnership, but rather into its own security, which despite these two

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<sup>43</sup> ROSEN, Armin. NATO’s Secretary General Tells Europe To Stop Relying On The US And Provide Its Own Defense. [online]. Business Insider, 2014. 15. 05. 2014 [cit. 2015-04-12]. Available from: <http://www.businessinsider.com/europe-is-a-free-rider-on-defense-2014-5#ixzz3UzsZfk8B>

<sup>44</sup> See previous footnote.

aspects of security are highly interlinked, suggests that NATO<sup>45</sup> may not want to be involved in de-escalation of potential threats in Europe. Hence, Europe has to start to be self-responsible in the questions of defense regardless of NATO membership. It was only because of the crisis in Ukraine the eyes of Europe are now starting to open more rapidly, while their defense budgets and spending continue to drown.

Based on the above analysis of these three significant articles I would like to conclude this part confirming my thesis that indeed Europe is dependent on NATO and specifically the United States. The relationship is rather mutual as I already mentioned, but the main fact remains that from the very beginning European countries were and still are relying on the United States active military support in case their security will be challenged. It is also fair to conclude that such behaviour of European leaders seems to be a kind of the deliberate strategy and a compensation for the United States to have its military presence in Europe. The view of the United States is rather opposite.

## **2.2 NATO Budget Comparison to the Defense Budgets of the Chosen Member States – France, the United Kingdom and Germany**

In order to have a complete picture of the European defense dependency on NATO I see it necessary to look and analyse a number of figures and trends. I would like to use two points of view: one from the NATO perspective and the other from the European Defense Agency perspective. The comparison in fact will be touching the amount of the United States contributions versus contributions from France, the United Kingdom and Germany, and European Defense Agency as a whole. The timeframe that I will be looking at is from the end of the Second World War to present days.

The European Defense Agency was established in 2004 and the consolidated data is only available from 2005 onwards. Despite this limitation it is still a valuable source to look at and especially because the modern picture is now much more important than the figures of the gone past.

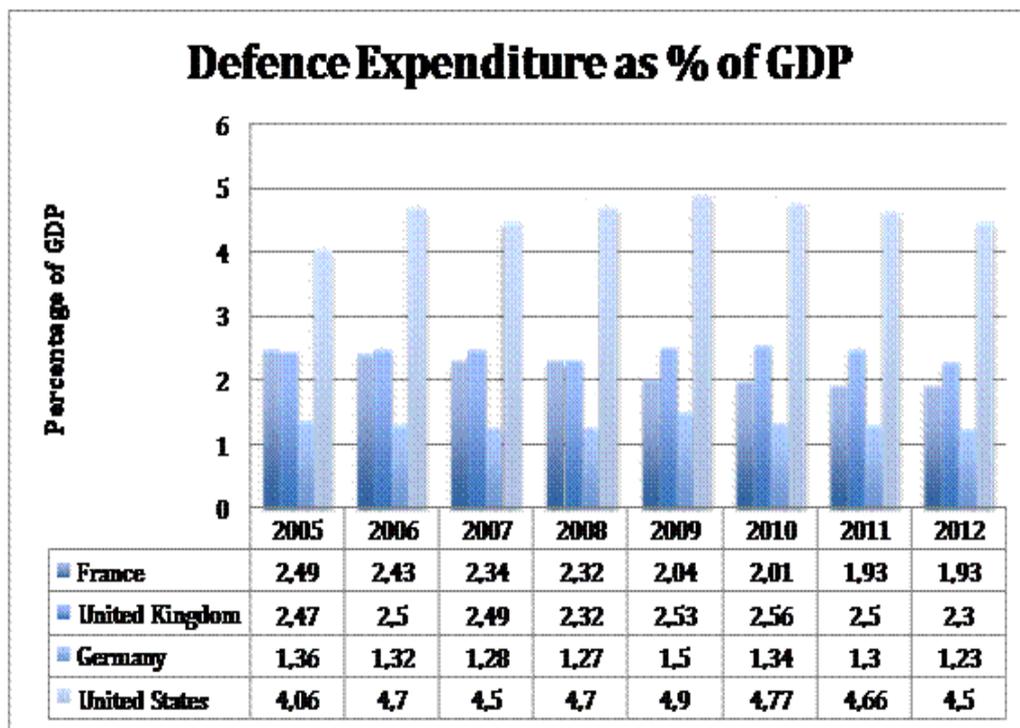
There is number of analytical documents that are available online on the official European Defense Agency web pages.<sup>46</sup> The two that I will be mainly looking at are Nation Defense Data and European Union – United States Defense Data (Expenditure). The first one is to show the relative and absolute figures of European Defense Agency members' defense budget investments and show the past and future trends from the European perspective. The second is to understand the gap between the United States and European contributions to the defense budgets.

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<sup>45</sup> Read – The United States.

<sup>46</sup> Defense Data Portal. [online]. European Defense Agency, 2005. [cit. 2015-04-13]. Available from: <http://www.eda.europa.eu/info-hub/defense-data-portal>

The below graph shows the aggregated defense expenditures in percentage of GDP of the chosen NATO member states including the United States.<sup>47</sup>



Picture #2 – Defense Expenditure as % of GDP. *European Defense Agency.*

What it tells is that the overall the United Kingdom is not only keeping the agreed level of contribution, but also exceeds it and keeps the level of defense investments stable. Stability can also be used as an adverb to describe Germany's investments, however here the sense is rather negative as values are significantly far beyond those acceptable. We also have to keep in mind that Germany is one of the strongest European economies. Speaking about France the decreasing trend with a great gradient is fairly disappointing. Nevertheless the most important and obvious fact that can be easily seen on the above graph is that the United States dedicates almost twice as high GDP percentage to the defense spending's than the United Kingdom for example. Hence relatively speaking the United States is indeed a leading NATO member in its investments into the defense agenda, however lest to understand the problematics better I shall see more macroeconomic figures, specifically absolute ones as well.

There is a European Defense Agency fact sheet available on the official internet resource of the organization.<sup>48</sup> The fact sheet touches the key figures of defense spending of European

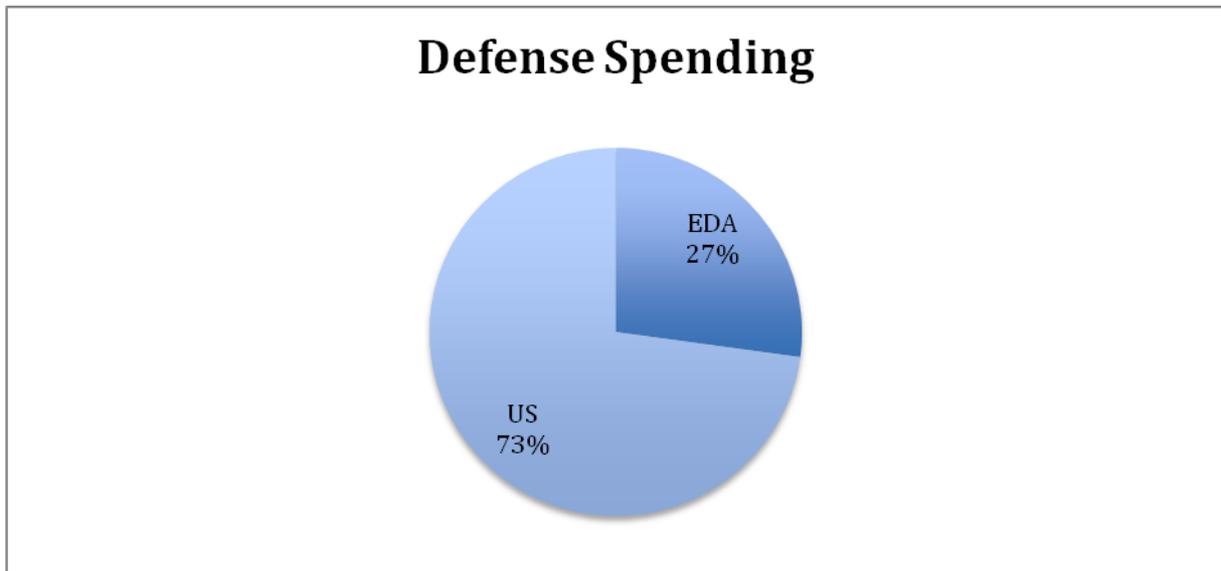
<sup>47</sup> The graph is the compilation of the data analysis sources data located on the portal mentioned in the previous footnote.

<sup>48</sup> EU and US government defense spending. [online] European Defense Agency, 2012. 20.01.2012 [cit. 2015-04-13]. Available from:

[http://www.eda.europa.eu/docs/documents/EU\\_and\\_US\\_government\\_defense\\_spending\\_fact\\_sheet](http://www.eda.europa.eu/docs/documents/EU_and_US_government_defense_spending_fact_sheet)

Union (the European Defense Agency members) and the United States. The figures outlined there indirectly prove European free riding habits.

Looking at the year 2010 for example the total spend of European Defense Agency governments on defense was 194 billion of Euro. At the same time in 2010, the United States spent 520 billion of Euro. The below simple diagram shows this dramatic difference in relative figures.



Picture #3 – Defense Spending. *European Defense Agency.*

The latest available European Defense Agency report comparing the United States and the European Union defense spending and other relevant figures comes from 2011 and is highly informative towards the topic covered in this study. Comparing the year 2011 to 2010 both absolute and relative values did decrease. The below table shows the macroeconomic figures presented in the document.<sup>49</sup> The gap between the EU and the US remained as big as it used to be.

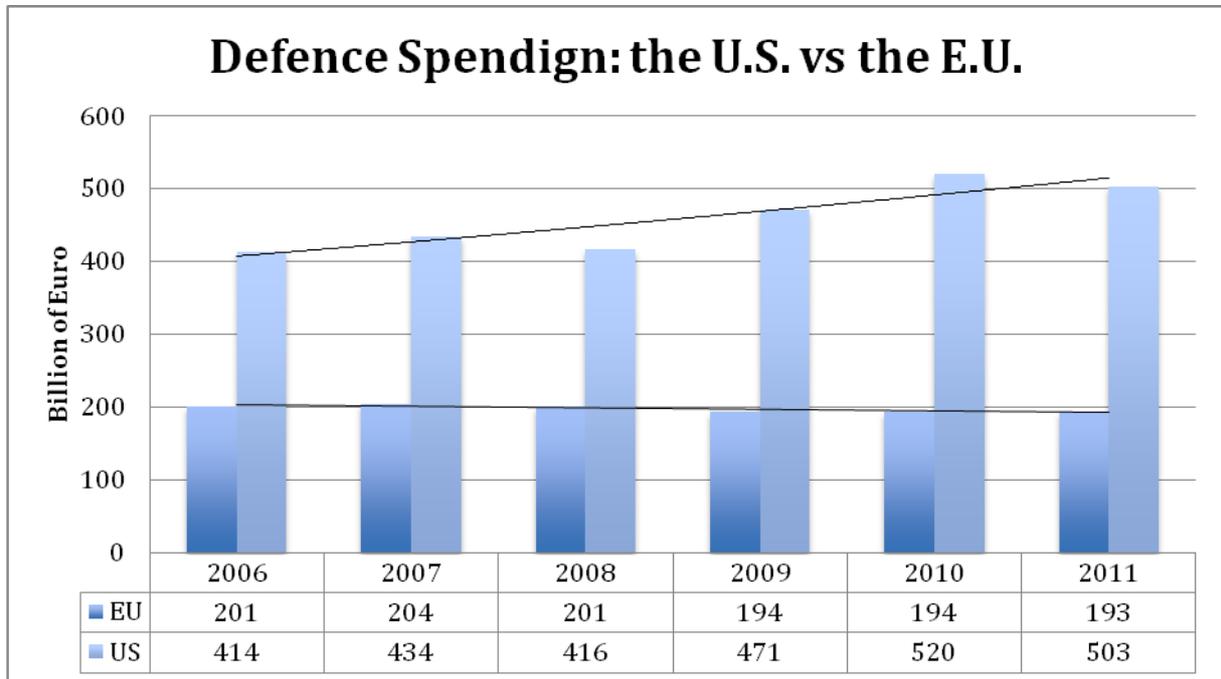
Table #1 – Defense Expenditure Figures. (*European Defense Agency*)

	2010		2011		% change	
	EU	US	EU	US	EU	US
<b>Total</b>	€194 billion	€520 billion	€193 billion	€503 billion	-0,5%	-3,3%*
<b>As % of GDP</b>	1,61%	4,77%	1,55%	4,66%	-3,4%	-2,3%

From 2006 to 2008 the aggregated defense spend was claimed to be about half of that of the United States. Between 2008 and 2010 the European Union figures decreased from 201

<sup>49</sup> EU–US Defense Data 2011. [online]. European Defense Agency, 2013, [cit. 2015-04-13]. Available from: <http://www.eda.europa.eu/docs/default-source/news/eu-us-defense-data-2011.pdf>

billion of Euro in 2008 to 194 billion of Euro in 2010, but the United States figures increased from 416 billion of Euro to 520 billion in the years respectively. The trend is again presented on the very simple and absolute figures graph.<sup>50</sup>



Picture #4 – Defense Spending: United States versus the European Union. *European Defense Agency.*

The other point of view for a significantly broader period can be obtained from NATO.<sup>51</sup> The absolute figures show the investment trends from the very beginning of the Alliance, however only for the United Kingdom, Germany, the United States and Europe as a whole.

Please see the Attachments sections for Graph #1<sup>52</sup> – Defense Spending in millions of USD.

The graph would not be a reliable source in terms of comparing the amount of investments, because the value of money did change a number of times during the course of time. Nevertheless, the whole point of this graph is to visualize the gap between the amount of the United States investments and the above-mentioned actors, and link the investment trends to the historical timeline.

It is interesting to look at the graph from the historical timeline perspective. Immediately I would like to outline that amount of the United States contribution was always bigger than

<sup>50</sup> The graph is the compilation of the data analysis sources data located on the portal mentioned in the footnote 41.

<sup>51</sup> Information on Defense Expenditures. [online]. NATO, 2015, 12.03.2015 [cit. 2015-04-15]. Available from: [http://www.nato.int/cps/el/natohq/topics\\_49198.htm](http://www.nato.int/cps/el/natohq/topics_49198.htm)

<sup>52</sup> The graph is a compilation of data presented in on the NATO web page from the previous footnote. The single sources are presented in the attachment section of this study.

the total amount for the whole NATO European allies combined. This is seen on the graph by the gap between the green and the purple lines.

Please acknowledge that the rapid increases on the above graph are partially caused by a different money value and the exchange rate fluctuation during the course of time. Nevertheless, the overall trend should be easily readable.

Starting from 1950 the United States investments into defense started to grow quite rapidly. The reason for that is the very beginning of the Cold War and to be more specific the Korean War that made Americans increase their military budgets rapidly. The next decade was characterized by a slow, but steady investment increase with the United States still dominating on the defense budget spending. Also, there was yet no gap between Germany investments that started from 1953 and the United Kingdom spending. The difference is yet to come.

Interestingly the Cuban Missile Crisis of 1961 that was only possible thanks to the Cuban Revolution in 1959 did not cause a rapid defense budget increase on the United States trend line.

The next rapid increase in the United States investments into defense goes from 1965 to 1968. European defense spending continues to grow with a very low gradient. The reason for the difference in this behaviour is the fact the Europe was yet calm and the threat from the Soviet Union was not escalating. Meanwhile the United States military intervened into Dominican Republic in 1965 and 1966 in order to prevent any Cuban-like revolution in the Region that as history shows can be quite challenging for the United States. The next reason for the United States spending increase was the active participation of the Soviet Union in Egypt in 1967 during the six days war and the War of Attrition against Israel. In 1968, the Prague's Spring manifest started to build up and in August 1968 the escalation of this made Warsaw pact countries, read the Soviet Union intervene into Czechoslovakia with troops and tanks that ended up all the reformation activities. The same year the defense spending of the United States reach their decade maximum. The Europe NATO members of that time like Western Germany and the United Kingdom did not react anyhow apart from slowly increasing the defense budgets. As we can see, there was no rapid increase or any sign of it. Meanwhile the gap between the United States spending and European spending continued to grow.

The Vietnam War was also an important milestone of the time. Similar situation as with Korea the North Vietnam was pro-communist and even was supported by the Soviet Union from 1959 in its war efforts against the South Vietnam, which expectedly was supported by the United States. The already mentioned year 1965 was the year when the United States initiated its presence in Vietnam and South-eastern Asia. By 1968, this presence increased radically and the Vietnam War was at the full speed.

The sixties decade also included first Pershing Missiles in Europe, specifically in Germany. However, the development of this missile system started in later fifties the first missiles arrived to Europe in 1963.

The other important milestone that took place in sixties of the last century was that France completely broke with the Alliance and was out by 1967. The loss of one of the strongest Alliance member made the United States direct more investments into defense.

