

NATO, the EU and the Future of the Transatlantic Relationship:

A Canadian Perspective on the New Trump Administration and The UK's Post-Brexit Dilemma

Roundtable Discussion
Corvinus University of Budapest
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Good evening ladies and gentlemen, before I begin my discussion this evening about NATO, the EU and the Future of the Transatlantic Relationship: A Canadian Perspective on the New Trump Administration and the UK's Post-Brexit Dilemma allow me to thank Dean Laszlo Csicsmann and Professor Peter Marton for this opportunity to present a transatlantic viewpoint.

I am very pleased to be here at Corvinus University. I see from the roster of alumni that the university has produced prime ministers, government ministers, captains of industry and commerce and so many other important social, business and intellectual leaders.

As a management consultant and political scientist, I look to frameworks to better understand our current reality and perhaps estimate what tomorrow might bring.

But before I begin my discussion, allow me to preface my remarks that the opinions, analysis and predictions presented here this evening are strictly my personal views and do not reflect that of the Canadian government or any other institution mentioned herein.

This evening I'm going structure my presentation in three broad categories:

- Domestic discontent
- International institutions
- What to think about when tomorrow comes?

DOMESTIC DISCONTENT

The beginning of wisdom is to understand the discontent which is driving change in democratic states and in institutions such as the EU.

What is domestic discontent? It is defined as a person who is dissatisfied, typically with the prevailing social, economic or political situation.

Domestic discontent is not the same everywhere, but there are common themes:

- First, unhappiness with current economic conditions – 15 years in which none of the G-7 economies have reached annual economic growth of 4% (except for Japan one year) with unprecedented levels of unemployment and attendant social costs, exacerbated by a generation-long assault on majority-held social norms and religious expression.

- Second, fear of the future – governments appear to be settling for low growth as the new normal, educational establishments and the media have succumbed to the new social correctness, and normal democratic processes of change have not shaken the trends.
- Third, anger at the political establishment – which has been oblivious to the causes of discontent and dismissed the discontent as the pathology of ignorant and intolerant people and the populist politicians who cater to them.

CARL SAGAN

Domestic discontent in the US was best highlighted by Carl Sagan (1934-1996) – who was a renowned American polymath and futurist. During the day, he was astronomer, cosmologist, astrophysicist, astrobiologist. In the evenings, he was an author, science popularizer and science communicator in astronomy and other natural sciences.

On the weekends, he wrote books - very thoughtful and thought provoking books. The following passage comes from Sagan's book *Demon-Haunted World: Science as a Candle in the Dark*, published just before his death in 1995:

"I have a foreboding of an America in my children's or grandchildren's time—when the United States is a service and information economy; when nearly all the key manufacturing industries have slipped away to other countries; when awesome technological powers are in the hands of a very few, and no one representing the public interest can even grasp the issues; when the people have lost the ability to set their own agendas or knowledgeably question those in authority; when, clutching our crystals and nervously consulting our horoscopes, our critical faculties in decline, unable to distinguish between what feels good and what's true, we slide, almost without noticing, back into superstition and darkness."

Sagan was not alone in perceiving this discontent. In fact, in the US, discontent has been building for decades and has been well documented by social studies and opinion polling. It has manifested itself in protest movements of both left and right (Occupy Wall Street, Moveon.org, the Tea Party) and it has targeted both Democratic and Republican administrations. It is the reason the anti-establishment movements of both Senator Bernie Sanders and Donald Trump arose at the same time with great velocity and impact.

During the 2016 presidential campaign, both anti-establishment candidates addressed the same conditions, though with different prescriptions for dealing with them:

- Anemic economic growth despite several trillion dollars in "stimulus" and the accumulation of a federal debt exceeding \$20 trillion;
- A socially disastrous decline in manufacturing jobs;
- The lowest US labour participation rate in 40 years with 90 million not working and one in five households not having a single member working;
- Annual household income less than it was at the beginning of the century;
- Home ownership the lowest in 50 years;
- Between 40 and 50 million living in poverty with one in seven on food stamps; and
- Crumbling infrastructure.

