

## Transatlantic Stress Tests

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There is nothing new about tensions within the transatlantic relationship. In the last seven decades there have been many quarrels between the United States and European countries and with an evolving European Union in its various stages and formats. We have seen frictions over various issues involving defense strategies or trade arrangements. The more the U.S. and Europe became intertwined with each other, the more such battles were bound to occur. One need only think back to the clashes over currency policy in the 1970s, the so-called double track strategy toward the Soviet Union in 1982, the confrontation over Iraq in 2003, or the responses to the Great Recession in 2008. And there were always irritations in economic affairs involving market access or regulatory regimes.

Despite these tensions, the first four decades of the transatlantic relationship were defined by the strategic alliance that bound the U.S. to the defense of western Europe during the Cold War. Around that nexus emerged an array of international organizations in which the U.S. and European countries were cornerstones – the United Nations, the International Monetary Fund, and the World Bank.

Today there is serious concern that the bargain may be weakening. That is due to shifts on both sides of the Atlantic. In the U.S., there can be no doubt that the first few months of the Trump administration severely rattled the framework of transatlantic relations. Donald Trump has called into question a number of assumptions that have been sacred over the last decade – even if they were questioned behind closed doors. Now, there is more uncertainty rather than previous assumptions of continuity. During the NATO meetings in Brussels and G7 meetings in Italy last



year, there was ample illustration of these transitions. Trump's decision to withdraw the U.S. from the Paris Climate Accords is another area of tension, as are issues such as the Iran nuclear deal, digital policies, and dissonance over dealing with Russia and China.

In Europe, there are centrifugal forces impacting the politics and the future of the European Union. The shock of Brexit and various forms of political populism at all levels continues to reverberate around the continent. The fissures among EU members over immigration policies, monetary policies, and sovereignty claims are serious, as are the debates over policies toward Russia, Ukraine, and China. There is also dissonance with regard to dealing with the United States.

Does this mean that we are facing a more serious crisis in transatlantic relations than in the past? Not necessarily. Stress tests are not dangers if they serve as reminders about the need to review and renew our principles, purposes, and policies. But that requires a reality check. Europeans should not think that the Trump administration is a temporary blip in the transatlantic dialogue. That will be particularly important

for Germany to recognize. While it may be difficult to deal with conflicting signals emerging out of Washington, it is clear that U.S. criticism of Germany's \$65 billion trade deficit in goods will continue. Pressure for Germany to increase its domestic demand and to enhance growth across Europe will remain. Calls to ease German fiscal policy and support looser monetary policy in the Eurozone, to make the it a more effective single market, and to embrace a more coordinated approach to energy security and refugee issues will continue. These all feature in internal EU debates.

The basis of the transatlantic relationship has always been trust in the reliability of what President George H.W. Bush called "partnership in leadership," a reaffirmation of the central importance of the European-U.S. bond. Yet Trump's "America First" approach to foreign policy has raised serious questions in Europe about the reliability of the U.S. as a global leader. In this particular phase of Trump's presidency, we're going to see a struggle to find common ground in the different domestic debates going on in Germany, Europe, and the United States.

A primary arena for these struggles lies in the defense sector and questions of burden sharing. There are legitimate points about how NATO should be structured for the modern world. Any effective response to a transformation of the Atlantic bargain, whether it deals with security, trade relations, or multilateral relations, requires Europe—and Germany in particular – to develop a more effective strategy toward crafting the capacity and commitment to an international role. The 2016 German White Paper suggested that a shift is already underway in Germany, and in its commitments to an expanded defense budget. That same trend needs to be applied to the larger European framework, where a deeper defense strategy is needed to create more multinational capabilities, reduce redundancy, and generate more pooled investment in the kind of capacities of which the U.S. has been the primary supplier for decades. The Franco-German partnership can act as a catalyst to enhance the meaning of collective defense within NATO.

This will be no easy accomplishment. It will involve persuading a skeptical public, particularly in Germany, about the need to enhance Europe's security structure, which will not be cost free. Yet the demand for German leadership is in direct proportion to its emergence as the EU's key economic and political power in a Europe in which it is both needed—and sometimes resented. Recent events have shown the limits and the possibilities of exercising that leadership: the euro crisis, the Ukraine-Russia standoff, conflicts in the Balkans, or dealing with Iran. Leaders in Europe recognize that they must do more. Beyond trust, the transatlantic bargain was built on the mutual recognition that the advantages of that bond cannot be equaled elsewhere. The resources available to provide for global stability are unique and irreplaceable, and the partnership must work with the new actors and rising powers to shape the parameters of a stable and peaceful world. To lead that effort is the decisive challenge ahead.

A shared vulnerability was part of what held the U.S. and Europe together after 1945. But it was not the most important part. The basis of the transatlantic partnership was rebuilding a community of nations dedicated to a future where more people would opportunities and rights. That community is now made up of a global audience that shares vulnerability but also aspirations, diversity, and different ideas about how a global order can and should look. Neither Europe nor the U.S. can dictate the blueprint of that world. But by pursuing a narrative that aims to connect values with interests, vulnerabilities with opportunities, they can argue that on a global scale, the sum is greater than its parts if principle, purpose, and policies are in balance. As in the past, it may be a stressful challenge but a necessary one to sustain the most successful alliance in partnership the world has ever known.