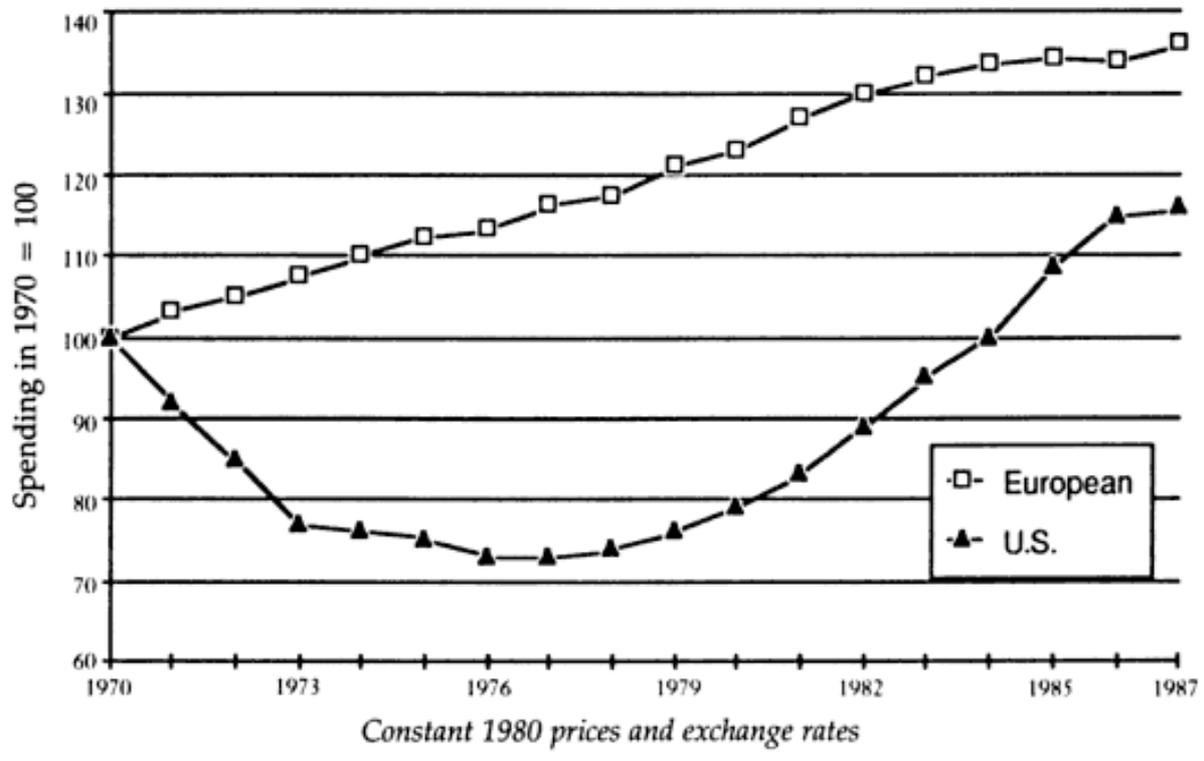
Overall the sixties decade showed that the United States strategic interests in its Cold War intentions of communism spread are very costly and require a significant amount of investments in a short period of time. The gap between Europe's defense budget and the United States budget grew up dramatically during that period. Europe was rather secure at that time however dependent on the United States defense support in case of any Soviet aggression from the Eastern Block. The Soviet Union was meanwhile highly engaged in the Cold War Armament race, the Space Race and management of the Warsaw pact member countries in terms of their stability towards communism. What I tend to claim is that the further interventions in Europe were too costly for the Soviet Union, hence Western Europe had quite a calm and secure decade.

The next decade can be simply described by the historical term Détente suggesting that Cold War escalations started to decline. The real value show that the United States still invests more into the defense in seventies with Richard Nixon in power, however the relative figures show that Europe is actually trying to catch up with a 40 per cent grow within almost two decades. Nevertheless, though the United States defense budget shows a 30 per cent fall in the seventies, exactly throughout the Détente period the new wave of the Cold War tension that breaks out in 1979 makes the United States rapidly increase the investments by 50 per cent to what its lowest level. The graph below show the visualization of the budget investments.<sup>53</sup>

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<sup>53</sup> FRANKEL, Benjamin. In the national interest: a National interest reader. Lanham, MD: University Press of America, 1990, xiii, 426 p. ISBN 08-191-7582-X.

### U.S. and European Defense Spending: Comparative Real Growth 1970–1987



Picture #5 – United States and European Defense Spending: Compared Real Growth 1970 – 1987. *In the National Interest*.

The next decade after the Détente period end is usually referred to as “Second Cold War” which gave birth to the agenda of terrorism that is still highly present today. Both superpowers dragged themselves into the military challenge over Afghanistan – the area rich on natural resources and opium – both sources of high revenue. The tensions between the United States and Soviet Union became dangerously high and the defense spending rose quickly and tremendously. Both powers had to spend a lot into deterring each other on the European continent and fighting each with the hands of Afghans in their home country. As we learn now, such a “puppet show” can have long-term consequences.

With the fall of the Soviet Union the defense spending of Europe and the United States did show some decrease. The reason behind was simple – a new country – Russia was in deep economic troubles and could not afford to rival with the United States. In fact, the military situation for Europe and the United States in terms of threat from Russia was no longer an issue.

With the Millennium, new escalations came out of shadow and these escalations were no longer linked to Russia but to the aftershock of the Afghan and other active campaigns of the United States in the middle-East region. The 9/11 Attacks made the United States and the United Kingdom increase their defense spending. Europe overall, however reacted more in

a way “not in my backyard”, hence did not increase the defense budgets at all. Interesting to observe, that the biggest gaps in European defense spending and the spending of the United States starts to build up immediately during the Second part of the Cold War, when the United States is becoming less fluent in covering its real intentions in the conflicting regions. Two reasons here for Europe to keep the investments without an increase or even actually decrease them: first, the conflict is far away and Europe’s security is mostly unquestionable; second, no interest for being involved (does not apply to the United Kingdom), due to European Integration is ramping up and represents the main priority for the continent.

Until not so long ago the picture was more or less the same with the United States aggressively sharing the democracy across zones of natural resources availability and strategic interests, and continuously promotes Europe to take active part in this under the NATO umbrella and as a price to pay for the United States theoretical protection. Europe at the same time plays the own game and free rides America’s military capabilities for the fair price of appeasement and letting the United States military on the European ground.

### **2.3 Underinvestment of the NATO Members into the Defense and Alliance, Potential Consequences for the European Member States**

The topic of underinvestment into NATO, or in other words not fulfilling the 2 per cent of GDP guideline was already covered in this study earlier. Nevertheless, I have yet never looked at this problematic holistically to see how big is the problem and what the consequences of such a behaviour are.

The 2 per cent guideline is a relative value for contribution. The aim of which is to ensure that every NATO member state is investing a required minimum into a defense based on the size of the state’s economy. Conceptually the approach is fair and aimed on the biased responsibility of the Alliance members.

Nevertheless, despite a full commitment of the North America’s Alliance members to this guideline the European Allies seem to take this contribution without decent respect and do not deliver the required investments.

Please see Attachments section for graphs showing the defense figures in % of GDP for European states from 1949 to 2013.

- Graph #2 – Defense Spending in % GDP, Average Values for 1949-1979.
- Graph #3 – Defense Spending in % GDP, Average Values for 1980-1999.
- Graph #4 – Defense Spending in % GDP, Average Values for 2000-2004.
- Graph #5 – Defense Spending in % GDP 2007- 2010.
- Graph #6 – Defense Spending in % GDP 2011- 2013.

I deliberately left the United States out from the overall picture. At the end of the day, the point here is not to prove that the United States invest a lot, but to show how dramatic is the decline of the European defense investments.

The information presented on the above graphs were taken from SIPRI<sup>54</sup> and some of the values may be estimates, nevertheless the overall picture is true and this is worrying.

The NATO era and the first decade of the Alliance began with enthusiastic defense spending behaviour from the first Alliance members. The relative budget figures from the first graph – Defense Spending Average Values for 1949 and 1979 were balancing between 3 and 4 per cent at average for all of the members except for tiny Luxembourg and Denmark. However immediately the trend of decline is notable.

The second decade however shows a dramatic drop down, the most notable drop is taking place in France and the United Kingdom. Other members show a rather lower decline, however the overall trend is very negative.

The third decade in seventies continues with decrease of relative figures; however, there is still a way to fall to the benchmarking 2 per cent (not in place as a contribution guideline at that time yet).

Looking at the second graph with Defense Spending Average Values for the period from 1980 to 1999 the tendency for decrease continues to develop. Remarkably, Greece starts with values above 5 % of GDP showing how serious it is about defense agenda. The United Kingdom starts at more than 5% and drops tremendously to a bit more than 2,5 %. This is just a crash by 50 % within 20 years and the worst is yet to come, keeping in mind that by nowadays this figure will be one of the top among NATO members.

France, already out of the Alliance by that time still shows a steady decrease of the defense spending by 1 % over almost 20 years.

Germany drops its defense budget for the first time under the 2 per cent level by the end of nineties. Again, the overall trend is rather disappointing for all the member states of that period.

The third graph is looking at the average value for the periods from 2000 to 2004. The period leader is Turkey with 3,5 % and the second place goes to Greece and the third to Bulgaria. None of the European superpowers like France or the United Kingdom, or Germany are reasonably near to these figures. The new century's defense reality is such that only seven NATO members in Europe (including Turkey) are actually exceeding the 2 per cent defense expenditure guideline. France and the United Kingdom are part of these seven, however Germany, is not, and this is given Germany is one of the strongest economies in Europe.

In order to see an even worse picture with defense budgets shall we look at the fourth graph, which shows the factual figures for year 2007, 2008, 2009 and 2010. De facto, some expenditures did show a temporary and usually one-year growth mostly in 2009 with a drop to 2007 value or lower by 2010. The picture does not change for France, the United Kingdom

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<sup>54</sup> SIPRI Military Expenditure Database [online]. Stockholm International Peace and Research Institute, 2015 [cit. 2015-04-28]. Available from: [http://www.sipri.org/research/armaments/milex/milex\\_database](http://www.sipri.org/research/armaments/milex/milex_database)

and Germany. All showing a very slow and stable decrease that can even be perceived as fluctuation. France and the United Kingdom are still above the 2 per cent maintaining quite a safe distance to the benchmark and Germany is peacefully low at slightly lower than 1,5 % values.

Finally the fifth graph showing relative value of defense spending for year 2011, 2012 and 2013. Predictably, the situation got only worse. There is not a single value crossing the 3% border and only five member states fulfilling the 2 per cent contribution guideline. France and the United Kingdom managed to stabilize on the level just above the benchmark. Germany is stable at below 1,5% and most of the other European members are balancing on the same line.

Before I move to a spot analysis of what it all means in the real figures I would like to conclude that this situation is actually showing that there is a high level of interdependency between the European states. There is barely any country in Europe self-sufficient for a heavy warfare outside the European territories. These are France, the United Kingdom and Germany with significant limitations. Other states' defense agenda is absolutely incapable of independent warfare.

The fact is that even 2 per cent of the GDP is not fully enough to develop an independent army, hence the interdependence is an acceptable approach within Europe and NATO, but again, imagine there is no United States on the warfare arena, can Europe claim that what it spends now on defense is enough to protect it? Indeed no. France and the United Kingdom are strong militarized powers, but can they carry the other states in their shoulders and protect all – definitely not. Turkey is out of the question here for a logical reasons. All of that means that such an underinvestment into own defense may have severe impacts on the Europe's security in different agenda's, not only military.

Let me try to provide an example here. Simple calculations. I would look at the military equipment for my quick study.

The price of one Eurofighter is approximately 90 Million<sup>55</sup> Euro and I would like to see how many of the Eurofighter planes can a chosen European state afford to purchase.

Let us take the United Kingdom, the home of the BAE Company developing this fighter planes. The defense expenditure of the United Kingdom in 2008 was roughly 42 billion of Euro.<sup>56</sup> This would make 466 fighter planes a year. This is a significant figure; however, the defense budget is not only the fighter planes. It also includes military and civilian personnel, research and development initiatives, operations and maintenance, infrastructure spending. The part of the 42K Millions defense spending dedicated to equipment procurement and

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<sup>55</sup> Haushaltsausschuss des Deutschen Bundestages billigt Bundeswehrprojekte. Bundesministerium des Verteidigung Presse- und Informationsstab, 2009.

<sup>56</sup> Defense Data of European Defense Agency participating Member States in 2009 [online]. European Defense Agency, 2011, 31.03.2011 [cit. 2015-04-28]. Available from: [http://www.eda.europa.eu/docs/documents/national\\_defense\\_data\\_in\\_2009](http://www.eda.europa.eu/docs/documents/national_defense_data_in_2009)

research and development was only 10K Millions. This means roughly 111 fighter planes only. This is not much if we apply the reality to these exaggerated calculations. In reality, the figure would be 10-15 planes per year in the best case.

If I would like to compare these calculations, I would look at Poland for example. The 2008 defense budget was almost 6 billion of Euro.<sup>57</sup> Hence converting this to the Eurofighter planes currency it is only about 50 pieces, given Poland has no other defense spending, which is utopia by default. Applying the “reality coefficient” to this, and I would claim the we would end up at the maximum figure of 4 planes.

It is easy to understand what I am trying to say here. My point is that even the richest powers in Europe cannot yet afford to have a decent military force to withstand their sovereignty from out of Europe threats. The weaker European economies are even more at risk, their pathetic expenditures can only be sufficient for border protection at best, but not for the hard warfare. Europe has to be unite on the defense agenda.

The defense expenditures have to increase as otherwise the consequences are unacceptable. The Europe is concentrated a lot on the cyber security, economic and social security and energy security, however Europe is completely forgetting or deliberately ignoring the unpleasant fact of the need of military security. Europe has to keep in mind that nowadays the approximate number of active fighter planes in the United States is more than two thousand<sup>58</sup>; Russia has more than 700 hundred<sup>59</sup>, and heavily investing to have more. Given in other areas the overall tendency and picture is similar – Europe does not look sophisticated even with all the forces combined.

## 2.4 NATO's Influence on Europe's Military Security Policy

The North Atlantic Alliance idea in the time when it was established was very simple and as I already mentioned in the introduction part the whole concept was to «keep Americans in and Russians out»<sup>60</sup> of Europe. The mutual defense clause was a fundamental part of the Alliance, however not the only. The paragraph number three of the North Atlantic Treaty is outlining the fact that the Alliance member states may not be equal at the level of their defense capabilities and NATO is there to help and find a correct level of defense power equality within the NATO zone.<sup>61</sup>

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<sup>57</sup> Defense Data of European Defense Agency participating Member States in 2009 [online]. European Defense Agency, 2011, 31.03.2011 [cit. 2015-04-28]. Available from:

[http://www.eda.europa.eu/docs/documents/national\\_defense\\_data\\_in\\_2009](http://www.eda.europa.eu/docs/documents/national_defense_data_in_2009)

<sup>58</sup> United States of America Military Strength [online]. Global Firepower, 2015, 01. 04. 2015 [cit. 2015-04-28]. Available from: [http://www.globalfirepower.com/country-military-strength-detail.asp?country\\_id=united-states-of-america](http://www.globalfirepower.com/country-military-strength-detail.asp?country_id=united-states-of-america)

<sup>59</sup> Russia Military Strength [online]. Global Firepower, 2015, 01. 04.2015 [cit. 2015-04-28]. Available from: [http://www.globalfirepower.com/country-military-strength-detail.asp?country\\_id=Russia](http://www.globalfirepower.com/country-military-strength-detail.asp?country_id=Russia)

<sup>60</sup> A Short History of NATO. [online]. North Atlantic Treaty Organization, 2015, [cit. 2015-04-12]. Available from: <http://www.nato.int/history/nato-history.html>

<sup>61</sup> The North Atlantic Treaty [online]. NATO, 1949, 09. 12. 2008 [cit. 2015-04-28]. Available from: [http://www.nato.int/cps/en/natolive/official\\_texts\\_17120.htm](http://www.nato.int/cps/en/natolive/official_texts_17120.htm)

The fall of the Soviet Union, though changed the mind-set and the perception of the cooperation within the Alliance. The Alliance started to be even more concentrated on the mutual support while the peacetime than it used to be ever before.

I am not saying the prevention or deterrence was never an agenda of NATO, it was indeed, however the overall approach to such was rather reviewed and adjusted to the new post-Soviet era.

One of the best examples of the new era cooperation or, in other words, missions of NATO is Air Policing. Now there are two Air Policing missions under NATO's supervision: Baltic and Icelandic.<sup>62</sup>

Overall, the preservation of the airspace of the Alliance members is far from being new. Already in 1970s, NATO managed to establish a decent level of airspace protection and surveillance. The system made by NATO is called Integrated Air Defense System and consists of radars for airspace monitoring purposes (Control and Reporting Centres and Combined Air Operations Centre), comprehensive data transmission equipment and importantly weapon systems. Part of this mechanism is the Quick Reaction Alert – the military assets that are being provided by the Alliance member states for a purpose of the quick interception of potential threats.<sup>63</sup>

There are two main zones of responsibility within this system. The borderline of the responsibilities crosses the Alps and the two Allied Air Headquarters responsible for own part are in Turkey (South) and Germany (North). Within German Headquarters there is also a division Between Combined Operations Centre in Denmark and again in Germany.

Even though NATO already had a member state without own air force – Luxembourg, the Air Policing as a mission was not present before 2004. That year NATO expanded further east and Baltic States such as Latvia, Lithuania, Estonia and south states such as Slovenia and Albania became the part of the Alliance the topic of their coverage by Integrated Air Defense System started to be a hot topic. In fact, it was hot already before due to expansion preparations.

The idea of Air Policing is coming from the overall concept of having the NATO airspace under the controls for 24 hours a day and 365 days a year and given the article number three of the NATO treaty the assets for this mission have to come from those who have them. The Air Policing is not free of charge leasing of the military air force, it is a pure mission of the other member states with rotation periods.

The concept of Air Policing has the following approach. There are four rotations a year meaning that the member state proving the airspace coverage is changing every three

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<sup>62</sup> NATO Operations and Missions. [online] NATO. 2015, 12. 03. 2015. [Cited: 04 04, 2015.]  
[http://www.nato.int/cps/bu/natohq/topics\\_52060.htm](http://www.nato.int/cps/bu/natohq/topics_52060.htm).

<sup>63</sup> NATO Integrated Air and Missile Defense. [online]. NATO. 2014, 30. 06. 2014. [Cited: 04 04, 2015.]  
[http://www.nato.int/cps/en/natolive/topics\\_8206.htm](http://www.nato.int/cps/en/natolive/topics_8206.htm).

month. The number of fighter planes provided by the member state on the duty depends on the capabilities, however for example the first Air Policing mission set a benchmark of 4 planes and around 50 people of the military personnel.<sup>64</sup>

The other interesting part of the Air Policing concept is that this mission can and has to be participated by the states renting the air force from other Allies. The best example here is Czech Republic.

