

# ISSUE BRIEF

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## America's Outdated Europe Policy: In 2017, the Next President Must Adapt to New Reality

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Since the end of World War II, U.S. policy toward Europe has drifted, without deliberate thought, far from its initial premises—while Europe itself has changed beyond recognition. It is time that the U.S. recognized this fact. The incoming President should direct the National Security Council (NSC) to oversee a comprehensive study of U.S. policy toward Europe, a study to be based on the enduring American interests in Europe, the lessons of the post-1945 era, and on the new facts of Europe that have emerged since 1989.

### **The U.S.'s Post-War Europe Policy**

After 1945, U.S. policymakers wanted, and expected, to withdraw U.S. forces from Western Europe in relatively short order. But the emerging Cold War rendered this impossible, and it soon became obvious that the U.S. would have to remain committed to a security role in Europe. Simultaneously, the U.S. realized that Western Europe was more economically, socially, and politically fragile than it had expected, and it embarked on an extensive program of support for the embattled democracies of Western Europe, a program epitomized by the Marshall Plan, launched in 1948.

The U.S.'s policies were genuinely liberal: They emphasized supporting sovereign and democratic governments, empowering federal government in Germany as a counter-weight to the power of Berlin, backing free trade and multilateral economic cooperation through the Organisation for European Economic Co-operation (later the Organization for Economic Co-operation and Development), and providing short-term reconstruction and currency assistance during the post-war adjustment period through the International Bank for Reconstruction and Development (later the World Bank) and the International Monetary Fund (IMF).<sup>1</sup>

All of these activities were intended to reinforce each other. The overriding American concern was to prevent the takeover of European nations by fascist or Communist forces. In the 1930s, economic disaster had paved the way for the rise of fascism and Nazism; in the post-war world, Americans were concerned that the military threat posed by the USSR, or another economic slump, would lead to a renewed loss of European confidence, another political collapse, and another war. Having already fought two great wars in Europe in 30 years, the U.S. did not want to fight a third. The threat posed by Soviet invasion, though real, was less immediate than the threat of European weakness.

But, by the same token, the U.S. did not want to support Western Europe indefinitely. The U.S. wanted to find ways to set the European democracies on their feet, so that they would be able to defend themselves, and make a contribution to the worldwide struggle against the Soviet Union. To that end, the U.S. regularly urged the Western European nations to increase their defense spending and to lower their

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internal trading barriers, on the grounds that freer trade would make the Western world better off economically, and more democratic politically. But behind these priorities, the basic U.S. interest in Europe was always centered on national security.

### **The Changing European Environment**

By and large, this U.S. policy was remarkably successful, because it arose from a coherent and reasonable diagnosis of the causes of the rise of Nazism, and thus of World War II. The U.S. certainly succeeded in preventing a renewed European catastrophe.

After the end of the Cold War, the U.S. believed it could, at last, safely reduce its exposure to Europe. Thus, the U.S. increasingly came to see support for the European Union as the be-all of its European policy. U.S. backing for the EU is a sign not of U.S. commitment to Europe, but of the waning of that commitment, the end of serious U.S. thought about how it should uphold American interests on the continent, and—instead—the outsourcing of those interests to the EU.

This was an unrealized revolution in U.S. foreign policy. The U.S. had initially supported European political integration as a means to the end of winning the Cold War, though the initiative for the core European political institution, the Coal and Steel Community, came from France. For the U.S., integration was then one policy among many, not an all-consuming ideology. But for many European politicians, the European Economic Community (later the EU), was not a means to an end, but a goal in itself.

For some, that goal was to create a European rival to the United States; for others, it was to develop a new form of governance that would be based not on the nation-state, but on supranational bureaucracies that would be subject to only nominal and increasingly limited democratic control. The President of the European Commission, Jean-Claude Juncker, recently evidenced his devotion to this goal when he castigated European politicians for “listening exclusively to their national opinion...[and]

not developing what should be a common European sense.... We have too many part-time Europeans.”<sup>2</sup>

The end of the Cold War not only brought changes to America’s policy in Europe: It had a transformative effect inside Europe itself. Of course, the end of the Cold War liberated Eastern Europe. But it also liberated the EU to push the cause of supranationalism further and faster than it had been pushed before.

During the Cold War, the basic fact that the peoples of Western Europe were loyal to their nations—not to the idea of Europe—limited the ability of Brussels, and of the most enthusiastic believers in the European idea, to advance the cause of political Europe. As a result, before the 1990s, political integration did not reach very deeply into the nations of Europe. It was a matter for, and it appealed to, the political elite.

