



Challenges for European Defense Budgets after the Economic Crisis

By Patrick Keller

In Europe, some of the most dangerous effects of the 2008 financial and economic crisis have not yet been fully understood. For almost three years, the focus has been on the financial sector, the job market, and the stability of the euro. These were the areas where the immediate effects of the crisis were most damaging and where systemic stability was at stake. Due to massive state intervention, the system did not collapse; and where it crumbled, further state intervention has, so far, prevented worse outcomes. However, any such state intervention comes at a price. In part that price is clear, and in part it is hidden. This Outlook examines the effects of the economic crisis on European defenses.

In the obvious sense, the price of state intervention refers to the actual price tag attached to the various stimulus packages scrambled together by European governments. This massive spending and the simultaneous loss of revenue have created historic budget deficits and debt. The hidden price comes in many forms—citizens' diminished trust in the capitalist system or, particularly in Germany, increased wariness about the European Union (EU) principle of economic solidarity. In turn, deficit and debt force governments to cut the budget significantly. In almost all European states, as in the United States, the defense budget is being used as a convenient quarry for saving money, exactly because the adverse effects of cutting defense are (hopefully) long-term and quite abstract—and therefore also hidden. As a consequence, many European states are on the verge of losing even basic defense capabilities, despite painful reform efforts to make their militaries more efficient.

Unfortunately, this is happening at a time in global politics when the traditional guarantor of European security, the United States, is struggling with its own budget crisis and problems of military

overstretch, and it is therefore urging Europeans to take on a greater share of the burden of their own defense. As then-secretary of defense Robert Gates made clear in his speech on the future of the North Atlantic Treaty Organization (NATO) in Brussels on June 10, the transatlantic partnership has turned into a “two-tiered alliance” composed of those “willing and able to pay the price and bear the burdens of alliance commitments, and those who enjoy the benefits of NATO membership . . .

Key points in this Outlook:

- Europe's financial and economic crisis is leading to further defense cuts and much-diminished defense capabilities.
- Case studies of European states—Germany, France, the United Kingdom, Poland, and Sweden—suggest the need for greater defense cooperation and pooling of military resources among European states.
- However, Europe cannot “pool and share” its way out of the fact that it spends too little on defense.
- Europe's leaders need to do a better job of convincing their publics that a credible military capability is needed to defend the international order that Europe depends on and benefits from.

Patrick Keller (patrick.keller@kas.de) is the coordinator of foreign and security policy at the Konrad Adenauer Foundation in Berlin, Germany.

but don't want to share the risks and the costs."¹ Thus, at least for Europe, the financial and economic crisis is about to pave the way for an even more dangerous security crisis.

This *Outlook* gives an overview of how the EU and various European countries have responded to that challenge. Needless to say in dealing with defense issues, I focus on hard power alone, neglecting the popular European misconception that security can be achieved by development aid, economic interdependence, and diplomacy. In the final analysis, military capability remains the backbone of all credible security arrangements. Thus, I first provide brief sketches of the situation in five major European states (Germany, France, the United Kingdom [UK], Poland, and Sweden) and analyze how their current defense policies relate to the EU. Second, I outline the key strategic concepts on the EU level for how to cope with the twin imperatives of budget consolidation and maintaining or creating an effective defense. I conclude by pointing out the central problems of the current approaches and give three specific recommendations for how to fix them.

State of National Defense: Five Sketches

The European economies were hit hard by the crisis. Although Europe's economic powerhouses, most notably Germany, are recovering quickly, it took most of the EU states longer to regain sure footing than it took rising economic powers such as Brazil and China. In fact, some EU member countries, such as Greece, Spain, and Ireland, are still in the throes of severe crisis. And even a generally strong country like Germany has amassed a national debt of approximately 75 percent of gross domestic product (GDP) (compared with, for instance, the United States at 93 percent, France at 84 percent, and China at 19 percent).² As a result, all European countries face significant pressure to reduce their budgets. However, defense budget cuts hurt Europe even more than they hurt the United States because Europeans start cutting at a much lower, even existential level. As NATO Secretary General Anders Fogh Rasmussen put it, "There is a point where you no longer cut fat; you're cutting into muscle, and then into bone."³

A closer look at five major European states—Germany, France, the UK, Poland, and Sweden—reveals what this means for defense capabilities. Given the limited scope of this *Outlook*, the sketches of the individual defense budgets, military reforms, and future

postures necessarily remain brief but nonetheless demonstrate current, worrisome trends in European defense.⁴ A concise assessment of these developments and suggestions for improvement is given in the conclusion.