First Czech Republic Air Policing mission took place in 2009 and consisted of four jet fighter planes JAS 39C Gripen that were rented in 2005 for ten year from Swedish Air Force. The Czech mission consisted of 75 people including “8 troops and civilian personnel from the Air Force of Kingdom of Sweden.”<sup>65</sup>

The Air Policing is not free of charge and the costs are shared between NATO members with and without air force. In 2011 this figure was at the level of 2,2 million of Euro for all three Baltic countries. Overall, the mission is indeed costly, but not pointless. The Alliance did even invest into the airbase modernization in Lithuania roughly 7 Million Euro and Baltic states were expected to increase their contribution to the mission up to 3,5 million of Euro by 2015.<sup>66</sup>

As I already mentioned the main idea behind the Air Policing is to ensure an evenly good level of the airspace protection in the NATO zone. The Baltic Air Policing has, however another important and provocative meaning for the Alliance and specifically Alliance’s main sponsor – the United States. The fact that Baltic States have a direct border with Russian Federation make these three counties of the post-Soviet area a strategically important Allies. The ability to immediately react, have more flexibility and present the NATO presence right near Russian borders is an important added value to NATO.<sup>67</sup> Recent crisis in Ukraine only proved the fact that this investment into Air Policing mission right near the Russian borders is strategically significant step.

The Air Policing is not the only NATO mission that is active in Europe and its surroundings. Here is the list present on the official NATO web page on the currently active and running missions of the Alliance:<sup>68</sup>

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<sup>64</sup> BRACKX, Daniel. Operation Baltic Air Policing [online]. 2007, 04. 03. 2007 [cit. 2015-04-28]. Available from: <http://www.belgian-wings.be/Webpages/Navigator/News/lithuania.htm>

<sup>65</sup> Air Contingent of the Czech Republic took over the NATO Baltic Air-policing mission [online]. 2009, 30. 04. 2009 [cit. 2015-04-28]. Available from: [http://www.kam.lt/en/news\\_1098/news\\_archives/news\\_archive\\_2009/news\\_archive\\_2009\\_-\\_05/air\\_contingent\\_of\\_the\\_czech\\_republic\\_took\\_over\\_the\\_nato\\_baltic\\_air-policing\\_mission.html](http://www.kam.lt/en/news_1098/news_archives/news_archive_2009/news_archive_2009_-_05/air_contingent_of_the_czech_republic_took_over_the_nato_baltic_air-policing_mission.html)

<sup>66</sup> LORENZ, Wojciech. Baltic Air Policing: A Mission in the Interest of the Whole Alliance [online]. The Polish Institute of International Affairs, 2012, 21. 09. 2012 [cit. 2015-04-28]. Available from: [http://www.pism.pl/files/?id\\_plik=11539](http://www.pism.pl/files/?id_plik=11539)

<sup>67</sup> See previous footnote.

<sup>68</sup> A Short History of NATO. [online]. North Atlantic Treaty Organization, 2015, [cit. 2015-04-12]. Available from: <http://www.nato.int/history/nato-history.html>

- NATO in Afghanistan – the non-combat mission as NATO refers to it, that is aimed on training, advice and support of Afghan security forces.
- NATO in Kosovo – the mission is about 4,500 troops in size and operates in Kosovo under NATO's Kosovo Force. This is rather a peacekeeping mission.
- Monitoring the Mediterranean Sea – the counter terrorism preventive mission of NATO. The overall concept is linked to patrolling and boarding suspect ships. The other, as I see, not broadly discussed aim of this mission is to continuously have strong presence near Gibraltar and in Mediterranean as part of Russia deterrence.
- Counter Piracy – as simple as it sounds with a beneficial reasoning for wider NATO marine presence.
- Supporting the African Union – peacekeeping mission on the African continent. In my personal opinion, this is definitely not without natural resources topic on the agenda.



Picture #6 – Current and Past NATO Missions. *Stratfor Global Intelligence*.

Putting all the above the information on NATO current missions on the map the result will be as shown above.<sup>69</sup> The source of the map lies in the internet and the map also includes the past missions of NATO, hence I found no reason for re-doing this myself, but I would rather acknowledge the efforts of whoever did this. Anyhow, the main point why I wanted to present this information on the map is that it can flash more light on to what is going on with NATO strategy and presence.

I will start at the top of the map. Iceland does not have its own air force and from 2006 NATO is performing the Air Policing missions here. On one hand side, this is a mission driven

<sup>69</sup> Current and Past NATO Missions [online]. Stratfor Global Intelligence, 2014, 25. 04. 2014 [cit. 2015-04-28]. Available from: <https://www.stratfor.com/image/current-and-past-nato-missions>

by the 3<sup>rd</sup> article of the NATO treaty. On the other hand side Iceland lays on the only shortest marine route for Russian North Navy powers into Europe and shortest air track for Russian bombers towards the United States and vice versa. In short, presence of the Allied Air Force in Iceland is strategically beneficial for the United States and barely any use for Europe.

Moving lower the map the other mission of the Baltic Air policing. The strategy behind this is a provocative and at the same deterrent piece of NATO Air Force close the Russian borders with the entire straightforward conclusion that can be made out of this.

Next is Germany, this NATO mission though marked on the map as present is actually not referred as such on the NATO web pages, but anyhow the main fact is that the Airborne Warning and Control System is there and fully active. The location is historically given and I'm referring back to the Cold War period when Germany was first to locate Pershing missiles on its territory. From the defense point of view, Germany is in the first place able to financially support this project, assure the technological support and be able to even ensure the decent level of protection of the system. Also, should we not forget that Germany's location in Europe allows to monitor almost the full zone of the NATO influence with 360 approach.

Slovenia and Albania the strategic benefit here is the Air Force support of the active NATO mission in Kosovo and overall Airborne presence of the NATO allies in the regions.

Kosovo mission is historically given and as I was already sharing my vision on the NATO campaign of 1999, the strategic benefit of this is the justification of the United States troops in Europe. The current mission is partially a peacekeeping and troops keeping mission.

NATO mission in Turkey is again not referred as active on the NATO web page is not aimed on the direct United States presence on the Turkish territories, but in fact, the most important strategic benefit of Turkey as a part of the Alliance is the full NATO control of the Bosphorus.

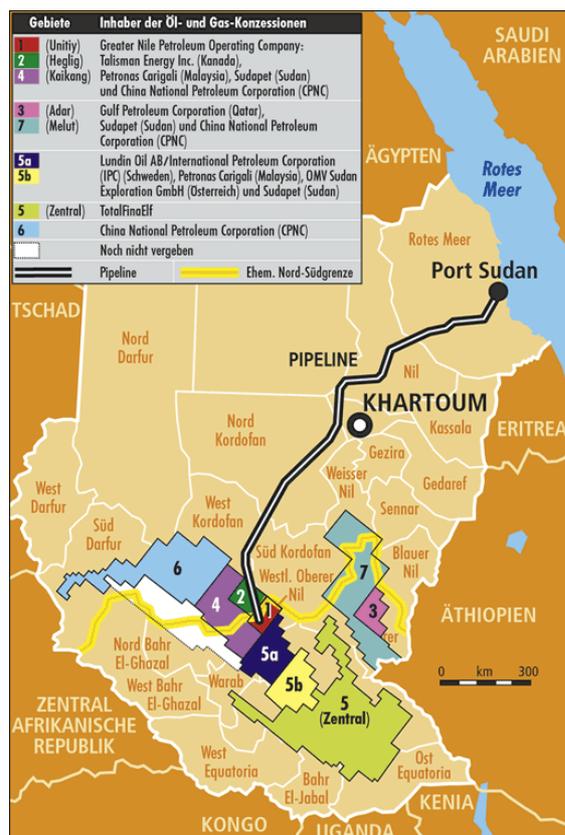
Out of Europe and into Asia and Africa. The mission in Iraq already in past – the United States influence of the natural resources utilization. Maintaining the regime influenced by the United States allows influencing governmental tenders on natural oil wells development for American companies rather those from Russia. In addition, the overall orientation on the current Iraq government towards West rather than East. Missions in Sudan & South Sudan that are now considered as past were again linked to the topic of natural resources. It happens that South Sudan is producing oil and Sudan is the main route to export it, this lead to a conflict within, that was very comfortable for NATO and the United States to participate in.<sup>70</sup> This is what NATO published in the official webpage in regards to this mission: "The African Union Mission in Sudan (AMIS) aimed to end violence and improve the humanitarian situation in a region that has been suffering from conflict since 2003. From June 2005 to 31 December 2007, NATO provided air transport for some 37,000 AMIS personnel, as well as

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<sup>70</sup> Sudan and South Sudan. [online]. U.S. Energy Information Administration. 2014, 03. 09. 2014. [cit. 2015-04-04.] Available from: <http://www.eia.gov/countries/cab.cfm?fips=su>

trained and mentored over 250 AMIS officials. While NATO's support to this mission ended when AMIS was succeeded by the UN-AU Mission in Darfur (UNAMID), the Alliance immediately expressed its readiness to consider any request for support to the new peacekeeping mission."<sup>71</sup>

It is not the point here to make judgment on the Sudan conflict as like who initiated this, what are the exact motives of NATO and the United States, but one simple reason is at least that multinational companies of European origin with American top management did work in Sudan before the crisis and wanted to continue working after. This economically rational desire had to be secured and it was.



Picture #7 – Recent Oil Stakeholders. *NewSecurityBeat*.

The Picture #7 shows the map of the most recent oil stakeholders of the region.<sup>72</sup>

The Horn of Africa mission of NATO is again aimed on securing of the strategically important commercial routes in the area. The justified NATO presence in the region comes as a benefit.

<sup>71</sup> A Short History of NATO. [online]. North Atlantic Treaty Organization, 2015, [cit. 2015-04-12]. Available from: <http://www.nato.int/history/nato-history.html>

<sup>72</sup> SHANKLEMAN, Jill. Oil in South Sudan: Turning Crisis Into Opportunity [online]. *New Security Beat*, 2014, 05. 2014 [cit. 2015-04-28]. Available from: <http://www.newsecuritybeat.org/2014/05/oil-south-sudan-turning-crisis-opportunity/>

The Afghanistan campaign of NATO and the United States (Pakistan included) is one of the most cynical campaigns ever in my opinion. The tragic even of 9/11 was used a motivation to justify a warfare in the area which was always a zone of interest of the United States and Russia. In 2001, Russia had no military capabilities and finances to stand over its interests in Afghanistan as it was done by the Soviet Union and this opportunity was fluently used by the United States to take control of the area with 90 per cent of the World's opium reserves and significant amount of minerals and natural gas. If there was a revenge and counter terrorist motive in this action, it was very small compared to the economical.

Concluding this paragraph I must frankly outline that NATO's influence on the Europe's security agenda is significant. The missions that NATO handles is only a part of the overall influence that NATO, and specifically the United States had on Europe's defense, including the economical and energy security.

The politics promoted by Washington is a kind of provocative democracy if such term exists. Such an approach requires a good defense assurance, which the United States have, but Europe does not.

NATO's existence is in fact influencing the Europe's defense agenda in the bad way since Europe has the illusion of being fully protected by the allied America and hence cut the defense budgets more and more. My personal opinion and what I wish to conclude in this chapter is that despite the free riding of Europe is costly for the United States economy the strategic goal is still more important. The United States is keen to keep Europe dependant on the military presence of the United States on the land and in the sea and involved, as long as it is close to Russia and oil. The missions initiated by NATO could have been initiated by European Defense Agency if it shared the NATO's strategy and this is key important as the main mission of every NATO mission is to approve its own existence and doubt the European defense capabilities.

### **3. NATO is not willing to Protect the European Union to the Extent it May Require**

This part of the study would be the most theoretical in its nature. Indeed, I see NATO being involved in Europe's security agenda only to the level of mostly the United States interests in Europe.

#### **3.1 NATO May not be Participating in Every Europe Initiated Military Campaign due to Main Funding and high Influence from the United States of America.**

Indeed, this is very true. Speaking about this we should keep in mind the financial aspect of the game and understand that there is a decision making process within NATO and hence this is fully dependant on the decision processes that had been adopted by NATO. The nature of this process can be described as consensus. There is no voting or majority approach. The condition for the decision to be made is the consensus that had to be reached.

Such approach that I will describe further in the text does give a decent level of flexibility with promoting the national interests while the decisions are being made and in fact gives a full right to the member state to block the decision without blocking the right to act individually on any matter concerned.

Within NATO there are structures as Defense Planning Committee, Military Committee and North Atlantic Council.

The Defense Planning Committee is «the senior decision-making body on matters relating to the integrated military structure of the Alliance». Quoting the official NATO web page: "The Defense Planning Committee is the ultimate authority within NATO with regard to the Alliance's integrated military structure, as are the North Atlantic Council (NAC) and the Nuclear Planning Group on matters within their competence. It implements decisions taken by the participating countries in relation to collective defense planning and issues related to the integrated military structure of the Alliance. It also approves Force Goals and Ministerial guidance for future NATO defense planning."<sup>73</sup>

The Defense Planning Committee is therefore an indeed powerful organ of the Alliance that can influence the decision making process by redirecting the pivot point of the discussed topic into its zone of competence.

This was fluently used by the United States when trying to fulfil Ankara's military assistance request. France, Belgium and Germany blocked the request in the frames of the North Atlantic Council. Nevertheless, the United States managed to pull the topic out of North Atlantic Council and into Defense Planning Committee consequently approving the assistance.<sup>74</sup>

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<sup>73</sup> The Defense Planning Committee [online]. NATO, 2014, 11. 11. 2014 [cit. 2015-04-28]. Available from: [http://www.nato.int/cps/en/natohq/topics\\_49201.htm](http://www.nato.int/cps/en/natohq/topics_49201.htm)

<sup>74</sup> GALLIS, Paul. CRS Report for Congress, NATO's Decision-Making Procedure. 2003. RS21510.

The next and initial organ on the route to the consensus decision to be made is the Military Committee that comes up with the key decisions for military actions. The Military Committee is the highest military authority in NATO. It consists of all 28 members' Chiefs of Defense; however, they meet at least 3 times a year while having the permanent representative in the Committee. The next important job of the military committee is to draft a document that all the members of the Military Committee have to approve and forward for the North Atlantic Committee for review and consensus agreement.<sup>75</sup>

The North Atlantic Committee, being the highest political decision making organ of the Alliance makes the political decision in regards to the proposed document from the Military Committee. The consensus approach to the decision making is meant to be used at all the decision-making stages including the political decision.<sup>76</sup>

The Alliance sees the consensus as status at which no objection is raised by any of the members. The consensus is primarily address to the strategic issues concerning all the allied governments. What NATO does not try to find during the decision-making is the "unanimity". This is seen as unreachable in the frames of the issues that NATO is seeking decisions in.<sup>77</sup>

The only way to object a decision in NATO is to explicitly disagree during the so-called "silence-procedure" – a period of time after the consensus decision was reached during which the government that explicitly disagrees with the decision made it can formally object by sending the its arguments against in writing to NATO.<sup>78</sup> The period is seen as 24-48 hours; however, the exact information is classified.<sup>79</sup>

The consensus is needed not only for the decision of taking action or not, but also defining the strategy including the target selection which complicates it even more.

So just to summarize, the decisions in NATO are taken by consensus, which in fact means that given no formal objection during the silence procedure while no common agreement is needed, the political decision will be taken and action will be exactly as was defined by the Military Committee on the military level. The Military Committee defines the strategy and identifies action to be taken and I strongly believe that at this level the influence on the strategy is highly linked to the defense budget investment. Surely, I will not be able to provide the evidence to prove my assumption; however, I nevertheless think that this is true.

Anyhow, the overall approach of the decision making can allow the more powerful and

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<sup>75</sup> The Military Committee. [Online]. NATO. February 2015. [cit. 2015-04-04.] Available from: [http://www.nato.int/nato\\_static\\_fl2014/assets/pdf/pdf\\_2015\\_02/20150213\\_150213-MC\\_leaflet\\_en.pdf](http://www.nato.int/nato_static_fl2014/assets/pdf/pdf_2015_02/20150213_150213-MC_leaflet_en.pdf)

<sup>76</sup> See previous footnote.

<sup>77</sup> SIPRI Military Expenditure Database [online]. Stockholm International Peace and Research Institute, 2015 [cit. 2015-04-28]. Available from: [http://www.sipri.org/research/armaments/milex/milex\\_database](http://www.sipri.org/research/armaments/milex/milex_database)

<sup>78</sup> See previous footnote.

<sup>79</sup> HUNTER, Robert E. The European Security and Defense Policy: NATO's Companion – or Competitor? Rand Corporation, 2002. 0833032283/9780833032287. Page 76.

influencing defense investors to manoeuvre around the institutions within NATO combining these in a way to promote own strategy. More importantly, the silence period and the overall approach used in NATO does allow a given member to actually block the whole action. You can imagine that the more powerful is the member, the more it is financially independent from the other members the easier it is to block the consensus decision.

The main point here is that there is nothing to stop the United States to block or withhold from any action within NATO that does not meet the interests of the Government of the United States. Europe has to be aware of that fact, as even the Article 5 of the NATO Treaty has to undergo the consensus process, which in fact does mean that Europe may not get what it needs from NATO. This dependency and this fact should be very well reflected in the defense spending of European states in a way of increase of such.

### **3.2 Europe is not Fully Protected by NATO**

I dare to claim that in the unlikely event of European initiated military action; the United States will not be involved. The main equation here is if Europe wants to be fully protected by the United States it has to show dedication to the common goals – meaning the United States goals of the World Order.

Europe has to have more deployed troops that would be supporting the United States troops in the military actions initiated. In case, however Europe will keep the defense budgets lower than agreed and will not be deploying its troops alongside the United States the most powerful Ally in the Alliance will not be interested to secure Europe to 100% on its own costs.

Excluding the United States from the equation and pretending that NATO is only Europe, the story gets even worse as Europe as a whole is barely protected from the threats like militarized Russia, fanatical Middle East, and communist China with a population of the size of dozen Europe's put together.

The free riding behaviour described in the previous chapters would not have been the case if not tolerated from the side of the United States. However, is the free riding of Europe something what is causing the United States defense budget to grow and take all the costs?

I do not think so.

There has been no military conflict with a heavy warfare on the territory of Europe ever since the World War II except for the NATO initiated action in Kosovo. This is important to understand since thinking about defense spending we should consider the potential threats in the first place. All the time the Soviet Union was the aggressor that could potentially strike towards Western Europe. Once the Soviet Union was gone into history the new era Russian Federation was yet too weak to and internally oriented to present any special threat to European powers. Middle East was partially stable until the modern days and never been a point of the European confrontations, but rather a zone of interest of the United States

and the Soviet Union. It did not take long for the European powers to understand the fact that money and troops is the not the first and the main assets that they can offer to the United States. Territorial presence of the American forces near to the zones of America's interests is the key payment that Europe could have made.