Sanders called this situation an "embarrassment". In his inaugural address, Trump called it "carnage". It is the same situation which failed to move elite opinion – and led to Trump's victory.

INTERNATIONAL INSTITUTIONS

Discontent with international institutions reflects a similar unresponsiveness to the times.

NATO and the EU are constructs of a long-ago era conceived to deal with problems they long-ago solved: the defence of a weak and impoverished post-war Europe, and the building of functional linkages between Germany and France and then of a wider European economic community. Both organizations have since been afflicted by institutional inertia seeking out new missions to justify their continued existence.

NATO

NATO completed its mission of defence and deterrence in 1991 with the dissolution of the USSR and the Warsaw Pact. For some time after, NATO's declared *raison d'être* was to provide a measure of "stability" for a continent being transformed. It is true that various US administrations sought a better relationship with Russia, but were simply re-buffed. In hind sight, the US and NATO lost a short window of opportunity with the new Russia to develop meaningful post-cold war security architecture for Europe. Vladimir Putin has effectively been in power for 17 years and has pursued revanchist and authoritarian policies to rebuild the Russia of today. In brief, NATO ended one cold war and aided and abetted a second one.

While NATO purported to "manage the dissolution of the Soviet empire and integrate the captive nations into Europe" – in fact, an enlargement project was allowed to stretch all the way to Georgia -- its unity of purpose was further fractured by taking on a host of peripheral tasks: "out of area" operations in Afghanistan, fixing failed states, combating piracy, building capacity in other organizations, and "partnering" and "dialoguing" with 70 countries.

Meanwhile, NATO struggled to achieve the one core function which it indisputably still did own, to protect members from the major new threat arising from the Islamist jihad being waged against them.

NATO has rejected the charge, pointing to minor (and quite recent) organizational adjustments, but it was a telling indicator that at their summit meeting in July 2016 leaders devoted just two paragraphs of their 139-paragraph final communiqué to the subject.

Then, as Russia under Vladimir Putin began to push back using time-honoured methods of intimidation against its neighbours and the forced annexation of Crimea, NATO was very slow to meet its renewed defence and deterrence responsibilities. The situation became so dire that the most vulnerable members had to publicly signal their discontent and concern with the support they were receiving from their less threatened allies. This forced a few new members to pointedly ask whether the Western members considered them allies constituting NATO's eastern flank or merely a buffer between them and Russia.

It took an extraordinary summit meeting of the "Eastern flank members" to finally get Western members to agree to move beyond military exercises and agree to permanently station troops in the frontline countries.

But the response was hardly robust – single battle groups in the Baltic States and Poland with the only European members leading them being the British and Germans, leaving the United States (once again) and Canada (remarkably) to fill the gaps.

EUROPEAN UNION

The civilizing mission of the European Community movement was also essentially completed by 1991. By then, the Federal Republic of Germany had become a full and influential participant in European political, economic and security institutions and in 1990 had been reunited with the eastern third of the country. But like NATO, the European Community conceived a wider role for itself – to pursue the quixotic “European idea” of a European Union.

In 1992, the Maastricht Treaty began the process of taking existing inter-governmental structures out of the realm of state sovereignty and establishing powerful supranational institutions (the Commission, the European Parliament, and the European Court of Justice).

In 2007, the Lisbon Treaty changed decision-making in the inter-governmental Council of Ministers from unanimity to qualified majority in 45 policy domains and created the position of a long-term President of the Council to be nominated by governments but approved by the Parliament.

Governments and electorates have always had their reservations about the EU, in some cases having to be pressured to support the expansion of the EU’s powers. The desire to slow, halt or reverse the process of integration has been driven mainly by concerns over the “democratic deficit”. Today, by two to one, people want more power returned to national capitals. But overwhelming majorities now are also unhappy over the EU’s management of the economy and refugee crisis. The result is that views of the EU are in decline across the continent, with a June 2016 PEW research study reporting a median of just 51% with a favourable view among the ten largest EU member states. It was just 50% in Germany, 44% in the UK, and 38% in France.