Many European states are on the verge of losing even basic defense capabilities, despite painful reform efforts to make their militaries more efficient.

Germany. For the past twenty years, the *Bundeswehr*, Germany's armed forces, has undergone constant transformation. With the end of the Cold War, unified Germany had to handle the unique challenge of integrating the armed forces of former East Germany into the *Bundeswehr*. At the same time, the pronounced shift in the international security environment led both NATO and the EU into a series of out-of-area missions, most notably in Kosovo and, later, Afghanistan. These missions proved both a political and military challenge for Germany. Waging war outside German territory, albeit in the framework of multilateral institutions, was a new challenge for the Federal Republic that required enormous (and continuing) political effort as well as a reinterpretation of the German constitution by its highest court, the *Bundesverfassungsgericht*. In addition, Germany and many other European partners quickly found out that their military capabilities were hardly adequate to deal with the tasks of these missions.

While this lesson was being digested, the economic crisis gave a whole new dynamic and seriousness to reforming the armed forces. In fact, what triggered the current and most far-reaching reform since the founding of the *Bundeswehr* in 1955 was not a security-political decision by the minister of defense but a budget decision by the minister of finance. In reaction to the crisis, Germany passed a constitutional amendment limiting new federal debt to 3.5 percent of GDP. To comply with this *Schuldenbremse* ("brake on debt"), the finance minister in 2010 prescribed every ministry an exact amount of money to be saved over the next four years (later amended to five). In relation to its overall budget, defense had to cut the most: €8.3 billion between 2010 and 2014 (now 2015). Considering that the annual budget of German defense is about €30 billion, those are staggering numbers.

In a bold move, then-defense minister Karl-Theodor zu Guttenberg used the momentum of those numbers to

leverage and kill one of his Conservative Party's sacred cows: conscription. The sensibility (and feasibility) of maintaining a conscription army under circumstances that required leaner and more professional forces had been contested for years. Sold as a cost-saving exercise in dramatic financial times by Germany's most popular minister, abolishing conscription met with little protest. As it turns out, however, ending conscription does not save money but creates extra costs tied to recruiting, paying, and maintaining an all-volunteer force—at least in the short and medium term.

With the Cold War's end, many European allies discovered their military capabilities were not adequate to deal with new missions.

Other, less spectacular building blocks of the defense reform package thus become even more relevant. Yet few of them have been decided, mostly because of the change at the top of the ministry; zu Guttenberg had to resign over allegations of plagiarism in his PhD dissertation. His replacement, former minister of the interior and former head of the chancellery Thomas de Maizière, enjoys a reputation as an able manager of government structures. He unveiled his approach to reform in May, with many of the details not to be clarified before September 2011.

Still, the outline of the reform package is undisputed. The number of soldiers, currently about 252,000, will be reduced sharply to about 180,000. In addition, the organizational structure of the *Bundeswehr* and the ministry itself will be trimmed. The real savings, however, will come not from cutting personnel but from cutting equipment, both systems and platforms now in service and those projected to be procured. Across the board, active weapons systems will be put out of service, including six U206A submarines, fifteen Transall transport aircraft, one hundred Tornado fighter-bombers, and sixty Marder armored tracked vehicles. As far as contracts and international agreements allow, major defense projects will also be reduced in scope. There will be cuts made to strategic and tactical airlift (A400M transporter and NH-90 and Tiger helicopters) programs and stop orders placed on the procurement of thirty-seven Eurofighter jets, more than a quarter of the projected four hundred Puma armored tracked vehicles, and, very likely, the last transatlantic armament project, the missile defense system MEADS.