This assumption on America's behaviour is not giving straightforward answer to why Europe cannot fully rely on the United States support. The United States despite being the most militarized power is not a war machine, but a state with its own internal affairs and economics. The United States government has to watch the social moods of the population and seek support as otherwise the state will not work. Currently the level of disappointment of the United States foreign policy is quite high and mostly because it is obvious that the United States are mostly running NATO at their own costs, while European powers are parasitizing on this. Europe has to count that the United States, being located on the different continent can apply gambit tactics over the Europe in case of the worldwide warfare threat. In fact, Europe has nothing much to offer to the United States except for strategic location. Given Europe is not investing sufficient funds onto defense – it will simply become an almost no value add buffer (in terms of military) between two superpowers. Europe should also be aware of the fact that Middle East and Africa are much more financially and strategically interesting areas for the United States due to the reload of Russia and tremendous rise of China. Modernization of the military equipment is also a topic for Europe to be concerned about. Each year the defense technology is getting more and more sophisticated and flexible, requiring less dependencies on the strategic locations. Space, Naval and Airborne technologies make defense an active and self-sufficient to a much greater extent than it used to be during the Cold War, when the limitations of the armaments were much more significant.

### **3.3 Europe and European Union Have to Invest into the Defense More Lest to Keep the Right Level of Autonomy from NATO and Stay Protected**

I see this thesis as self-sufficient to be honest. Speaking the mass media language no comments are needed, however I will anyhow provide a few.

The European Union is not a simple initiative of doing something commonly; instead, it is a complicated mechanism of cooperation and compromises of different European nations towards the common wealth and safety. Given the level of globalization today the wealth hard to judge due to the rapid economical dependencies. Today you are rich, tomorrow a bomb goes in some unnamed Arabic country and suddenly you lose half of your investments. This is the reality and European economists and top managers of European corporations have to adjust to it. The safety topic however is much more critical since creation of the wellbeing is an easy job compared to securing of it. My point here is quite simple. European nations spent so many years, money and efforts to unite and build the European Union as per their vision and they have to recognise the fact that they need to protect it.

The European Union, if not destroyed from within has a potential to become another superpower on the World's arena and if it does the defense capabilities are mandatory.

Now we cannot even imagine the European Union Eurocorps fighting a hidden war with the United States on the natural resources somewhere in Africa, but what if this is a potentially possible reality?

Surely, now the European Union is highly pro-American and there material benefits of that, including the illusion of the complete protection from the United States, however this can change. The fact remains that there is no fifty-fifty balance in the World, it just does not exist and there will always be a more giving side and a more taking side. This is the current situation on the defense and NATO side of the game at the moment. The United States gives more, Europe takes it, and things will change, on the day when the United States will stop giving more and will be enforcing the balance. A kind of the shock therapy of the free riding disease. An allegory for a teenager forced by parents to go and make his/her own money for the first time.

The crisis in Ukraine prolonged the free riding ticket for Europe for at the same time outlined that Europe should be getting ready to pay.

Indeed, Europe and especially the European Union has to invest into defense more. I will analyse the views of the chosen states on this topic, but already now I must admit a high level of self-reflection and commitment to the common security. This is important because weak defense capabilities of the current Europe is actually an appeasement for powers like Russia to be doing what they are doing; either it is good or bad, not the point to judge it here.

#### **4. Military Budget Cuts of Chosen European Union States: France, The United Kingdom and Germany in the Recent 9 Years**

This chapter of this study will be dedicated to the analysis of the media articles touching the topic of budget cuts and specifically defense budget cuts in Germany, the United Kingdom and France. The importance of this exercise is in the reflection of the perception of the topics concerned in the mass media.

##### **4.1.1 The Year 2006**

The only interesting article from 2006 that is touching the topic of defense spending in the United Kingdom is actually raising concerns on the fact that in the author's opinion the Ministry of Defense is actually spending too much.

*"...the MoD for going only 11 % over budget on 30 acquisitions, such as attack submarines, destroyers, Euro-fighter aircraft and anti-tank weapons. This overspending – a mere £3bn or so – is a heroic improvement on the ministry's usual efforts."*<sup>80</sup>

I found it important to outline this opinion, though it is a single source and cannot be much representative, however as I would go further such an opinion will never repeat.

Another interesting to mention article from 2006 is actually giving a hint on the different approaches of the United Kingdom and France to the defense agenda. The article speaks about the United Kingdom actually blocking the initiative of France to extend the European Defense Agency funding from 22 million of Euro in 2007 to 29 million of Euro in 2009. This again indirectly proves that the United Kingdom is still looking for a closed partnership with NATO and especially the United States and does not want France to succeed in the initiatives of building a strong and independent European analogue.<sup>81</sup>

##### **4.1.2 The Year 2007**

This year the majority of the articles that are of interest for this study are coming from British media and speak only about the United Kingdom affairs on military topics.

BBC is published three articles in the chronological order with the following headings: "Tony Blair has said his foreign policy is "controversial" but his approach of military intervention must continue."<sup>82</sup>, "A group of former military chiefs and politicians, calling themselves the United Kingdom National Defense Association (UKNDA), has launched a campaign for

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<sup>80</sup> MONBIOT, George. Only Paranoia Can Justify the World's Second Biggest Military Budget. [online]. The Guardian, 2006, 28. 11. 2014 [cit. 2015-04-19]. Available from: <http://www.theguardian.com/commentisfree/2006/nov/28/comment.politics>.

<sup>81</sup> United Kingdom under French Fire over Defense. [online]. EU Observer, 2006, 14. 11. 2006 [cit. 2015-04-04]. Available from: <https://euobserver.com/defense/22849>.

<sup>82</sup> Blair Defends Intervention Policy. [online]. BBC News, 2007, 12. 01. 2007 [cit. 2015-04-04]. Available from: [http://news.bbc.co.uk/2/hi/uk\\_news/politics/6254253.stm](http://news.bbc.co.uk/2/hi/uk_news/politics/6254253.stm).

a major increase in funding for the armed forces.”<sup>83</sup>, “Prime Minister Gordon Brown has rejected criticism from five former military chiefs about the treatment of and funding for the armed forces.”<sup>84</sup>

The simple conclusion of the analysis of the above articles is that London is trying to play the game of Washington and provide as much warfare support for the United States missions in Iraq and Afghanistan. The funding of this is seen as sufficient by the government officials, but the military experts claim the opposite.

#### 4.1.3 The Year 2008

In 2008 there had been an article sharing the vision that while the defense market expands the Europe is rather an exception to this tendency, since defense spending are declining on the continent. “A prolonged period of peace and the lack of a direct territorial threat have created the mindset in European government that whatever security is needed can be provided through finite budgetary allocations”. “Shrinking defense investment throughout much of Europe is occurring against a backdrop of extensive modernization of national armed forces and an increased willingness by governments to allocate military resources to international peacekeeping missions.”<sup>85</sup>

Next is the Financial Times article claiming that France and the United Kingdom should cooperate more with the defense topics. “Both nations have aspirations for foreign policy projection and military technology beyond their individual budget capacities.” Indeed, as article suggests both European powers can afford new aircraft carriers and this is it from the budgetary perspective. The obvious conclusion made by the article author is that this is a little help for NATO. The morality is at the end is that Europe has to spend on defense in an effective manner in order to be sovereign and useful for NATO.<sup>86</sup>

The United Kingdom media are proudly positive in the views on the European defense spending and specifically Britain’s role. The United Kingdom is referred as “...remains a heavyweight player...” with a number of the top-class military equipment available. The author presents the facts that indeed show the monetary superiority of the Europe as a whole with 120 Billions of GBP annual defense budget compared to the China and India with only 35 and 15 Billion respectively.

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<sup>83</sup> WYATT, Caroline. The Battle over Forces Spending. [online]. BBC News, 2007, 8. 11. 2007 [cit. 2015-04-04]. Available from: [http://news.bbc.co.uk/2/hi/uk\\_news/7084444.stm](http://news.bbc.co.uk/2/hi/uk_news/7084444.stm).

<sup>84</sup> Brown Hits Back on Forces Funding. [online]. BBC News, 2007, 23. 11. 2007 [cit. 2015-04-04]. Available from: [http://news.bbc.co.uk/2/hi/uk\\_news/politics/7108650.stm](http://news.bbc.co.uk/2/hi/uk_news/politics/7108650.stm).

<sup>85</sup> European Defense Spending Shrink. [online]. Defense Update, 2008 [cit. 2015-04-04]. Available from: [http://defense-update.com/analysis/analysis\\_121108\\_european\\_defense\\_budget.html](http://defense-update.com/analysis/analysis_121108_european_defense_budget.html).

<sup>86</sup> A Defense Deal with France is an Opportunity, Not a Threat. [online]. Financial Times, 2008 [cit. 2015-04-04]. Available from: <http://www.ft.com/cms/s/0/6eded6fa-539a-11dd-8dd2-000077b07658.html#axzz3WLoars51>.

Another interesting note is that Russia's military capabilities are referred to as "...generation behind in technology terms compared to the highly advanced Western armies."<sup>87</sup> I hope that we never get a chance to find out if this is true or not.

Contrasting view was present in the next article from the same media source "The Telegraph". "The Armed Forces face a mass walk out with under-funding leading to a "major crisis" in defense, an influential report backed by former military chiefs warns."

This happens due to the big number of troops deployed in Iraq and Afghanistan with a high pressure from the financial side of the game. The budget has to increase from 34 to 50 Billion of GBP in order to mitigate the mass resignations as per the United Kingdom National Defense Association analysis.<sup>88</sup>

The further it goes the more questionable is the first article that was presented.

Overall the position of David Cameron is as simple as the that he will not commit to any defense spending increase and outlines that incorrect budget streaming can be a high risk.

However, whatever said the Royal Air Force is now in danger of having insufficient staff to run the fleet and keep British top positions in air. The same applies to the Fleet, which as argued "heading towards half its current size by 2020 with no air cover for the next nine years after the withdrawal of the Sea Harrier." The Ministry of Defense is sharing Mr. Cameron's vision and only confirm that budget defense spending actually show a steady growth also promoting the fact that treasury will be able for ad-hoc funding if needed. However, no significant budget increase should be expected.<sup>89</sup>

In 2008, Germany was facing formidable attacks from the Allies from NATO and the European Union outlining Germany's own political route that does not even parallel to commonly accepted in Europe. Germany was accused in appeasement policy and almost complete dullness towards cooperative action. Instead Germany decided to go the own way on sorting things out. Germany been criticized for a friendly relations with Russia and no will to enforce sanctions against Iran.<sup>90</sup>

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<sup>87</sup> HARDING, Thomas. Analysis: European Military Budgets Still Far Surpass China and India. [online]. The Telegraph, 2008, 14. 9. 2008 [cit. 2015-04-04]. Available from: <http://www.telegraph.co.uk/news/uknews/defense/2958305/Analysis-European-military-budgets-still-far-surpass-China-and-India.html>.

<sup>88</sup> Armed Forces Face Mass Walk out over Poor Funding, Report warns. [online]. The Telegraph, 2008, 16. 9. 2008 [cit. 2015-04-04]. Available from: <http://www.telegraph.co.uk/news/uknews/defense/2969962/Armed-Forces-face-mass-walk-out-over-poor-funding-report-warns.html>.

<sup>89</sup> See previous footnote.

<sup>90</sup> GRANT, Charles. Unilateral Germany Threatens to Weaken Europe. [online]. Financial Times, 2008, 4. 12. 2008 [cit. 2015-04-04]. Available from: <http://www.ft.com/intl/cms/s/0/4fe7f0de-c220-11dd-a350-000077b07658.html#axzz3WLoars51>.

This was not accepted well by specifically speaking the United Kingdom and the United States as it was eventually shaking the fundament of the political interests of the mentioned two countries in Europe and in the World. Loosing Germany from the scope of strategic control would mean losing such fundamental assets as industry and territory.

The same year Germany made another self-sufficient step by officially declaring the recession.<sup>91</sup>

Despite said the above “The budget calls for a further €388 million in spending for the ISAF mission in 2008. Actual expenditures for this year, however, will be considerably higher because the budget only includes expenditures through the end of the current deployment mandate, which ends on Oct. 13.” The overall spending on the Afghanistan campaign is close to 3 Billion of Euro as the article claims. Germany had been spending a lot on the mission. Only in 2007, the purchase and maintenance of the military equipment did cost Germany about 1.1. Millions of Euro the article estimates.<sup>92</sup>

#### 4.1.4 The Year 2009

The German media of 2009 share different opinions on what is happening in country’s “wallet” with the new Finance Minister ruling the economics. On one side, the severe budget cuts are expected without however touching the defense part of the books. Instead the defense spending is expected to increase by almost 2 billions of Euro in 2010 to the figure of 31,1.<sup>93</sup>

On the other hand side, despite the growing borrowing habits the military budget is expected to actually decrease by 0,1 per cent to 31,1 billion of Euro in 2010. Despite at the end of the day the figure is the same the uncertainty is in the trend, whether it is an increase or decrease. The fact remains if this is a decline: “...it could send a negative signal to the 4,300 German troops based in northern Afghanistan, who have been demanding more sophisticated equipment to protect themselves against insurgents.” Specifically it could also disappoint the United States since “...the United States has asked NATO to send an additional 7,000 troops to Afghanistan. Germany was asked this week to provide a minimum of 500 more troops.”<sup>94</sup>

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<sup>91</sup> EVANS-PRITCHARD, Ambrose. Germany Declares Official Recession. [online]. The Telegraph, 2008, 13. 11. 2008 [cit. 2015-04-04]. Available from: <http://www.telegraph.co.uk/news/worldnews/europe/germany/3454534/Germany-declares-official-recession.html>.

<sup>92</sup> Germany in Afghanistan: An Expensive Engagement. [online]. Spiegel Online, 2008, 13. 10. 2008 [cit. 2015-04-04]. Available from: <http://www.spiegel.de/international/world/germany-in-afghanistan-an-expensive-engagement-a-583722.html>.

<sup>93</sup> HEUSER, Maruris. German Government Plans Massive Spending Cuts. [online]. World Socialists Web Site, 2009, 23. 12. 2009 [cit. 2015-04-04]. Available from: <http://www.wsws.org/en/articles/2009/12/germ-d23.html>.

<sup>94</sup> DEMPSEY, Judy. German Budget Plan Foresees Record Borrowing. [online]. The New York Times, 2009, 16. 12. 2009 [cit. 2015-04-04]. Available from: <http://www.nytimes.com/2009/12/17/business/global/17mark.html>.

The NATO is in general unhappy with the European approach to the common missions. Specifically the United States are concerned that some of the members do allow their troops into the real warfare combat while others, like Germany “restricts them to non-combat roles”. This is seen rather pathetic from the side of “Europe's biggest military force”.<sup>95</sup>

*“This is not just because of the well-known aversion by European electorates to large defense budgets. Europe has for years concentrated its military spending on the continent's own defense. Instead of helicopters, which are suited for Afghanistan's landscape, or more basic items like protective armor, European spending has favored big-ticket items like nuclear submarines and the Eurofighter. “Maybe these things are very important against some enemy — perhaps China,” says Sascha Lange, military researcher for the German Institute for International and Security Affairs in Berlin. “But we have this very strong need for simply boots on the ground.” Right now, there are not enough of them.”*<sup>96</sup>

Again, the European approach is in doubt to be effective. Spending shortened budgets on costly equipment is not seen reasonable by some. The opinion here, that is readable between the lines is that Europe has to stop showing off or inventing new defense strategies, but has to instead prepare a proper heavy warfare ready army for a much significant support of the United States in its' initiated operations. That will be the price the pay for the United States protection. In other words, “Europe, the Nuclear Weapons, Submarines, Jet Fighters – this is all the U.S., give us more soldiers instead.

Europe however struggles to balance between the conditions of keeping the United States in and keeping own potential to keep the Russian out of Europe.<sup>97</sup>

European powers are talented troublemakers for the United States. But France is definitely a leader in this nomination. De Gaulle moved France out of NATO in 1966 and caused the United States a shock of actually losing the Alliance, now Sarkozy is moving France back into NATO and shaking the United States officials again. The problem here is that the United States is keen on keeping the high influence on the Alliance and the United Kingdom is fine with this, the Germany does not seem to care much while moving the own way. But France has always challenged this authority and now having France back in NATO taking up two senior Alliance command positions is simply a killer shot for the United States NATO lobbying.<sup>98</sup>

There is some financial impact on France, but it definitely worth it. “The return to NATO's integrated command also will require France to slightly increase its financial contributions, estimated at about \$175 million a year, or 7.5 percent of the total. But that represents

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<sup>95</sup> WALT, Vivienne. Afghanistan and NATO: Is Europe Up to the Fight? [online]. TIME, 2009, 3. 4. 2009 [cit. 2015-04-04]. Available from: <http://content.time.com/time/world/article/0,8599,1889460,00.html>.

<sup>96</sup> See previous footnote.

<sup>97</sup> Here I refer to deterrence strategy.

<sup>98</sup> GARDINER, Nile and Sally MCNAMARA. The United States and United Kingdom Must Oppose French Plans to Weaken NATO. [online]. The Heritage Foundation, 2009, 10. 2. 2009 [cit. 2015-04-04]. Available from: <http://www.heritage.org/research/reports/2009/02/the-us-and-uk-must-oppose-french-plans-to-weaken-nato>.

a small part of France's military budget, estimated at \$44 billion this year, and has not been a factor in the debate.”<sup>99</sup>

Meanwhile in the United Kingdom the “national debt will reach £1.4 trillion – equivalent to almost 80 per cent of the country's economy – after Alistair Darling announced plans to borrow another £700 billion over the next five years.” As claimed in The Telegraph article only the interest will on such loans will be greater than the Ministry of Defense budget of 2009.<sup>100</sup>

The conclusion that can be made out of this are very straight forwards – the budgets cuts will come and will touch the areas what were yet not much under cuts pressure.