As the Pew Research Center further reported, there are ideological divisions among Europeans in their views of the EU but it is not a simple matter of left versus right. In some cases, those on the left have a more favourable view of the EU than those on the right: in the UK, the point spread was 31, in Italy 16, in Germany 12, in Poland 6, in Hungary 4, and in France just 2.

In contrast, the right had a more favourable view in Greece (9), in Sweden (16) and in Spain (24). Moreover, there are notable divisions within each side. In the UK, only 60% of the supposedly pro-EU Labour Party favoured the EU while 43% of the supposedly anti-EU Conservative Party also favoured the EU. In France, only 51% of Socialists supported the EU while 39% of Republicans did too. Even in the Eurosceptic National Front, three in ten were favourably disposed to the EU.

BREXIT

Against this background, it should not have been a surprise that Britain, which has long had reservations about committing entirely to Europe, should have been the first member state to look seriously at the option of exiting the EU.

Prime Minister David Cameron hoped to assuage the Brexit movement by negotiating a limited return of powers to Westminster. In February 2016, he sought a reform package which would inter alia have exempted the UK from future EU legislation irreversibly binding Britain to the EU’s goal of an “ever closer union”, as well as allow the government to exercise greater control over EU migrants and their access to UK benefits. But it was not enough and in June 2016, with a 72% electoral turnout, 51.9% of the population voted to “leave the European Union”.

On 17 January 2017, Prime Minister Theresa May explained the result as a vote for change. Britain was leaving the European Union not Europe, it was a European country but also a country

that had “always looked beyond Europe to the wider world”. It was in Britain’s interests that the EU succeed, but Britain’s political traditions were unlike those of other European countries, Britain had no written constitution, and the public expected to be able to hold their governments to account very directly.

May went on to say that “Supranational institutions as strong as those created by the European Union sit very uneasily in relation to our political history and way of life”. Simply put, domestic political events are now driving British international strategy.

In the negotiations, ahead, May said Britain’s objectives would include:

- Control of its own laws with its own judges to interpret them.
- Control of immigration.
- Rights for EU nationals in Britain, and British nationals in the EU.
- Free trade with European markets.
- New trade agreements with other countries.
- Cooperation on crime, terrorism and foreign affairs.

Let me also add that as Britain prepares the process of leaving the EU and its 500 million-person single market, it will be critical for May to strike a bilateral trade deal with the US quickly. The United States is Britain's biggest export market, and such a trade deal would be a major prize for May’s government and her Conservative Party.

On final note regarding Brexit: Trump has drawn parallels between Britain's choice to leave the EU and his own success, using the Brexit vote last June to bolster his derision of the 28-nation bloc and his preference for striking bilateral agreements.

WHAT TO THINK ABOUT WHEN TOMORROW COMES?

The discontent is profound and will endure until its causes are addressed.

Trump is going to change the United States as few previous presidents have done. Comparisons have been made with Andrew Jackson, Teddy Roosevelt, FDR, and Ronald Reagan. In so doing, he is also going to change the world.

The rest of the world is going to have to accept that it really is going to be “America first”. As Trump wrote in his most recent book Crippled America: “I believe in always putting the interests of American citizens first – always.” Trump continues on to say: “That level of commitment is what has been missing for so long in our foreign policy, in our trade policy, in our immigration policy. Somewhere we started worrying too much about what other countries thought about us.”

Britain will leave the European Union. The EU bosses in Brussels can make the process easy or painful, but it is going to happen. Germany, France and others need to weigh in heavily to secure an outcome that suits the common interest.

The EU itself is going to have to re-think its purpose and mission, rein in its ambitions, and re-democratize, or it is going to collapse internally.

The golden age of globalization is over. Trade agreements, existing and future, are going to have to deliver much more for the United States. It is myopic to believe the US will continue to settle for enormous annual trade deficits. For example: in 2015, \$367 billion with China, \$58 billion with Mexico, \$28 billion with South Korea, \$15 billion with Canada (it once had risen to \$70 billion).