In general, standardized off-the-shelf solutions will be preferred over customized development.

France. In contrast to the Federal Republic of Germany, France has always been—or at least seen itself as—a great military power. Indeed, in terms of nuclear capabilities, a broad military-industrial base, and the readiness and willingness of a former colonial power to be a decisive actor in global security affairs, France and the UK are unique states in Europe today. As a consequence, both have stressed and protected their ability to act independently if necessary. For France, with its Gaullist tradition of balancing US influence over Europe, this is particularly relevant. Even its return to NATO's military structures in 2009 did not change this basic rationale, as evidenced by the intervention in Libya in early 2011.

To keep an effective and affordable balance between expeditionary forces and territorial defense, France began reforming its military in the 1990s. In this process, conscription was abolished and defense planning was organized through five-year plans. Due to the financial and economic crisis, the current plan, 2009–2014, had to be overhauled in 2010. According to the new plan, defense is supposed to save €3.5 billion between 2011 and 2013. Given an annual defense budget of about €40 billion, the cuts are not quite as brutal as in Germany but still difficult to manage.

The first cost-saving measures include closing military bases and installations, both at home and abroad. The French military presence in Africa, in particular, is to be downgraded significantly. Simultaneously, the number of armed forces will be significantly reduced. The government's 2008 white paper on defense and national security already suggested cutting 54,000 defense ministry and military positions (out of about 250,000 total), but even a further reduction would not be surprising.⁵ In addition, the modernization of the Mirage 2000 jet fighter will be postponed, as will be the acquisition of the aerial refueling and transport airplane, the Multi-Role Tanker Transport.

At the same time, French insistence on a strong and independent military industry has led to some counter-intuitive decisions, such as increasing the 2011 order of the Rafale jet fighter from twenty-two to thirty-three airplanes. This is intended to guarantee production despite cancellations by other countries. Similarly, procurement of platforms such as the Harfang drone and the A400M transport aircraft will not be abandoned despite additional costs because they are regarded as strategically significant, both in terms of military use and industrial policy.

Hence, France is particularly interested in saving money through increased cooperation with European partners. The Franco-British agreement of 2010 was a first step in that direction, but it is unclear what the next steps will be. What is clear, though, is that France will not be able to reach its savings goal and maintain its mission-oriented posture without creating new pooling and sharing agreements with its European partners.

United Kingdom. Like France, the UK revised its defense strategy in the late 1990s to account for a new international environment. The resulting Strategic Defense Review of 1998 defined the parallel performance of two major expeditionary missions as the baseline for strategic planning. With the Kosovo War and especially after British commitment to the wars in Afghanistan and Iraq, special forces, surveillance and reconnaissance, and quick power projection received particular emphasis and additional funding of about €5 billion above the average annual defense budget of about €40 billion. Thus, Great Britain was the only European country that could and did play an active, independent, and significant role in international military affairs over the past decade-plus.

However, just as France did, the UK reacted to the financial and economic crisis by deciding to reduce its defense budget by 8 percent until 2014. This directive, set forth in the Strategic Defense and Security Review of October 2010, essentially ended the era of Great Britain as a world power. Major operations such as the Iraq War or unilateral missions on the scale of the Falklands War will no longer be possible with the forces such a budget can sustain. Until 2020, Great Britain's land forces will encompass only five brigades; overall troops will be reduced from 180,000 to 163,000; nuclear submarines will not be modernized; and many crucial systems will be decommissioned, including tanks, Tornado aircraft, and the aircraft carrier *Ark Royal* (plus its airplanes). Two new aircraft carriers remain under construction because aborting the program would be more expensive than completing it—yet neither will be ready before 2020 and only one carrier is expected to be put into service.

