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PERSPECTIVE

On the Elimination of the NATO Entitlement

*Vaughn A. Carney**

Fortunately for all Americans, President Clinton has identified and publicly acknowledged the most daunting challenge facing his nascent Administration: the budgetary constraints imposed by the enormous and growing federal budget deficit. For example, his proposed tax cut for the middle-class has evaporated in the wake of recent disclosures of the Bush Administration's understatement of the deficit. This proposal is only the first of many Clinton initiatives which will be scuttled as a result of unforeseen or undisclosed public debt. Even before Clinton's inauguration, representatives of a multitude of special interest groups positioned themselves for the bruising battles which will most assuredly be fought during the next year; while everyone accepts that many domestic entitlements will be frozen or cut, the bottom line is, quite simply, whose sacred cow will be gored. For reasons bearing directly upon U.S. economic competitiveness in the international marketplace, I submit that among the first entitlements considered for radical reduction should be the U.S. financial commitment to NATO.

Since the inception of NATO over forty years ago, the U.S. has

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borne the lion's share of the burden of defending western Europe, at a total cost to the U.S. taxpayer of nearly \$2.2 trillion.¹ Our NATO commitments now cost us over \$160 billion per year, approximately half the defense budget.² And this figure does not even take into account the nearly \$40 billion expended annually to secure and protect the Persian Gulf.³ Great Britain, France and Germany each spend a total of roughly \$28 billion annually on defense.⁴ Clearly, this arrangement cannot continue, first because the U.S. can ill afford it, and secondly because our European allies can and should assume the burden of their own defense, much as they resent having to do so. The problem here is that our allies have grown dependent upon our contribution to the extent of taking it for granted; it is not that they are unable to assume this obligation, but simply that they are unwilling to step up to it. Their reluctance to alter the arrangement is understandable, and they can hardly be blamed for taking full advantage of this dandy entitlement. After all, when a region as large as western Europe must be defended, everyone there is a beneficiary, even those who pay next to nothing by relative measure.

Many observers have argued that with the break-up of the Soviet Union, NATO has been rendered obsolete. I do not agree. The break-away republics have replaced the Soviet threat with an element of instability in eastern Europe not seen since prior to World War I. For instance, the fact that the Ukraine, which is not a party to the START talks, has within its borders an inordinately large arsenal of nuclear weapons is reason enough not to abolish NATO as we know it. Moreover, the chaos in Bosnia may be merely an ominous harbinger of strife to come in other places. While the role of world leader and sole superpower, with all of the attendant responsibilities, has devolved upon the U.S., there is an enormous and identifiable cost associated with this role - a cost which we can no longer absorb.

Ardent supporters of our heavy subsidization of NATO argue that we must continue this support in order to maintain favorable trade relations with western Europe. However, this contention is less than convincing considering the huge trade deficits that we have run with western Europe for the last ten years.⁵ This contention also loses force in view of the fact that our trade with the Pacific Rim nations surpassed trade with western Europe in 1986, and continues to increase dramatically in com-

¹ NATO AT FORTY: CONFRONTING A CHANGING WORLD, (T.G. Carpenter, Ed.) Cato Institute, Washington, D.C. 95-96 (1990).

² *Id.* at 47-58.

³ *Id.* at 95.

⁴ *Id.* at 48.

⁵ *Id.* at 99.

parison.⁶ Some contend that because our allies purchase a substantial portion of our government debt instruments, these markets are likely to dry up if we attempt to lay the bulk of NATO's cost onto them. I categorically state that these markets will vanish overnight the first time the U.S. government declares its inability to meet the interest payments on the federal debt - which, by our current projections, should occur in early 1996.⁷ What value will the U.S. have to any ally, anywhere, in a debilitated and near-bankrupt state? Worse yet, consider the awful consequences here at home: hyperinflation or the gradual collapse of our infrastructure.

The phrase "mercenary army" rightly makes most Americans uncomfortable. Yet this is exactly what was assembled and sent to liberate Kuwait in 1991. Moderate Arab states such as Saudi Arabia and Kuwait, as well as our NATO allies and Japan (who all depend more heavily on Persian Gulf oil than we do), contributed to the cost of Operation Desert Storm. Suffice it to say that there is an unequivocal and recent precedent for the concept. Indeed, what we have maintained in Europe for the last forty years is also a mercenary army of sorts, the only distinction being that we, rather than the direct beneficiaries, have paid the cost.

The U.S. is no longer sitting astride the globe as its unquestioned economic giant, as it was in the post-World War II years when NATO was formed. President Clinton must act swiftly and boldly. He must convene a summit with our NATO allies for the express purpose of negotiating the terms by which this economic burden will be shifted, with the goal of transferring \$40 billion, or roughly one-quarter of our annual NATO commitment, to western Europe within the next fiscal year. Thereafter, our allies should assume increments of this cost until the yearly U.S. contribution is reduced to a predetermined level of no more than \$10 billion by 1997. Supreme Command of NATO forces would, of course, remain with the U.S. military. But in the unlikely event that our allies are unwilling to assume these costs, we should then commence a rapid and massive withdrawal of the U.S. troops, personnel, military equipment, materiel and installations devoted to the defense of western Europe. If our allies genuinely believe that they no longer need our assistance, then we must respect and act upon this determination.

In any event, the American taxpayer must not be saddled with these costs, for all too soon the chickens of past fiscal irresponsibility will come home to roost and the privations will be numerous and widespread.

⁶ *Id.* at 99-101.

⁷ KENNETH ADELMAN & NORMAN R. AUGUSTINE, *THE DEFENSE REVOLUTION: INTELLIGENT DOWNSIZING OF AMERICA'S MILITARY*, 77-120 (1990).

President Clinton and his economic advisors plainly do not have enough time to “grow the economy,” and any talk of pursuing this course before seriously tackling the federal debt is utterly fatuous. A number of economic analyses have concluded that U.S. military spending—the highest by far among western industrialized countries—is hampering our efforts to compete economically with these same countries.⁸ Furthermore, a close correlation can be demonstrated between a nation’s defense spending and various determinants of international economic competitiveness.

For the last twenty years the U.S. has been living on borrowed time and money; we have gotten something for nothing. Now we must confront the painful opposite: nothing for something. A radical shift in our financial commitment to NATO will go a long way toward easing this pain and shoring up the competitive position of the U.S. going forward into the twenty-first century.

⁸ T.G. Carpenter, *supra* note 1, at 93-107.