The following headline could have been seen in 2009 in the United Kindom: “The government is to announce a package of defense cuts next week including the closure of at least one RAF base and a scaling back of the British base in Cyprus, after overspending massively on large scale military construction projects.”<sup>101</sup>

The same year brought even more news of this kind: “*The Ministry of Defense will make £439m available for its science, innovation and technology budget in 2010-11, almost 20pc less than the £544m set aside for this year. The MoD has already cut research spending, with reductions of 7pc this year and last year.*”<sup>102</sup>

#### 4.1.5 The Year 2010

Unfortunately, the situation with the United Kingdom budget cuts did not improve any better in 2010. The defense budget continued to shrink even more that it required by the Treasury. The Army is cutting employees and military personnel and in the shadow of all of this, the two new aircraft carriers will be provided for Navy. The idea behind is to cut the costs of running the air bases by closing them and combining Fleet and Royal Air Force. Cuts, cuts and cuts, plus nuclear deterrence, in short this is the United Kingdom reality on the way to close the £38bn black hole in its procurement budget.<sup>103</sup>

The Reuters view on the monetary question is even more pessimistic. “(Reuters) – The

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<sup>99</sup> After 43 Years, France to Rejoin NATO as Full Member. [online]. The Washington Post, 2009, 12. 3. 2009 [cit. 2015-04-04]. Available from: <http://www.heritage.org/research/reports/2009/02/the-us-and-uk-must-oppose-french-plans-to-weaken-nato>.

<sup>100</sup> KIRKUP, James. Britain's National Debt to Reach £1.4 Trillion under 2009 Budget. [online]. The Telegraph, 2009, 22. 4. 2009 [cit. 2015-04-04]. Available from: <http://www.telegraph.co.uk/finance/budget/5202037/Britains-national-debt-to-reach-1.4-trillion-under-2009-Budget.html>.

<sup>101</sup> NEWMAN, Cathy. RAF Base to Close after Ministry of Defense Cuts. [online]. Channel4, 2009, 11. 12. 2009 [cit. 2015-04-04]. Available from: [http://www.channel4.com/news/articles/politics/domestic\\_politics/raf+base+to+close+after+ministry+of+defense+cuts/3459142.html](http://www.channel4.com/news/articles/politics/domestic_politics/raf+base+to+close+after+ministry+of+defense+cuts/3459142.html).

<sup>102</sup> WILSON, Amy. Government to Cut United Kingdom Defense Research Budget by £100m. [online]. The Telegraph, 2009, 6. 9. 2009 [cit. 2015-04-04]. Available from: <http://www.telegraph.co.uk/finance/newsbysector/industry/defense/6146878/Government-to-cut-UK-defense-research-budget-by-100m.html>.

<sup>103</sup> Spending Review: Ministers agree MoD budget cut. [online]. BBC NEWS, 2010, 16. 10. 2010 [cit. 2015-04-04]. Available from: <http://www.bbc.com/news/uk-11556770>.

government could face a hole of up to 80 billion pounds in its defense budget within a decade and may have to cancel some equipment programs to balance the books, a parliamentary report said on Tuesday." "Britain's defense budget is fundamentally unaffordable," said Edward Leigh, chairman of parliament's Committee of Public Accounts which produced the report". "Matters have worsened to the point where the department (Ministry of Defense) will have to take difficult decisions, such as to cancel whole equipment programs," Leigh, an opposition Conservative, said.<sup>104</sup>

The United Kingdom is not only facing internal issues with finding sufficient funds for the defense, but it cannot afford to raise the contributions into the European Defense Agency. The Agency is highly motivated to organize and effective weapons procurement and this is especially important for United Kingdom, however the 3,8 per cent rise in the Agency's budget seems to be unaffordable for the United Kingdom. Of course, being true gentlemen the Brits would formulate that as "impossible to justify".<sup>105</sup>

Immediately adjacent to the above there was an article called: "Britain says it's still US 'wingman' despite defense budget cuts".<sup>106</sup> "Britain's sharp defense budget cuts target 8 percent of the military's \$59 billion budget. Prime Minister David Cameron called President Obama to reassure him that the United Kingdom would remain a 'first rate' military power."<sup>107</sup>

This in fact proves that out of all the European powers the United Kingdom is the most pro-American. All the efforts of the United Kingdom to minimize the weight and investments into the European Defense Agency are closely linked to the secret mission the United Kingdom seems to have of influencing Europe Allies and making sure the NATO and the United States dependency is there. In fact, who know, maybe the new air carriers are meant to welcome the United States jet fighters?

Yes, they are.

Speaking about France, first as we already know the intentions were that the United Kingdom and France have to cooperate on the defense agenda, since their ambitions are only affordable with common funding and it even seems there is an outcome.

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<sup>104</sup> CROFT, Adrian. Government May Face £80 Billion Pound Hole in Defense Budget. [online]. Reuters, 2010, 23. 3. 2010 [cit. 2015-04-04]. Available from: <http://uk.reuters.com/article/2010/03/23/uk-britain-defense-idUKTRE62M03820100323>.

<sup>105</sup> HENNESSY, Patrick. Britain 'to Veto European Defense Agency Budget Increase'. [online]. The Telegraph, 2010, 28. 11. 2010 [cit. 2015-04-04]. Available from: <http://www.telegraph.co.uk/news/uknews/defense/8165333/Britain-to-veto-European-Defense-Agency-budget-increase.html>.

<sup>106</sup> QUINN, Ben. Britain Says it's Still US 'Wingman' Despite Defense Budget Cuts. [online]. The Christian Science Monitor, 2010, 19. 10. 2010 [cit. 2015-04-04]. Available from: <http://www.csmonitor.com/World/Europe/2010/1019/Britain-says-it-s-still-US-wingman-despite-defense-budget-cuts>.

<sup>107</sup> See previous footnote.

The article claims that: “French and US jets to use British Navy aircraft carriers. French and American fighter jets will use British Navy aircraft carriers as budget cutbacks trim the Armed Forces, the Defense Secretary Liam Fox has suggested.”<sup>108</sup>

Originally, or a month earlier in September 2010 the same gentlemen – Liam Fox was claiming that: “United Kingdom and France won't share aircraft carriers”, United Kingdom and France have ruled out sharing aircraft carriers, but may pool resources including the A400M military transport plane, in order to save money.”<sup>109</sup>

While France, the United Kingdom and the United States are fighting over the dominant role in NATO in the period of economic crisis – Germany is trying to close the budget gaps and shows barely any interest to the political games of the Allies.

The Germany wants to make more money of export: “Eurofighter,” “Leopard,” Submarine Class 214: Germany is the third largest weapons exporter in the world, despite restrictive guidelines. Now the federal government wants to make arms sales abroad even easier to make up for defense budget cuts at home.”<sup>110</sup>

Germany is again moving in own direction without paying much attention to Allies. Most likely, the friendly relations with Russia are causing Germany to differently react on the idea that there is any military threat from Russia, even after the campaign in Georgia. Germany actually seeks security in exiting the recession of the economy and wants to set an example.

“The German government put together the largest austerity package since World War II on Monday, with spending cuts and new business levies aimed at saving 80 billion euros by 2014. Chancellor Angela Merkel says Germany, as Europe's largest economy, must set an example.”<sup>111</sup>

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<sup>108</sup> BLOXHAM, Andy. Defense Cuts: French and US Jets to Use British Navy Aircraft Carriers. [online]. The Telegraph, 2010, 19. 10. 2010 [cit. 2015-04-04]. Available from: <http://www.telegraph.co.uk/news/uknews/defense/8072413/Defense-cuts-French-and-US-jets-to-use-British-Navy-aircraft-carriers.html>.

<sup>109</sup> WILSON, Amy. United Kingdom and France Won't Share Aircraft Carriers, Says Defense Secretary Liam Fox. [online]. The Telegraph, 2010, 3. 9. 2010 [cit. 2015-04-04]. Available from: <http://www.telegraph.co.uk/finance/newsbysector/industry/defense/7980904/UK-and-France-wont-share-aircraft-carriers-says-Defense-Secretary-Liam-Fox.html>.

<sup>110</sup> 'Weapons of War': Germany Considers Loosening Arms Export Controls. [online]. Spiegel Online, 2010, 12. 11. 2010 [cit. 2015-04-04]. Available from: <http://www.spiegel.de/international/germany/weapons-of-war-germany-considers-loosening-arms-export-controls-a-728844.html>.

<sup>111</sup> Radical Cutbacks: German Government Agrees on Historic Austerity Program. [online]. Spiegel Online, 2010, 7. 6. 2010 [cit. 2015-04-04]. Available from: <http://www.spiegel.de/international/germany/radical-cutbacks-german-government-agrees-on-historic-austerity-program-a-699229.html>.

#### 4.1.6 The Year 2011

Speaking about Germany, the year 2011 did not bring any improvements in the military agenda. The further personnel cuts will hit German military in both areas of civil personnel by making military less bureaucratic and military personnel itself. The personnel will decrease by 50 thousands to 170,000, and Germany will create about 10,000 opportunities for volunteers. Germany 2011.<sup>112</sup> Germany is also planning to cancel a huge military contract with Airbus.<sup>113</sup>

In 2011 the Washington Post published the below article. It outlines the continuous strategy of European powers of cutting the defense budgets along with number of troops available for NATO missions as well as further tries of equipment and research costs sharing. In other words the Europe is trying to close out from the rest of the NATO world and become as self-sufficient as possible – which unfortunately does not always mean secure. The United States are most likely less worried about Europe's security when speaking about this strategy, but rather about the fact if main European Ally the United Kingdom will be dragged into sharing activities with France or other European countries it will be less supportive to the United States. In addition to that, Europe is decreasing the number of troops available for the NATO missions putting all the pressure on the United States shoulders.

“BERLIN – First, Germany announced that it would suspend its draft, ending one of the touchstones of its post-World War II society. Then United Kingdom and France, frequent rivals since at least the Norman Conquest, announced plans to share military equipment and research. And smaller countries across Europe are cutting defense budgets and shrinking militaries that were never large to begin with.

European policymakers say that the cuts are necessary given their financial straits, and that training, not sheer numbers, is what matters in a post-Cold War world.

But some top officials, including the U.S. defense secretary and the NATO secretary general, worry that the changes could burden the United States by reducing the number of European troops available for NATO missions and other military efforts around the world. NATO's ability to function as a collective defense pact may be hobbled, they say.”<sup>114</sup>

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<sup>112</sup> MUELLER, Albrecht. German Military To Cut Troops, Generals. [online]. DefenseNews, 2011, 18. 5. 2011 [cit. 2015-04-04]. Available from: <http://archive.defensenews.com/article/20110518/DEFSECT02/105180304/German-Military-Cut-Troops-Generals>.

<sup>113</sup> CLARK, Nicola. Germany Said to Cancel Billions in Military Plane Orders. [online]. The New York Times, 2011, 20. 11. 2011 [cit. 2015-04-04]. Available from: <http://www.nytimes.com/2011/10/21/business/global/germany-said-to-cancel-billions-in-military-plane-orders.html>.

<sup>114</sup> BIRNBAUM, Michael. Cuts in European Defense Budgets Raise Concerns for United States, NATO. [online]. The Washington Post, 2011, 15. 2. 2011 [cit. 2015-04-04]. Available from: <http://www.washingtonpost.com/wp-dyn/content/article/2011/02/14/AR2011021405893.html>.

France unfortunately is nowhere better than Germany in 2011. France is chasing stability in credit ratings by imposing more budget cuts. Nicolas Sarkozy and his government presented 19 billion of Euro cuts and as the New York Times say the tax increases as well.<sup>115</sup>

Expectedly further cuts had affected the military funding as well. The opinion was in the air the French military goes though the crisis that is caused by cuts, restructuring and three conflicts abroad.<sup>116</sup>

The overall European situation is again being criticized by the United States and it also gets a decent level of self-reflection as presented in the following article from Reuters: "(Reuters) – European governments need to pool their military resources more rapidly if they are to maintain a strong defense footing, as the United States is no longer prepared to back Europe up, the head of the European Defense Agency said."

The conflict in Libya, where European forces were heavily dependent on the United States air assets, underlined the need for Europe to have more of its own capabilities, while Europe's financial crisis and defense budget cuts mean that pooling and sharing of resources may be the only way to sustain adequate military forces.

"The message was sent from Washington: 'We won't do the job for you,'" Claude-France Arnould, chief executive of the European Defense Agency, an organization set up in 2005 to improve Europe's defense capabilities, told Reuters in an interview."<sup>117</sup> Quite ironic is the fact the even the own established European Defense Agency is actually concluding and outlining the free riding habits of European states.

The 2011 is indeed a year of budget cuts all over the Europe. The United Kingdom is fulfilling the United States' worst nightmares in the NATO context. The main European ally who passionately supported majority of the America's ambitious interventions and missions did reduce its military capabilities available for the abroad missions.

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<sup>115</sup> CLARK, Nicola. Government of France Proposes Austerity Cuts. [online]. The New York Times, 2011, 7. 11. 2011 [cit. 2015-04-04]. Available from: <http://www.nytimes.com/2011/11/08/world/europe/french-austerity-measures-aimed-at-new-reality.html>.

<sup>116</sup> BEARDSLEY, Eleanor. Is The French Military Stretched Too Thin? [online]. NPR, 2011, 2. 8. 2011 [cit. 2015-04-04]. Available from: <http://www.npr.org/2011/08/02/138892701/some-worry-french-military-stretched-too-thin>.

<sup>117</sup> MOFFETT, Sebastian. European Union Promotes "Pooling and Sharing" to Cut Defense Costs. [online]. Reuters, 2011, 30. 11. 2011 [cit. 2015-04-04]. Available from: <http://uk.reuters.com/article/2011/11/30/uk-eu-defense-idUKTRE7AT0SS20111130>.

This can give you an idea of how painful it was: “In October 2010, Prime Minister David Cameron announced the results of a strategic review, which included cutting the military budget by 7.5 % over five years as part of a wider round of fiscal tightening in debt-burdened Britain. Among the cuts: the number of personnel will fall around 10%, and about 40 % of tanks will be retired and the country will lose its aircraft carriers, leaving it with no carrier-strike capability for almost 10 years, until a new carrier comes into service.”<sup>118</sup>

#### 4.1.7 The Year 2012

In fact the whole year 2012 is simply a copy of negative tendencies in all three countries: France, Germany and the United Kingdom. The following headings were easy to find in British media in 2012. “Government defense cuts are happening so quickly that they are putting important military skills at risk, the Whitehall spending watchdog has warned.”<sup>119</sup> “The Ministry of Defense has announced 4,200 job cuts in a second round of armed forces redundancies.”<sup>120</sup>

The New York Times describing the drastic situation happening in France. The measures there are putting enormous pressure on the wealthiest taxpayers, new corporate taxes, new personal taxes and total freeze of governmental spending.<sup>121</sup>

Germany was then expected to increase the defense investments to help to close the gap between the European contribution and the United States’. Allies see it unfair to be the biggest economy of the region and spend “relatively little on defense”.<sup>122</sup>

#### 4.1.8 The Year 2013

The closed we get to nowadays the more usual and critical is the situation with the defense budgets. The strategies of main military actors of Europe move different ways as well. Germany is being viewed a think tank promoting defense “unpopular prospect” by putting more stakes into arms export rather than military involvement.<sup>123</sup> In addition to that,

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<sup>118</sup> MACDONALD, Alistair. U.K. Cuts to Military Will Curb Influence. [online]. The Wall Street Journal, 3. 8. 2011 [cit. 2015-04-04]. Available from: <http://www.wsj.com/articles/SB10001424053111903341404576484560905589844>.

<sup>119</sup> Defense Spending Cuts Risk Military Skills, Warns Whitehall Watchdog. [online]. BBC, 9. 2. 2012 [cit. 2015-04-04]. Available from: <http://www.bbc.com/news/uk-politics-16950709>.

<sup>120</sup> MoD Announces Details of 4,200 Job Cuts. [online]. BBC News, 2012, 17. 1. 2012 [cit. 2015-04-04]. Available from: <http://www.bbc.com/news/uk-16588436>.

<sup>121</sup> ERLANGER, Steven. New French Budget Focuses on Slicing Deficit. [online]. The New York Times, 2012, 28. 9. 2012 [cit. 2015-04-04]. Available from: <http://www.nytimes.com/2012/09/29/world/europe/hollandes-new-budget-focuses-on-cutting-frances-deficit.html>.

<sup>122</sup> KIRAN, Stacey. Germany Urged to Pay More on Defense. [online]. Financial Times, 2012, 4. 5. 2012 [cit. 2015-04-04]. Available from: <http://www.ft.com/intl/cms/s/0/f5f1d7be-9540-11e1-ad38-00144feab49a.html#axzz3WLoars51>

<sup>123</sup> HEINE, Friederike. Tough Task for New German Defense Minister. [online]. Gulf Times, 2013, 18. 12. 2013 [cit. 2015-04-04]. Available from: <http://www.gulf-times.com/opinion/189/details/374994/tough-task-for-new-german-defense-minister>.

Germany is seeking for more defense budget cuts in the years to come.<sup>124</sup>

France compared to Germany is not trying to put the defense agenda aside and concentrate on moneymaking. The strategy of France that is seen over the years had been adjusted by the financial difficulties; however, France did not give up and still tries to withhold the first position in defense agenda in Europe. More importantly however is the fact that France is still promoting the maximum European independence from NATO and the United States.

Nevertheless, France will have to calculate the price of independence well. The budget cuts in France are rather linked to decreasing of regular troops and civil staff, while keeping the most ambitious defense projects like the Nuclear weapons fully functioning. However even though, France is cutting on armament procurements. "...France, Europe's premier military power along with the UK, to maintain all its strategic capabilities, including its nuclear deterrent and its ability to mount "one major and two significant" simultaneous operations abroad, as set out earlier this year in a defense white paper."<sup>125</sup>

"OLIVET, France – France's president says the country will maintain its costly nuclear arsenal despite looming military budget cuts, saying the weapons are essential for national defense. President Francois Hollande said Wednesday that global security threats have made nuclear weapons essential for France, which is the only country in continental Europe to have them."<sup>126</sup>

In fact, what is taking place is actually the opposite of what is taking place in Germany. The high stakes on armaments export in Germany made industries comfortable with raising the economies and flowing the capital into Germany's economy. Meanwhile in France "The top executives of seven large defense companies warned President François Hollande April 15 of job losses, weaker competences and a threat to French leadership in Europe if the government cuts military spending.