Of course, such dire prospects serve as an incentive for greater military cooperation with capable partners. As the Franco-British agreement indicated, however, Great Britain is particularly reluctant to seek this cooperation in multilateral treaties and even more so in the context of an EU framework. In part, this reflects the traditional British distrust of EU institutions. But even more importantly, it reflects the British desire to remain an independent actor

with a broader, truly global horizon. The British do not want to be tied down to the complicated, expensive, and ineffectual nitty-gritty of EU procurement arrangements (think A400M) but want instead to cooperate directly, exclusively, and on equal terms with partners of reliable and proper standing such as France or the United States.

Since the British defense industry is by far the most competitive European player on the global market and is thus less dependent on European arrangements or state backing, this policy of aloofness is more feasible for the UK than, for instance, France. Yet it remains doubtful whether Great Britain can build sufficient bilateral partnerships to compensate for the effects of the budget crisis on its military strength. More likely, it will have to resort to multilateral or EU agreements in the long term—but until then, it probably will not act as a driver behind such urgently needed agreements.

Poland. With an annual budget of less than €7 billion, Poland's defense is much smaller than that of the three countries examined above. Still, Italy, Spain, and the Netherlands spend only somewhat more on defense than Poland, and it has by far the strongest military among all central and eastern European members of the EU. Poland has managed a successful transformation of its military over the last two decades, the most visible sign of which is the streamlined force structure. At the end of the Cold War, Poland had about 500,000 soldiers; at the beginning of the twenty-first century, it had 130,000. When the shift toward an all-professional army is completed, its size will not exceed 100,000 soldiers.⁶

Poland demonstrated that such a reduction need not result in a loss of effectiveness. Liberated from the Warsaw Pact, Poland puts special emphasis on national sovereignty and international responsibility. So when Poland's security-political alignment with the United States called for sharing the military burden, Poland delivered. To maintain as prominent a role as it has in Iraq and Afghanistan, Poland passed a law that fixed the defense budget at 1.95 percent of GDP. Within the EU, only Greece, France, the UK, and Cyprus reach a higher share. Combined with reduced troop levels, that means an improved money-per-soldier ratio, enabling the Polish military to punch at least somewhat above its weight.

Before the crisis, Poland's economy was going strong, and it quickly recovered from the 2008 slump. This roller-coaster ride also affected defense planning. In 2009, the defense budget was cut by 20 percent; in 2011, it grew by 7 percent. Poland spends heavily on modernizing

its military equipment, planning to invest €35 billion over the next fifteen years in new airplanes, helicopters, and mechanized infantry. Thus, Poland is exhibiting a very different dynamic from that of Germany, France, and the UK. Although it is developing from a much lower level, Poland's military demonstrates that trends in defense spending and force transformation are ultimately a question of political priorities rather than budget constraints. With its firm integration in the so-called Weimar Triangle—a forum of trilateral cooperation among France, Germany, and Poland—Poland could inspire other partners to adopt this view.

Sweden. Sweden is another example of a mid-sized EU member that has tried to translate reductions in budget and personnel into greater force efficiency. Between 2000 and 2008, Swedish defense spending fell by almost 20 percent, leaving the 2009 budget at €3.5 billion. Correspondingly, the Swedish armed forces will continue to decrease, from 63,700 in 2009 to 49,000 in 2014, a projected cut of 23 percent. However, as the 2011 Vienna Document on defense planning explains, the resulting smaller forces should be able to do more, especially in terms of contributing to missions abroad.

Since the 1950s, Sweden has been a strong supporter of international peace operations, but it has widened its strategic posture over the last two decades. It has gone from neutrality to increased military cooperation with NATO and full military involvement in the EU's Common Security and Defense Policy. Sweden contributes approximately five hundred soldiers to NATO's International Security Assistance Force in Afghanistan and eight fighter jets to NATO's Operation Unified Protector in Libya. Within the EU framework, Sweden is the main contributor to the Nordic Battle Group. Building on these commitments, Sweden is currently transforming its military. The goal is to have a higher share of deployable forces, especially for rapid crisis reaction abroad. The Swedish forces will be restructured around seven modular maneuver battalions, including artillery, air defense, and engineering units supported by its navy and air force. The modular design will allow for both independent and multinational operations, and by 2014 it should make virtually all of Sweden's forces deployable (in contrast to only about 60 percent in 2009).