Military alliances are also going to have to deliver more. Allies have been warned numerous times that they need to contribute more to the common defence. Not only is Trump disinclined to continue subsidizing the defence of wealthy countries fully capable of providing for their own security, but the US debt of \$20 trillion is a powerful disincentive for doing so. It wasn't Donald Trump but former Secretary of Defense Robert Gates who said (in 2011):

“For the better part of six decades there has been relatively little doubt or debate in the United States about the value and necessity of the transatlantic alliance ... Thus, for most of the Cold War, US governments could justify defense investments and costly forward operating bases that made up roughly 50 percent of all NATO military spending. But some two decades after the collapse of the Berlin Wall, the US share of NATO defense spending has now risen to more than 75 percent.”

The blunt reality is that there will be dwindling appetite and patience in the US Congress – and in the American body politic writ large – to expend increasingly precious funds on behalf of nations that are apparently unwilling to devote the necessary resources or make the necessary changes to be serious and capable partners in their own defence. If current trends are not halted and reversed, future US political leaders – for whom the Cold War was not the formative experience it was for me – may not consider the return on America's investment in NATO worth the cost.

If NATO doesn't change, it also faces the prospect of an internal crisis of confidence. While currently far on the horizon, the day is no longer so far off for the long-discussed idea of a new US-led global alliance comprising leading European and Asian countries (Japan, Australia).

If it is to survive, NATO is going to have to focus on four primary tasks and organize itself for these:

- Fighting and winning the battle against radical Islamism, politically as well as militarily.
- Defence and deterrence in Europe with a much more robust military presence in the Baltic States and Poland.
- Preparing NATO for new and emerging dangers such as hybrid threats, energy security, cyber-attacks, weapons in space and threats to military satellites and infrastructure in space.
- Negotiation of a new modus vivendi with Russia based on common interests. Russia is not the USSR, but it has a leader with a well-developed sense of Russia's security interests who will absolutely not hand back Crimea or allow Ukraine to pose a security threat to Russia. The West has the choice of holding future relations hostage to unrealizable goals in respect of Crimea and Ukraine, or forging a deal based on recognition of military assets in return for corresponding security benefits.

Let us end this discussion by pointing to a new (or should I say old) political framework described by Niccolò Machiavelli, the Italian Renaissance historian, politician, diplomat, philosopher, humanist, and writer. He has often been called the founder of modern political science by some scholars.

So what political framework would Machiavelli give us today if he were alive, which we can rely on to help predict (or at minimum anticipate) the future of the transatlantic relationship? Here, I am reminded of a very old and insightful text from ancient Greece, which I would like to share with you this evening. The translation reads: “Although our material world and circumstances appear forever changing, we – mortal human beings – slaves to our true passions and natures do not change so easily.” In other words, who we were yesterday, we will most likely be tomorrow.

Therefore, I believe understanding Machiavelli’s *The Prince* will be more important than ever. Why do you ask, because the new Trump Administration will focus their energies on the “art of the deal” (which I would encourage you to read) and politics as they truly are rather than unreal rules and protocols championed by bureaucrats nostalgic about the good old days.

We will also have to accept that the UK’s post-Brexit strategy is one of self-preservation. The sobering conclusion here is that that political experiments like the EU do have real and definable limits.

This is simply not an isolated historical event. It will set new precedents for other member states to follow if they too face great domestic discontent resulting in a political crisis of EU confidence.

Put another way, has the transatlantic experiment of NATO and the EU come to an end. We can clearly see signs and proof today that member nations have begun the slow process of unweaving themselves from the collective whole by putting state interests ‘first’ above all others. The key question for us all tonight is once someone starts pulling the thread, how much more thread is left before the thing no longer is useable, serviceable or relevant.

So what practical advice would Machiavelli give us tonight to conclude this presentation? He believed a ‘new prince’, or modern political leader, has five key political priorities to help him or her achieve power and secure their leadership position. They are:

1. Safeguarding the State’s internal stability;
2. Maintaining its external independence;
3. Ensuring that the people’s material needs are met;
4. Protecting them and their possessions; and
5. Eliminating dangerous inequalities.

If you express doubt or disbelief, I encourage you to compare Machiavelli’s five-point program for the new prince at www.whitehouse.gov and please read the section entitled: *Top Issues*.

THANK YOU.