Defense is France's third-largest industrial sector with annual sales of 17.5 billion euros (\$23 billion), and offers one of the most efficient levers for a structured and ambitious industrial policy, the companies' note said. The defense industry employs 165,000 workers, including thousands in the small and medium-sized company sector, it said."<sup>127</sup>

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<sup>124</sup> POP, Valentina. Germany: More Cuts Needed for European Union Budget Deal. [online]. European Union Observer, 2013, 7. 2. 2013 [cit. 2015-04-04]. Available from: <https://euobserver.com/economic/118975>.

<sup>125</sup> France Cuts Armed Forces as Budget Squeeze Hits Military. [online]. Financial Times, 2013, 2. 8. 2013 [cit. 2015-04-04]. Available from: <http://www.ft.com/intl/cms/s/0/142760ec-fb56-11e2-a641-00144feabdc0.html#axzz3WgYFMI2v>.

<sup>126</sup> ASSOCIATED PRESS. France Affirms Nuclear Weapons Arsenal Despite Looming Military Cuts. [online]. Fox News, 2013, 9. 1. 2013 [cit. 2015-04-04]. Available from: <http://www.foxnews.com/world/2013/01/09/france-affirms-nuclear-weapons-arsenal-despite-looming-military-cuts/>.

<sup>127</sup> TRAN, Pierre. French Defense Company Chiefs Warn of a Weaker Industry Under Budget Cuts. [online]. Defense News, 2013, 15. 4. 2013 [cit. 2015-04-04]. Available from: <http://archive.defensenews.com/article/20130415/DEFREG/304150017/French-Defense-Company-Chiefs-Warn-Weaker-Industry-Under-Budget-Cuts>.

Chasing the deterrence superiority in Europe at price of cutting the third largest industrial sector is indeed a risky step for the French President, but ambitions come at price. At the end of the day, there is Germany in the European Union and Eurozone that can “always” support. I want to believe that these strategies of two great European powers were played with the mutual agreement.

Expectedly the United Kingdom continued with more job cuts in defense sector. The trend is and was to mainly cut the civilian staff and keeping the military capacity to as much untouched as possible.<sup>128</sup>

#### 4.1.9 The Year 2014

This year is indeed significant because of the crisis in Ukraine. The made NATO and specifically the United States to push on the NATO members to start meeting the 2 per cent target. I have touched this topic earlier and I would not want to go over this again. Nevertheless, within the goals of this chapter I have to add one observation. In fact, the Summit in Wales came out with a certain agreements on the contribution topics, but at the same time, it had some disagreements on this topic as well. Canada and Germany “derailed” the plan for military spending increase. From what I read and conclude myself, both see this rather as showing off move.<sup>129</sup> Despite the agreements reached in Wales the German defense budget for 2014 was 32.44 Billion of Euro, which is 820 Million of Euro less than in 2013. This attitude towards defense budget is in fact coming from the uncertainty of the German Ministry of Defense that the major armament projects are taking place in a controlled manner. The fact is that these had been delayed which rang a bell of Germany pedantry making the Defense Minister actually ordering the audit of other armament projects.<sup>130</sup>

Again, this is indeed very typical for Germany as we already learned that this European power does not seek security from the number of troops and tanks, but chooses to have a secure economy in the first place. This is indeed a very correct long-term strategy that is surely weighted and misses the emotional component that is surely present for the NATO members like the United Kingdom and France. What I mean by “emotional component” is an irrational will to prove own capabilities and ego on in the World’s military theatre. Germany’s main common thinker on the rational matter is as you may already guess – the United States, however here the rationality comes from absolutely different origins.

Consequently, and despite Germany’s armament export efforts the continuous budget cuts along with project audits make German defense industry struggle. Companies find

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<sup>128</sup> Spending Review: Defense Jobs Cut as Osborne Reaches Deal. [online]. BBC News, 2013, 23. 6. 2013 [cit. 2015-04-04]. Available from: <http://www.bbc.com/news/uk-politics-23018465>.

<sup>129</sup> PUGLIESE, David. National Post: Canada and Germany Derail NATO request to Increase Military Spending Targets [online]. 2014, 3. 9. 2014 [cit. 2015-04-18]. Available from: <http://news.nationalpost.com/news/canada/canadian-politics/canada-and-germany-derail-nato-request-to-increase-military-spending-targets>

<sup>130</sup> MUELLER, Albrecht. Defense News: German Parliament Passes Defense Budget [online]. 2014, 26. 6. 2014 [cit. 2015-04-18]. Available from: <http://archive.defensenews.com/article/20140626/DEFREG01/306260027/German-Parliament-Passes-Defense-Budget>

themselves in the situations where in order to survive they have to undergo “surgeries” and carefully evaluate their businesses<sup>131</sup>. The outcome of this could be both negative and positive; however it is yet too early to judge. On one hand side the companies will become economically healthier and this will surely have a mid-term positive impact on German economy as a whole. On the other hand side the “surgeries” will require companies get rid of the most costly and ambitious defense businesses and projects, which eventually may bring outdated defense capabilities for Germany. This however could and should be mitigated by mutual cooperation with other European Defense Agency members.

Speaking about European Defense Agency members – France continues to cut the defense budgets hard. The cuts are seen as drastic from within the French government. The situation is seen as so unsatisfactory that every defense aspect is claimed to be at risk, from military training quality to nuclear deterrence capabilities.<sup>132</sup> Indeed, France ambitions did not allow government to apply some reasonable self-reflection early enough to prevent the defense cuts getting such a momentum that it is yet too difficult to stop. In addition to that, I tend to believe that level of emotional exaggeration from French officials is rather high on this topic. In other words what Germans would have taken as needed, French see the same as inevitable drama. Overall, history shows that defense topics for France is indeed a field for drama.

The United Kingdom with Mr. David Cameron have another dilemma on the way. The necessary defense budget cuts<sup>133</sup> that are aimed to stabilize the United Kingdom’s economy that had been “overspending” on the defense do not much comprehend with David Cameron’s commitments and visions of the United Kingdom being the shoulder to lean on and the right hand to the United States in Europe. The United Kingdom was accused of not being able to back up the United States. Mr. Cameron did not accept this claim, however the fact remains that the United Kingdom will be undergoing quite a significant defense cuts, specifically in the number of troops.<sup>134</sup>

Given the current orientation towards the United Kingdom military being rather an European extension to the United States military this should ring the warring bell of the European Defense Agency Allies that the United Kingdom will not be able to support the commonwealth defense initiatives. This may eventually lead to disagreements within the European Union, since, as we all know, the United Kingdom is not participating in Eurozone

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<sup>131</sup> Reuters: Dealmaking Picks up as German Defense Firms React to Budget Cuts [online]. 2014, 12. 9. 2014 [cit. 2015-04-18]. Available from: <http://www.reuters.com/article/2014/09/12/germany-defense-consolidation-idUSL5NORD3E220140912>

<sup>132</sup> TRAN, Pierre. Defense News: French Defense Minister Sounds Alarm Over Possible Budget Cuts [online]. 2014, 24. 5. 2014 [cit. 2015-04-18]. Available from: <http://archive.defensenews.com/article/20140524/DEFREG01/305240018/French-Defense-Minister-Sounds-Alarm-Over-Possible-Budget-Cuts>

<sup>133</sup> CHUTER, Andrew. Defense News: Final United Kingdom Military Cuts Announced To Meet 2018 Goals [online]. 2014, 12. 6. 2014 [cit. 2015-04-19]. Available from: <http://archive.defensenews.com/article/20140612/DEFREG01/306120039/Final-UK-Military-Cuts-Announced-Meet-2018-Goals>

<sup>134</sup> MCTAGUE, Tom. Mirror: David Cameron Defense Cuts 'Will See Britain Fall behind US' [online]. 2014, 16. 1. 2014 [cit. 2015-04-19]. Available from: <http://www.mirror.co.uk/news/uk-news/david-cameron-defense-cuts-will-3030385>

and now distances from the military integration with European Union. It is yet too early to make any conclusion, but I am sure the European Union will be facing such challenges.

Concluding this chapter I wish to summarize these observations into an impression that you should be getting. The way I see it and the way I expect you to see it is that there are three scenarios played: The United Kingdom scenario is about being useful to the United States despite of the defense budget cuts. French scenario is about playing solo in the NATO orchestra. German scenario is about being able to pay for defense once it is needed. This is important from the perspective of the whole work. The budget cuts make European powers be dependent on NATO's support despite their own efforts.

Speaking of United Kingdom I see a certain paradox in regard to the United Kingdom being dependent on NATO. In fact the United Kingdom is probably the only out of three NATO members that I had touched in this chapter who openly claims the high level of cooperation with the United States. The United Kingdom despite severe defense budget cuts is still aiming to provide maximum support to the main NATO sponsor – the United States. It goes as far as the United Kingdom is actually playing according to the United States rules and prioritizes to cut defense budget in such a way that the United States gets the support needed, rather than ensuring the sovereign interests to be protected in the first place. Such an approach makes the United Kingdom deliberately dependent on NATO, but at the same time it makes it the most warfare ready out of all.

In contrast to the United Kingdom France is continuing to put a great emphasis on European defense being self-sufficient and sovereign with France in the head of it. The economic situation and defense cuts despite hitting France hard and making it rethink the project investments are still being used to underline the importance of Europe's own security. One could argue that France did re-join NATO in order to influence from within and this would be true, however I tend to think that there was one more reason for that – the possibility to increase the defense budgets and stay theoretically protected while regrouping for another leap towards the defense independence. French budget cuts are tailored to keep France able of nuclear deterrence with certain balance between troops and major armament projects. Overall, France is and was more about playing muscles during the economic recession rather than being able of a real fight.

An absolutely different story – Germany. The first European country acknowledging the economic recession. The NATO member that openly plays a rather pacifist solo in the NATO concert of war. Germany is probably the only European country, which is mentally independent of NATO. German defense cuts move military agenda into a sphere of appeasement approaching the World's military theatre from the observer point of view. It appears that Germany does not believe that there are any real threats ending up in a heavy warfare that the United States seek to find for example. I personally see Germany's approach as probably the most correct one. The country's leadership has a great deal of self-reflection and responsibility by putting efforts into the rational economic recovery rather

than a share of the United States “blood diamond.”<sup>135</sup> Such a strategy will surely help Germany take the top position in the World economy on a long-term perspective; however, it leaves it carelessly vulnerable in terms of military security and fully physically dependent on NATO in case of heavy warfare on the European territory. The defense budget cuts of Germany do influence the military agenda hardly. The projects audits and reviews are actually aimed to cut the costs and even terminate some of these projects that were started under the umbrella of common efforts and NATO influence, and do not look economically rational at the moment. Germany is also choosing to increase the military by making a first step towards the conscript army by raising the volunteers quota. In fact the current German strategy is to distance from any inefficient military projects, distance from any active conflicts under NATO or the United States flag, lock up the security inside and concentrate on border protection and inner security,<sup>136</sup> support industry, develop business, recover the economy and deescalate conflicts if such arise.

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<sup>135</sup> Though this term is not being used often I would like to outline that the United States military campaigns are always linked to the financial benefits in the form of natural resources. Germany though does not seem to be willing to have a share of some other’s region natural resources hence as the Alliance member it supports the United States and NATO only with the limited non-combat contributions.

<sup>136</sup> Terrorism threat.

## 4.2 New strategies and doctrines of the chosen Member States

As I already started touching this topic indirectly in the previous chapter I would like to continue to develop my thoughts and visions on this in this chapter. The economic crisis and changing World Order do affect the ways countries approach their defense strategies and doctrines. France has one of the most up to date Defense White Papers at which I will look as first. It quite proves the conclusion that could be made from the previous chapter, but at the same time the document, itself is written in a very diplomatic language; hence, it does not provide answers to the main strategic questions. In other words, it says what it can say to the wide public. The United Kingdom's Defense Doctrine is dated 2014 and is in fact a very general document describing the main principles of defense. From the perspective of this study, the Doctrine is rather helpless. Nevertheless, I would comment on few points. Germany compared to France and the United Kingdom does not have any up to date Doctrine or White Paper on defense matters. The latest dates back to 2006 and is indeed general description of country main values in frames of defense. Germany is expected to issue a new White Paper soon in 2016.<sup>137</sup>

### 4.2.1 French Defense White Book

France has the best-written White Paper. Indeed it is interesting to read and easy to understand for almost every type of reader. In terms of availability for nation review – indeed the best document available. The statements are clear, the figures are provided and the document indeed shows the commitment to the nation. Before I dive into the review I must again emphasize that the White Paper is dated 2013, hence yet before the crisis in Ukraine.

One of the clear statements made in the White Paper is that France has no threats from around and the overall environment around is perceived as rather peaceful.<sup>138</sup> I would not be claiming that the updated White Paper would be as concrete on this claim as the current one; however, I find this claim suitable and not pointless. At the same time, I find it as required, since France is not in the state of war with any country and decreasing defense budgets have to be supported by the governmental assurance of the peacetime.

The second statement, which is indeed important – “Nuclear deterrence is the ultimate guarantee of our sovereignty.” This proves that France is putting an indeed big emphasis on the nuclear deterrence if linking this to the matter of the nation's sovereignty.

The third very important and significant statement: “For the United States, Europe remains a zone of prime importance, but it understands the implications of the fact that the continent is no longer at the heart of global strategic confrontation. It has therefore begun to reduce its military and naval presence in Europe, whilst its anti-missile defense system is

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<sup>137</sup> STERN, Johannes. German government prepares new military doctrine [online]. World Socialist Web Site, 2015, 19. 2. 2015 [cit. 2015-04-20]. Available from: <https://www.wsws.org/en/articles/2015/02/19/germ-f19.html>

<sup>138</sup> French White Paper On Defense And National Security – 2013. Ministère de la Défense, 2013, 135 p, p. 13.

being set up. This lower military priority also extends to the Mediterranean and to Africa. The United States continues to have an interest in the area, as witness the creation of a specialized AFRICOM command and by the assistance, it provides in terms of training and equipment. It believes, however, that the Europeans must play a greater role in its security, since they are more directly concerned by its stability and have the resources needed to take on this responsibility.” I had to quote it all because it perfectly shows that France is aware of the United States dependency on Europe. I see this as a very fair and brave observation, which indirectly proves the level of French ambitions towards the defense role in Europe. I would not dare to claim, but I am significantly sure that France is the only European power stating this openly in the White Paper. I also find this as a very good sign for Europe on its way for a deeper and more effective military integration, which could be led by France.

Next statement is about Russia and specifically about the fact that Russia is intending to monopolize the natural resources import into Europe lest to maximize revenues<sup>139</sup> and be able to apply “power politics”.<sup>140</sup>

The White Paper is full of eyes opening observations, starting from that it states the fact that the United States may not be participating in foreign military campaigns that actively as it used to and up to the claim that Europe is yet not willing to take bigger responsibility for the World’s peace keeping. I therefore do not see the need to quote it all, instead based on what I observed in the document I would outline that French Ministry of Defense has a very clear and down to Earth vision of what is going on in the World. The country with a level of self-reflection and ambition to lead Europe into the new era of common European defense would indeed be the right choice. The only obstacle is the finances. The White Paper provides figures on the number of troops and equipment which from the first look may seem very significant, however given the deadline is claimed to be 2025 and one of the headline statements is that the country will prolong the use of the older equipment puts the realization of French defense ambitions under a question mark. Nevertheless, the only area which most likely will not see any underinvestment is the nuclear deterrence. French strategy as was already stated takes this part of the defense as the fundament for the whole national defense concept.

#### **4.2.2. The United Kingdom Defense Doctrine**

The Defense Doctrine of the United Kingdom is much less informative in terms of this study. It is more of a methodology rather than a strategy or a glance into the future. However, despite being very general some of the statements made in the Doctrine indirectly prove my overall conclusion made during the course of this study.

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<sup>139</sup> Europe is in fact one of the key markets for Russian Federation to export natural resources to. Given the fact, that consumer-oriented industry in Russia is well behind both the United States and Europe; Russia is keen to keep the dominant positions on the natural resources market.

<sup>140</sup> Russian Federation is now much more elegant with promoting and withstanding its interests in Europe than the Soviet Union was, however the methods are still perceived as “power politics”, which is not a way for success in Europe.

First statement is: “Our national security is both integrated within, and dependent upon, our neighbours’ and partners’ security.”<sup>141</sup> Here I wish to specifically make an emphasis on “dependent”. It again proves the link of the United Kingdom to NATO and specifically outlines the dependency fact. The way it is written also suggest that the United Kingdom is keen to help partners – the United States keep their security to the right level. In any case this quite a formless statement is actually suggesting that the United Kingdom’s strategy in term of cooperation will be based on the acknowledgement of the dependency and support of the partners.

Next statement worth outlining sound the following: “Increased competition for resources within a globalized world increases the threat to human security.”<sup>142</sup> The United Kingdom is again indirectly and softly appeals to the fact that apart from finding the alternative sources of energy and voting for “Green Parties” the nation must be aware of that fight that the United Kingdom will not hesitate to fight for its natural resources safety in real warfare. The history shows that the United Kingdom usually enjoys the company of the United States on these security topics and is happy to be a reliable partner in this area.

Finally, the third statement is again touching the topic of mutual cooperation: “Alliances and partnerships are fundamental to our approach to defense and security.”<sup>143</sup> The statement is clear and simply confirms that fact that the United Kingdom sees NATO and close partnership with the United States is the required minimum ensures the sufficient defense level.

Overall, the mood of the United Kingdom Doctrine is much different to the French White Paper. If to compare both, the French document is more egocentricity and motivational. The United Kingdom is on the other hand simply states and repeats the facts that already there without any emphasis in the potential change. The United Kingdom Defense Doctrine is more of a document of understanding that is only aimed to obtain a general public acknowledgement of the already running strategy with no opportunities to be changes.