This overhaul of military structures is accompanied by various political changes. For instance, conscription was put on hold in the second half of 2010. The new all-volunteer forces are fully open to women as well. And

the traditional organizing principle of three-year defense planning has been abolished; defense planning is now tied to the annual budgetary process.

These changes on the structural and political levels are not reflected on the level of materiel. Almost all core capabilities will be sustained. For instance, the number of Gripen fighter jets will remain at or above one hundred; artillery and anti-aircraft capabilities will not be reduced; and the five submarines will be retained. Only some of the tracked armored vehicles will be transferred to reserve units, while five additional Visby-class corvettes will be procured. Also, the number of new helicopters will successively increase, as illustrated by the procurement of fifteen Black Hawk (UH-60M) helicopters in May 2011.

This emphasis on armament shows that Sweden, beyond participation in international missions, is hedging against conflict in its immediate neighborhood, especially the Baltic Sea. It is no accident that in a March 2009 press release by the ministry of defense, "the war in Georgia" was named as a reference point for future risks and developments.⁷ Accordingly, Sweden is one of the driving forces behind the increased Nordic defense cooperation. It is doubtful, however, that the Swedish model of streamlined forces and sustained armament will prevail under increasing budgetary pressure. It seems more likely that some of the envisaged procurement programs will be delayed or reduced in scope. At the same time, the Swedish example demonstrates the value of highly professional niche capabilities, in particular in cooperation with other and stronger EU partners. Hence, Sweden is a good example of the possible benefits from further EU defense integration because of the increased capabilities Sweden gains from such cooperation and, in turn, the capabilities it can offer to others.

EU Strategy on Defense

With its ever-increasing number of members now at twenty-seven, the EU is experiencing a time of weariness regarding further integration. Formulating political initiatives that find a consensus among EU members is becoming increasingly hard, especially since many EU citizens fail to see what advantages the EU, its "Brussels bureaucracy," and its complicated system of money transfers yield for them. In fact, after the doomed attempt at an EU constitution and the heavy lifting required to ensure ratification of the Lisbon Treaty, even some of the most passionate Europeans seem to have run out of steam.

These are not encouraging conditions for a concerted effort in European defense policy. After all, defense has always been the hardest of all political areas to Europeanize; the failure of the European Defense Community in 1954 has been the archetypal trauma overshadowing all future steps toward a common security and defense policy. It highlighted that security is the most basic task of the state, its *raison d'être*. Further integration of European defense policy, more than any other policy, tinkers with the sovereignty of the member countries. Hence it is quite plausible to expect the European countries to vanish into military and strategic irrelevance rather than truly unite on issues of defense and security strategy.

Further integration of European security and defense policy is a promising way to relieve national budget pressures.

These difficulties notwithstanding, the economic and financial crisis offers some paradoxical glimmers of hope. As illustrated above, cutting costs has become a political mantra all over Europe, and further integration of European security and defense policy is a promising way to relieve national budget pressures. The need to cut national expenses while simultaneously maintaining sound military capabilities is a strong incentive for EU states to further integrate or at least to increase military cooperation, be it in research and development, procurement, training, or actual missions.

The basic ideas about how to do that have been familiar for a long time. Europeans do not need to reinvent the wheel; they just have to build a cart around it and get rolling. The three basic concepts are pooling, sharing, and the new “toolbox” contained in the Lisbon Treaty. *Pooling* means that EU countries agree on joint resources and forces. It is no longer necessary or economically viable for every member country to maintain its own current force structure. Certain parts of national forces can be combined with those of another country and used jointly, decreasing individual costs and possibly even increasing (or at least maintaining) effectiveness. The Franco-German Brigade is an early example of this principle. Pooling can also reduce costs significantly when applied to common procurement on the EU level. *Sharing* describes the next logical step. Further integration of EU defense policy would allow individual

states to focus on their strengths and discard other parts of their force structure. Certain states could specialize in, say, tactical airlift, while others could specialize in mechanized infantry. The catch, of course, is that all states must be able to use each other's forces when necessary. So while such specialization would greatly help cut costs, it requires a reliable political arrangement of shared sovereignty, command, and trust that is tricky to establish.