But when the restraint of the Cold War was removed, the EU could suddenly go much further and faster—and the resulting instability led only to calls for it to go further and faster still. The EU, for example, embarked on fundamentally political projects, such as the EU-wide euro currency. When the euro failed, it badly exacerbated the economic and political divides between northern and southern Europe, and played a major role in the still-ongoing European financial crisis. Suddenly, an EU institution, for the first time, touched the lives of all the peoples of Europe in a visible way, one that many of them resented. Yet the instinct of the EU bureaucrats was not to slow down, or to reverse: It was to speed up.

At the same time, the Russian invasion of Crimea and Ukraine exposed yet again—after the disastrous farce of the Balkan Wars of the 1990s—the hollowness of the EU’s pretensions in the security realm, while the casual way that Germany’s Angela Merkel invited over a million Middle Eastern and North African refugees into the continent testified to how EU-wide policy can, in practice, be made by a single individual. These failures have, inevitably, led to calls for yet more Europe: A recent, but by no means final, EU demand, backed by leading German politicians, is for a European army that would slowly sideline NATO.<sup>3</sup>

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1. Having accomplished their mission in Europe, the World Bank and the IMF did what all bureaucracies do: invent a new mission in order to avoid having to close up shop. Skeptics of these institutions should bear in mind that they now bear little similarity to their original purposes.

2. Matthew Holehouse, “Prime Ministers Listen Too Much to Voters, Complains EU’s Juncker,” *Telegraph*, May 5, 2016, <http://www.telegraph.co.uk/news/2016/05/05/prime-ministers-listen-too-much-to-voters-complains-eus-juncker/> (accessed May 10, 2016).

3. “Juncker: NATO Is Not Enough, EU Needs an Army,” *EurActiv*, March 9, 2015, <http://www.euractiv.com/section/global-europe/news/juncker-nato-is-not-enough-eu-needs-an-army/> (accessed May 11, 2016).

## What the U.S. Should Do

The incoming President should direct the National Security Council to oversee a full-dress reassessment of U.S. policy toward Europe—not to reject all current U.S. commitments, but to examine, starting from first principles, how to secure enduring American interests in Europe in the post-Cold War world.

As in 1945, the first U.S. interest in Europe is peace. As contributions to peace, and for their intrinsic value, the U.S. also values prosperity and democracy. In short, the interests of the U.S. in Europe have not changed. But the U.S. has not reassessed its approach to Europe since the end of the Cold War. Instead, it has drifted lazily into an increasing reliance on the European Union, in a way that, as demonstrated by President Obama's intervention in Britain's EU referendum, has become unthinking dogma.

The threat to peace in Europe today derives from its troubled periphery, from an aggressive Russia to the chaotic Middle East. It is still in the interests of the U.S., as it was in the 1940s, to help Europe's democracies defend themselves from these threats, and the best tool for that purpose is still NATO. Any organization, including the EU, which detracts from this transatlantic instrument does a profound disservice to basic American and European interests.

The issues of prosperity and democracy are closely linked. While many EU economies would have slow growth or high debt without the euro, the euro has made their position worse: As they cannot devalue externally, they have been forced to devalue internally. That, in turn, has placed their political systems under stress. The U.S. needs to re-learn a lesson from the 1930s: Bad economics lead to bad politics.

Nor is the answer to political extremism in Europe a further dose of European integration: If more Brussels was the answer, the problem of extremism would not have appeared in the first place. Moreover, as Anton Shekhovtsov of the Legatum Institute notes, "EU and NATO structures have proven to be much worse at monitoring the behavior of current members than they were at persuading outsiders to join."<sup>4</sup>

The fundamental problem facing Europe today is the same as it was in 1945: It is not clear that the peoples of Europe, including those of Eastern Europe, are committed to genuinely liberal values. The way to promote those values over the long run is to stand up for the sovereign and democratic nation-state, which is the political entity designed to be compatible with those values. It was in defense of the democratic nation-state, after all, that the U.S. opposed both Nazism and Communism.

The EU, by contrast, avowedly regards the nation-state, and its elected politicians, as problems that must be overcome. The EU is a terrible teacher of liberal values precisely because it is not based on them: It is based, instead, on a transformative, utopian vision of illiberal supranationalism. *Promoting illiberalism in the hope that it will combat illiberalism will only leave Europe, and the U.S., with more illiberalism.*

If the U.S. continues to base its European policy on unthinking support for the EU, it will continue to see more economic strains, rising illiberalism—and a weaker transatlantic security relationship in the bargain. That is not in the interests of the nations of Europe—or of the United States. The true interest of the U.S. is to return to the ideas that saved Europe after 1945—the ideas of economic freedom, multilateral cooperation for security and prosperity, and democratic national government.

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4. Anton Shekhovtsov, "Is Transition Reversible? The Case of Central Europe," Legatum Institute, January 19, 2016, <http://www.li.com/activities/publications/is-transition-reversible-the-case-of-central-europe> (accessed May 11, 2016).