#### **4.2.3 Defense Doctrine of Germany**

Unfortunately, during my research I was not able to locate an up to date German Defense Doctrine of White Paper. In fact there is no. The latest relevant document dates back to 2006 is not representative from the perspective of this chapter.

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<sup>141</sup> Joint Doctrine Publication 0-01: United Kingdom Defense Doctrine. SWINDON: The Development, Concepts and Doctrine Centre Ministry of Defense Shrivenham, 2014, 74 s, page 3. 5th Edition. Available from: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/389755/20141208-JDP\\_0\\_01\\_Ed\\_5\\_UK\\_Defense\\_Doctrine.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/389755/20141208-JDP_0_01_Ed_5_UK_Defense_Doctrine.pdf)

<sup>142</sup> See previous footnote. Page 4.

<sup>143</sup> See previous footnote. Page 5.

Nevertheless, sharing my own vision on how the new White Paper may sound like I must outline that it will be reasonably general with an emphasis on cooperation, economic development and stability and with an overall appeasement mood to what is happening in the World.

#### **4.3 Future trends due to the changing World Order (Powershift)**

The World is changing as I am writing this. Such changes that started to happen now had never been so real since the fall of the Soviet Union. The World is heading in the new modern Cold War with Russian Federation reinforcing its new foreign policy and shaking the United States dominant position in the World.

Compared to the original Cold War, which was about natural resources, and communism /democracy implementation where the resources are this new Cold War is more about business opportunities. Europe was always seen as very valuable economic business partner with a lot of industries on its territory. In past the Soviet Union wanted to enforce a partnerships under the flag of communism and the United States wanted to do the same under the democracy flag. Fairly speaking the United States strategy was much better signed and worked better. The whole point was to make European business to actually let American's in on the own will.<sup>144</sup> Russians meanwhile decided to use hammer and consequently it did not work out much. Today, however the methods are more elegant and designed much better. The fight of Europe is again in the active phase. The United States however is now protecting its ruling position in the European business and Russian Federation is intending to redirect European partnership towards Europe's East borders.

This leads to military provocations from both sides of the yet bipolar World. The crisis in Ukraine is the best example. I am completely sure it has nothing to do with making Ukrainians raise living quality and become the part of one Europe. The point of it was to provoke Russia and do it make the strategic steps that would allow the implementation of economic sanction against it. The overall goal is to force Europe to turn back to the West with business integration. If I was only doing a study on the Ukrainian crisis the first place that I would be starting my research from is the number of strategic businesses between Russian Federation and Europe that could have been won by the United States.<sup>145</sup>

The current Cold War should ring the warning bell for Europe unless European economy is not meant to be ruined. Apart for trashing rouble the euro currency is also losing its positions on the FOREX market. The ration between USD and EUR is as low as never before and not in favour of European common currency. The game here is very simple. While the Russian rouble is highly dependent on oil prices and hence vulnerable, the Eurozone currency is more complicated in its dependencies. One of these dependencies is linked to the European business integration with counties like Russia and China, along with other BRICS countries as well. The more the United States will be forcing Europe to distance from

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<sup>144</sup> At least Europe had to have this impression.

<sup>145</sup> Shale gas versus the North and South Streams for example.

Russia<sup>146</sup> the more dependant EUR will be of USD and expectedly the United States will be doing its best to support dollar and weaken Euro. Not to get too deep into macroeconomics the overall outcome of this in frames of defense topic is that Europe has now the right time to become the military superpower and bring the needed balance into the current bipolar setup. One could argue that currently the World is no longer bipolar due to China being another superpower on the World's scene. Indeed, China, India and other BRICS countries are making our planet not a bipolar World anymore, however looking it never been in fact. The bipolarity in this terms is more about the relationship between the United States and Russia. Frankly speaking after the World War II there had been no intention from either side to share communism or democracy into the countries like China or India. Ambitions of the United States and Russia made suffer only the weak ones. Now, there an opportunity for Europe not to be the weak one in between the two powers showing off their World Order ambitions and act the Worldwide peacekeeper showing both – the United States and Russia their place on the map. I strongly believe that this should become the very vital mission of the European Union in terms of the defense agenda. Europe has to start to break the bipolarity of the current World and mediate the relations. Europe has to start to be driving its businesses and industries on its own. The main and the initial tool for this is the "fear factor", meaning that both the United States and Russia have to see that Europe had the skills and equipment to protect its basic interests from greedy hands from both sides.

Europe has to start to act unless it is yet not too late. The appeasement policy or the support of only one side is not the way out. In other words, the European politicians have to grow up and start finally making their own decisions and applying their own strategies. The good example is France or Germany, however not yet good enough as the defense investments are low and military capabilities are not sufficient. The bad example is the United Kingdom with the pro-American orientation and no feel of guilt for selling the Empire "on the EBay."

Europe has to integrate more on the defense agenda. The initiatives raised by European Defense Agency have to be supported by the European Union members. The European defense capabilities have all the needed components to become one of the most modern and warfare ready armies of the World. The most important condition is to cooperate between the European Defense Agency Members and bring the common project to live.

When it comes to the question of NATO dependency, I believe that now NATO did pass the expiry period as an efficient concept for Europe. Indeed, there is a dependency on NATO from the side of Europe, however Europe has to fight it within, as in fact there are no obstacles to abandon the Alliance and improve the European Defense Agency to the level of NATO. The right way, however would be to slowly disintegrate from NATO by enforcing the common European Defense body within. This is in my opinion one of the reasons France did re-join NATO. Europe has to become aware that NATO will not be letting it go as easy as it may look, simply because NATO and main funder of it – the United States is heavily dependent on Europe in terms of the United States presence in the area. The United States

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<sup>146</sup> Russian Federation is playing here one of the key roles with economic integration with countries like Brazil, India, Peoples' Republic of China, India and South Africa. These World market players are strategically important for the European Union in the long-term perspective for building the strong Euro.

will surely not be willing to let the product of decades of investments go easily away from their control and in this terms Europe is dependent on NATO, also from the security perspective.

At the end of the day, Europe is mature enough to start being an observer and become a real heavy weight player on the World's scene. There is nothing bad about building the strong and good relationship with any country in the World; after all, it is the weak peace is better than the strong war. However, the partnership of the Unites States and Europe under the NATO umbrella is not moving the right way for Europe. The fact that major powers with great history and experience like France did notice that from almost the very beginning should have already made other European countries re-think their attitude towards the cooperation with the Unites States. Nevertheless, the United States should not be underestimated in their political skills. Again, as I already mentioned the methodology used by the United States under the "Democracy" brand is highly well developed and intellectual, especially compared to the Soviet "Hammer and Sickle" approach. The complete American concept builds upon commonwealth and specifically commonwealth of those who make decisions, hence elite, dynasties and politicians, media people and other think tanks of the given nation. Given the current level of globalization and penetration of the Unites States, business into Europe the level of the overall dependency is quite high. In addition, I am not referring to the fact of iPhone popularity for example; this is just a top of the Iceberg. I am speaking about much more significant economic dependencies such as American elite steering the board of director of the European multinational corporation. A good example would be German company called SAP – System Applications and Products in Data Processing. The company is the leading player on the World's ERP market with a number of Cloud and Data Analytics capabilities. The CEO of the company is American – Mr. Bill Mc Dermott. Theoretically, majority of the World's business runs on SAP software products and many of the companies have their sensitive data stored in the SAP cloud and this includes some European governments as well. Going even further – Russian strategic companies dealing with National Defense are also running SAP. What this means in real World is that business is only business when the dominant party is satisfied with the conditions. Otherwise, any business always has a risk to turn into the conflict.

The morality behind is simple. Europe has now the opportunity to stand up and push back Americans and put Russians back on the place and contribute to the peaceful development of the World commonwealth with strong and wise Europe balancing the multipolar World. In case, however Europe will choose to dance to the America's music the dream of the common Europe will eventually be gone and the World will remain divided into Freedom part and the "Empire of Evil". At any case, from the defense point of view the only way for Europe to survive is to invest into defense, commonly or solely. The truth is: "Si vis pacem, para bellum".<sup>147</sup>

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<sup>147</sup> RENATUS, Vegetius. De Re Militari [online]. Utrecht, 1473. [cit. 2015-04-20]. Available from: <http://www.thelatinlibrary.com/vegetius3.html>

## Conclusion

The defense topic is always actual and what I wanted to reach in this study is to look from a wider angle on this topic. Specifically speaking I wanted to concentrate on the economic side of the topic. Nevertheless the intend was not to bore you with the figures which I anyhow did a bit, but rather to look for a more of a macro scale rational behind the difficult relationship of NATO and Europe.

Speaking of the hypothesis raised in the study I would like to conclude that at the moment Europe's defense and military security is indeed dependant on NATO. However here I would like to differentiate between the types of dependencies that exist. The key dependency is not a warfare capabilities dependency, no, the problematics of Europe having less active troops and military equipment than the United States is not what I see as the main dependency. It is the mental and economic dependency, which take the first rows followed by the warfare capabilities.

The other important observation that I would like to outline in the conclusion is that NATO and specifically the United States are also dependant on Europe. The dependency here is strategic and is directly linked to the European location on the Globe making Europe a very efficient offshore base to outsource the United States military capabilities close to the areas of America's interests. Before the fall of the Soviet Union, the communist idea played a very positive role for NATO making the justification of the Alliance and American military presence in Europe a politically easy job. After the fall of the Soviet State, there suddenly was no real threat for Europe and the United States had to play a puppet show to make European leaders decide in favour of continuous need of NATO in their back yard, simply making Europe mentally prepare for a sudden warfare that only NATO can withstand. Here again, I would like to outline the two dependencies that I already mentioned – mental and economic. And the fact is that the United States is fluent in using NATO to promote missions that actually support the idea that NATO is needed and vital and allow the United States to be military present in Europe and nearby.

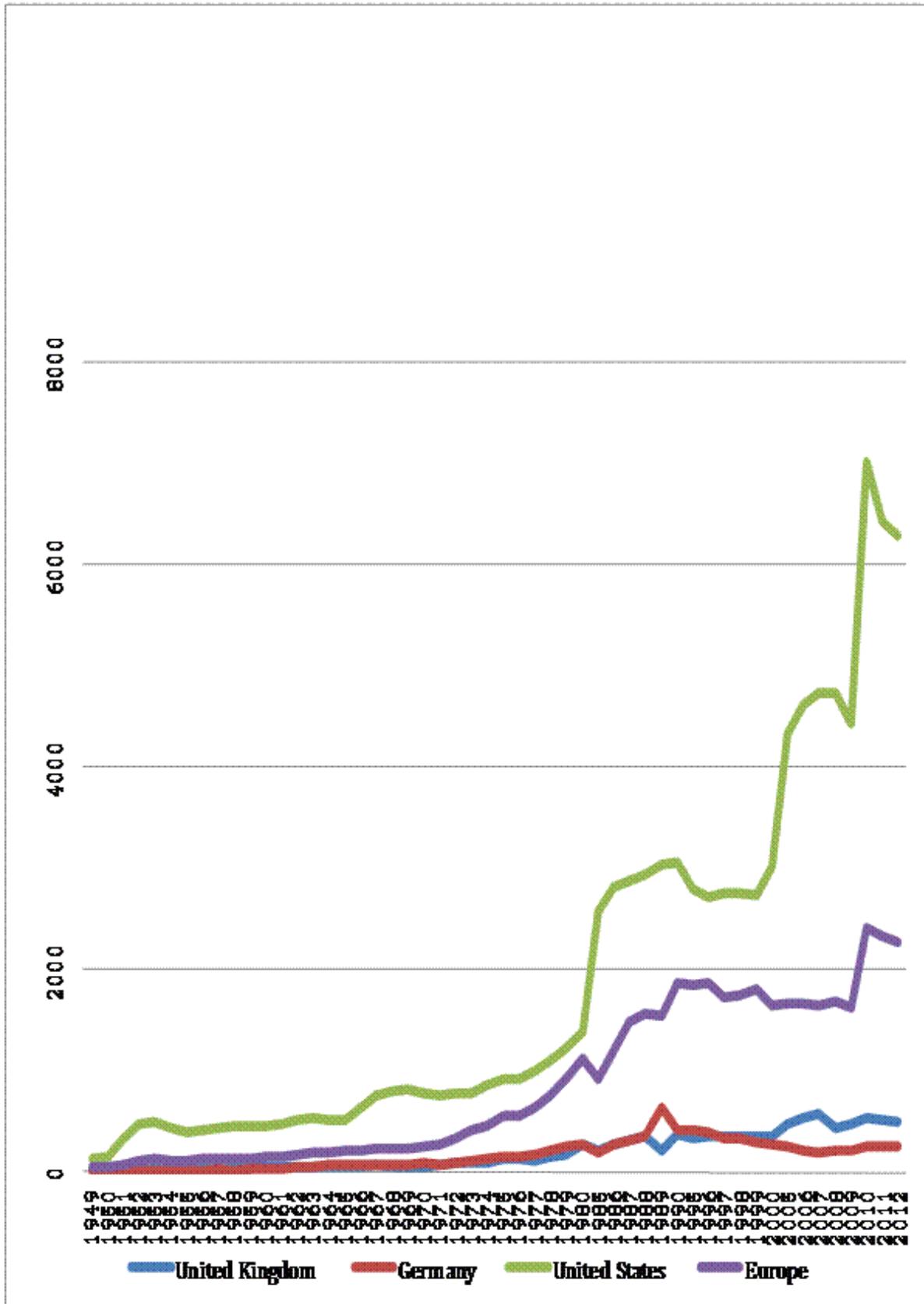
Those European powers who had money to contribute to the United States interests where given a share of the pie and I am referring to the United Kingdom here. However, Europe is not that immature in the foreign relations as one could originally imagine. The strategic geopolitical location of Europe that is so much of a benefit for the United States and this is crystal clear for European governments, specifically a good example is Germany that has quite a number of America's bases on its territory and has one of the lowest defense spending. Understanding that the United States is also dependant on Europe the European NATO member states started to free ride the Alliance and enjoy the significant level of freedom with defense investment. Again, Germany is a good example. Keeping in mind that despite a heavy underinvestment into the defense the fact that the United States has its bases on its territory makes Germany quite fairly believe that in case of the real warfare on its territory the United States will be protecting its assets and infantry, meaning will be protecting Germany. The free riding habit that is being so negatively perceived in the United States is actually a price to pay and Europe will not stop with it.

Indeed European powers do underinvest into the defense, indeed the United States defense spending is tremendously bigger than the spending of all European NATO members. Monetary contribution is always the baseline for the capitalist economies. The overall underinvestment in NATO is not as big a problem for Europe as it may look from the beginning. It is more a headache for the United States. The perception of the taxpayers in the United States is that indeed it is Europe who needs America's military capabilities on the continent and has to pay for it with proper contribution and not free riding. The toughest piece of this dilemma is that the United States inner PR campaigns on justifying the country's military actions abroad are completely about "freedom and democracy" spreading. Thus this is then being perceived by Americans as the common goal of NATO and surely people are unhappy with Allies not showing any proper support to the "World's Policeman" – the United States. Therefore, the big people in Washington DC face the same trouble of unhappy taxpayers pushing the government to push Europe to contribute. Europe however can and is suffering from underinvestment habit. The current capabilities of Europe on in the military theatre are weak compared to the United States, Russia, China and India. Europe is about to be the last one with the need to catch up.

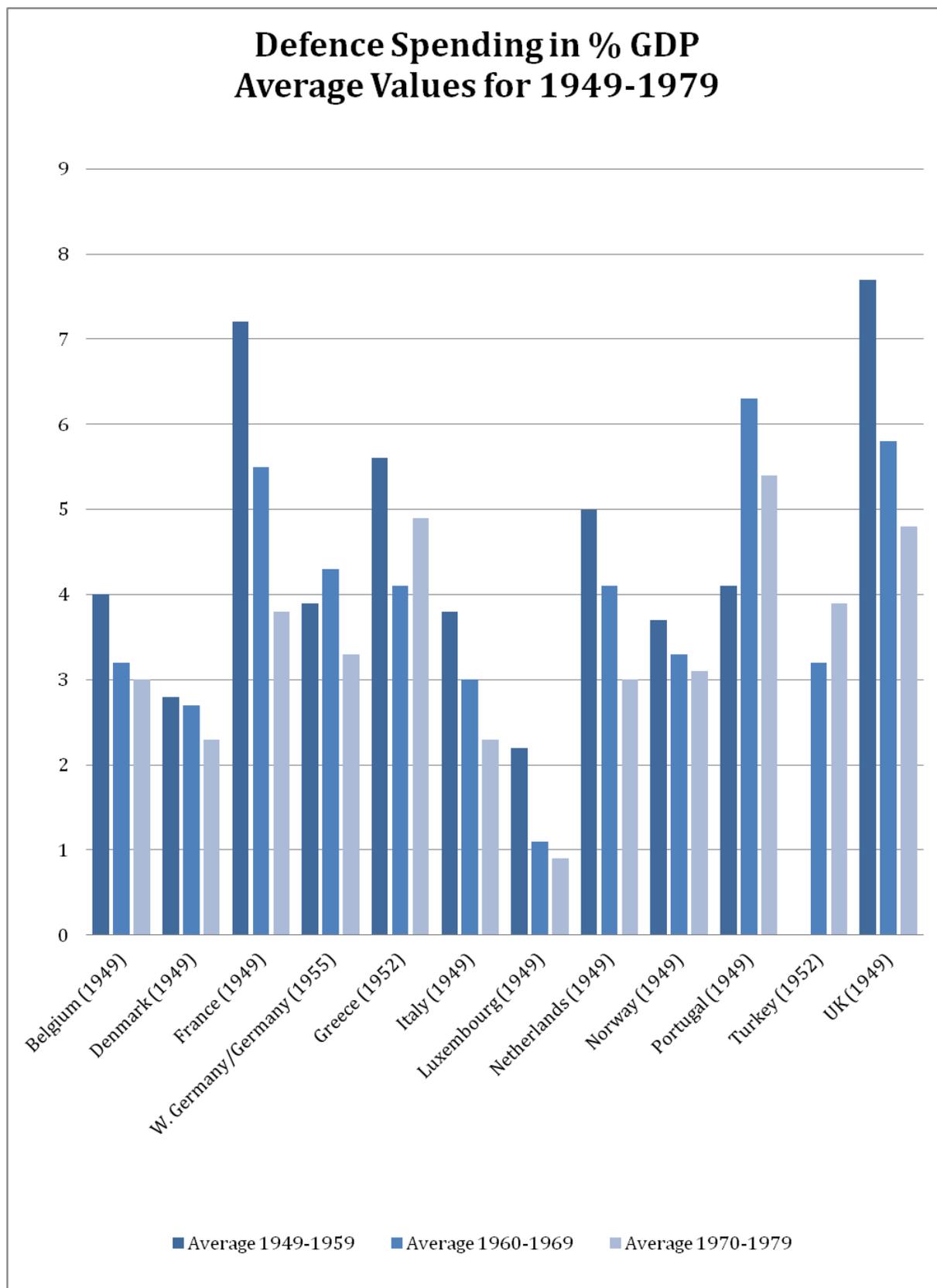
Anyhow, the main point here is that the dependency is in fact mutual and not purely defense related since there is no direct threat, even during the current crisis in Ukraine and the Islamic State escalation.

What Europe should also be aware of is the fact that the power of influencing the Alliance that it possesses is much weaker than the power of the United States. The consensus decision-making of NATO is a comfortable tool for the United States to play "I pay more" argumentation in order to promote own interests within NATO. Europe is doomed to be protected by NATO only to the extent it is beneficial for the United States and luckily so far Europe is still seen as an efficient investment.

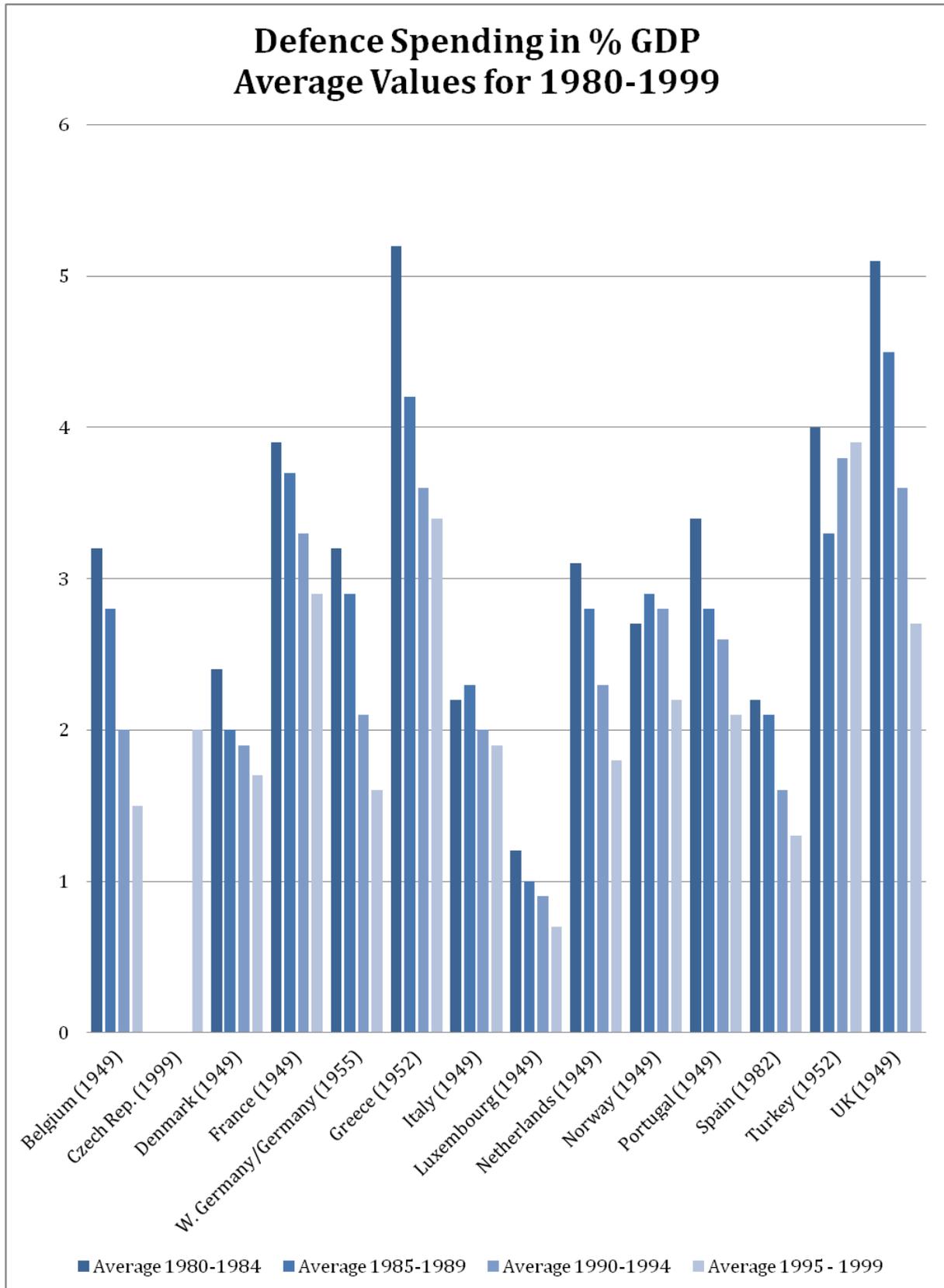
At the end of the day, the relationships within the Alliance are getting more complicated. Europe is committing to invest more and fulfil the contribution guidelines; however, there are no guarantees that it will. The new era of the World Order and power shifts is already there and Europe is now stuck in between two ambitions of revenue making. One from the West and the other one from the East. Both see Europe as a highly profitable market. Both are dependent on Europe and importantly both will be manipulating Europe. One by NATO and the other one by energy supplies. The only cure to that is to stop being dependant or in favour of any side and defense is one of the key areas to start such politics. Europe has to unite, however in order to become a strong superpower of European continent – Europe has to start being self-sufficient. Otherwise, eventually, the Europe may be again divided into Eastern and Western blocks, or maybe even Southern block. Sincerely, I would not want this to happen, and I would rather want to see the strong Europe able to deterrent both sides of the Globe and contribute to the healthy and less bloody World economies.



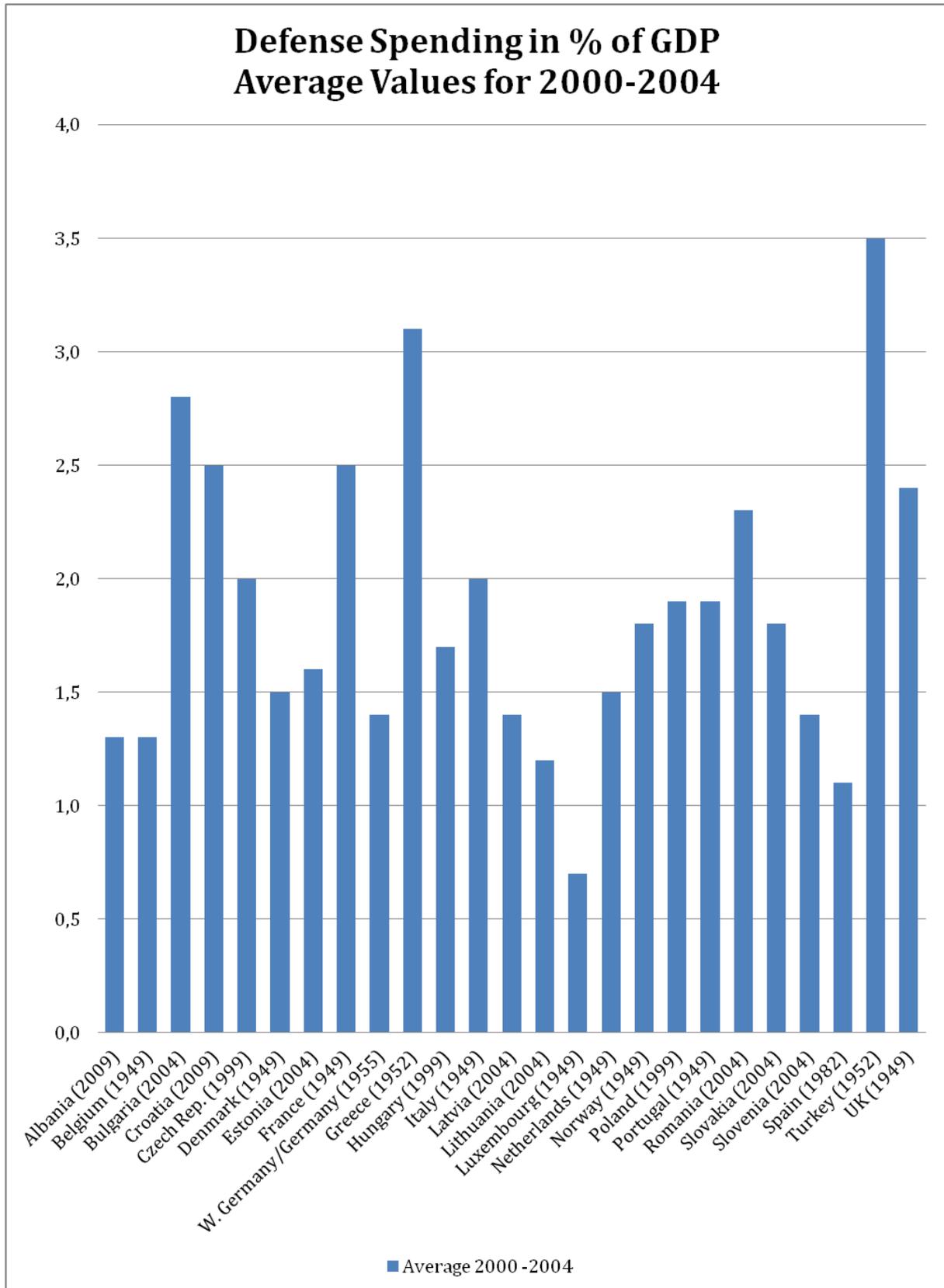
Graph #1 – Defense Spending in millions of USD.



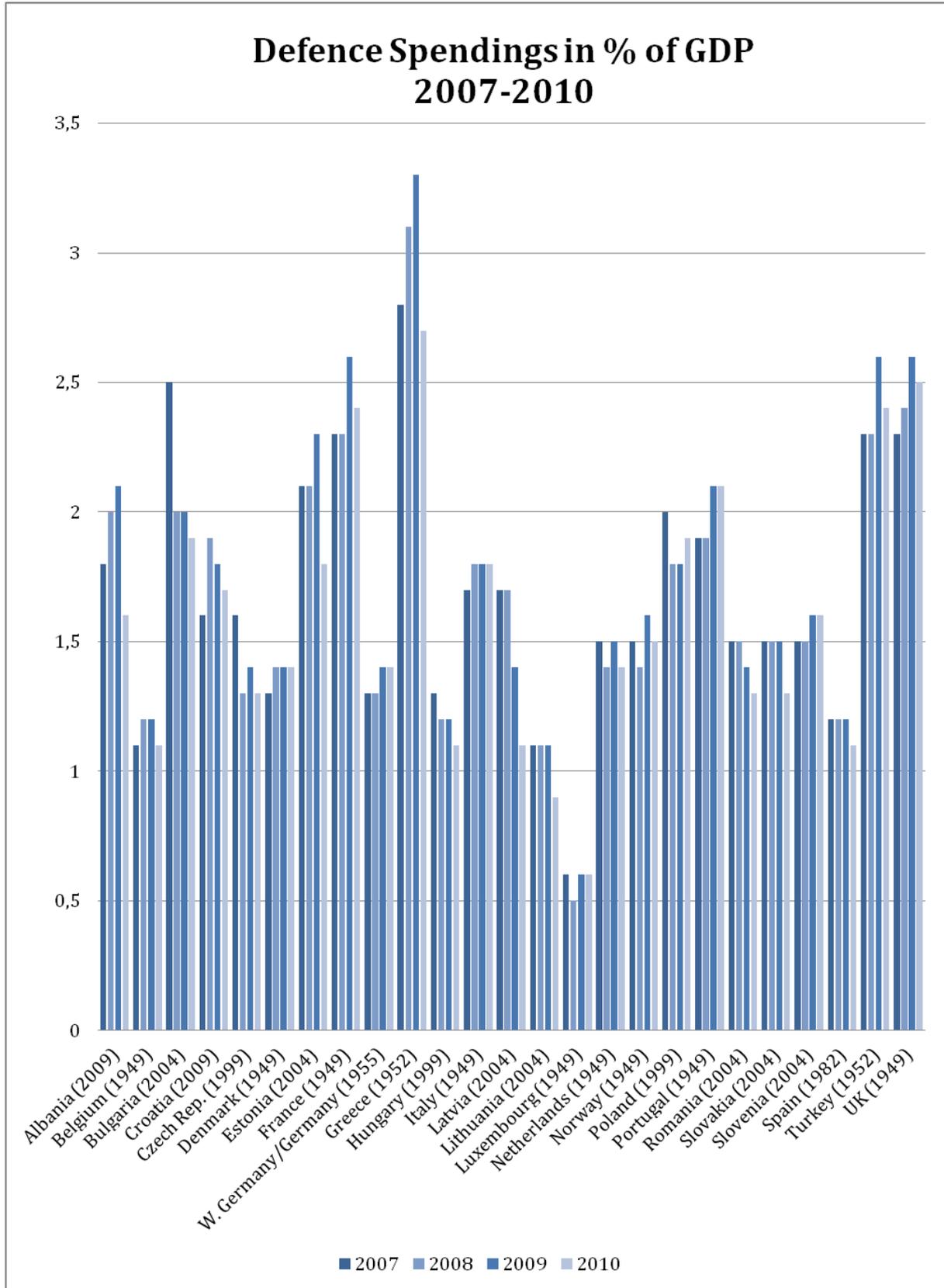
Graph #2 – Defense Spending in % GDP, Average Values for 1949 – 1979.



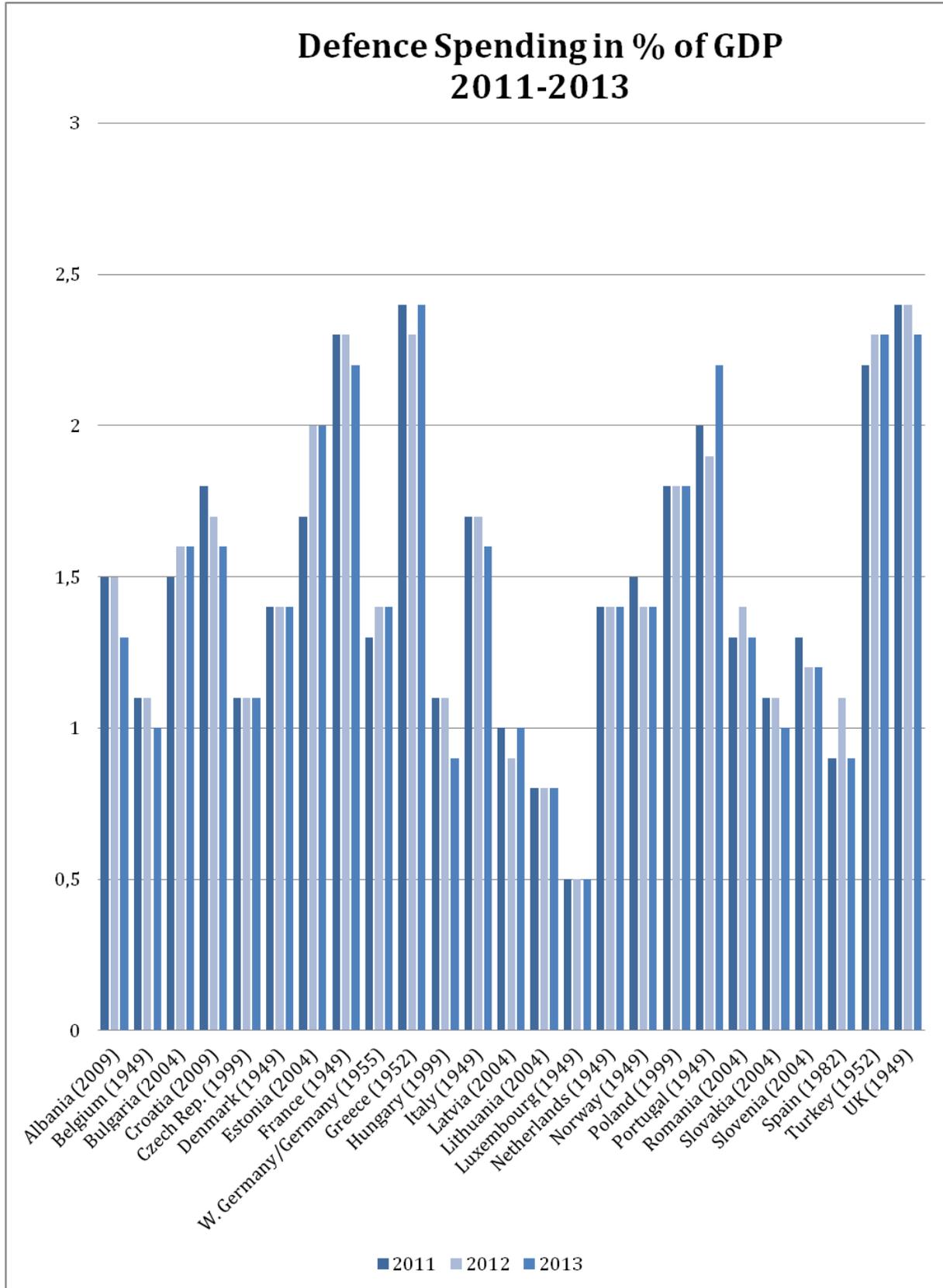
Graph #3 – Defense Spending in % GDP, Average Values for 1980 – 1999.



Graph #4 – Defense Spending in % GDP, Average Values for 2000 – 2004.



Graph #5 – Defense Spending in % GDP 2007 – 2010.



Graph #6 – Defense Spending in % GDP 2011 – 2013.