The Council of the European Union, in its conclusions of December 9, 2010, emphasizes the necessity of more coordinated reform efforts among EU states and described a way forward.⁸ The document provides four key conclusions. First, it explicitly endorses the so-called Ghent Initiative of the German and Swedish ministers of defense from September 2010. The initiative encouraged all EU states to undertake a review of their forces, grouping them in three categories: capabilities that are essential to national security and need to be maintained on the national level exclusively; capabilities that could be maintained in closer cooperation with partners without forfeiting authority over them (pooling); and capabilities that could be abolished when provided by partners instead (sharing). The council set mid-2011 as the timeline for further discussion of the preliminary results of this analysis.

The council's second key conclusion pertains to the Franco-British cooperation agreement of November 2010. In what quickly became known as the *entente frugale*, the two major military powers of the EU agreed on numerous cooperative measures to reduce defense spending while maintaining effectiveness. Those propositions include joint use and greater interoperability of present and future aircraft carriers, shared military communications satellites, and the creation of a Combined Joint Expeditionary Force with land, sea, and air components. This agreement drew criticism for its timidity—there are actually very few concrete results so far—and for its apparent preference of bilateral over multilateral, EU-wide solutions. The council's conclusions, however, commend the agreement, “which promise[s] to contribute to improving European defense capabilities.” In other words, it is better to have bilateral initiatives on defense cooperation than none at all.

Third, the council emphasizes the role of the European Defense Agency (EDA) in fostering further cooperation by coordinating research, development, and procurement. So far, the EDA has not lived up to the high hopes following its creation in 2004. Although it has slowly developed into a conduit between industry and politics, it is still characterized by a lack of ambition

resulting from unclear mandates, national preferences, and, mostly, its leaders' hesitation to test the limits of its potential. The recent council conclusions explicitly "encourage" them to do just that and show more leadership in identifying possible synergies to be tapped by pooling and sharing.

Europe cannot pool and share its way out of this dilemma. One needs to buy things—planes, tanks, rifles, computers—and pay the people using them.

As a fourth key conclusion, the council points to the new tools provided by the Lisbon Treaty, especially the permanent structured cooperation (PSC) of articles 42 and 46 of the Treaty of the European Union.⁹ PSC allows for closer defense cooperation among self-selecting EU members that are willing and able to do so. Thus, on issues of defense, it allows for a "core Europe" to initiate further cooperation that might but need not be reproduced on the EU level. As is typical for the EU, PSC has so far been debated in terms of process only. (For example, can there be more than one PSC at the same time? How can EU states join an existing PSC later on, and what are the criteria?)

Now is the time to come up with substance. As Gates stated in his Brussels speech, "[M]ember nations must examine new approaches to boosting combat capabilities. . . . While it is clear NATO members should do more to pool military assets . . . [ultimately,] nations must be responsible for their fair share of the common defense." For instance, PSC could provide an excellent framework for countries that want to take the lead in establishing specific force-sharing programs. Moreover, PSC is singularly well suited to shift the debate about defense cooperation from the issue of tight budgets back to the even more important question of what kind of military the EU and its member states need. After all, finding a force-sharing arrangement that allows for meaningful cuts in national budgets requires a clear idea of what that shared force is supposed to accomplish. Such strategic concerns, unfortunately, are far from the minds of national defense planners, who sweat under the heel of their finance ministers these days. It is heartening that the council's conclusions task the PSC "with a view to strengthen the EU's ability to respond to crises." Crisis response means deployability, effectiveness,

and actual fighting capability. But as the five examples have shown, that strategic yardstick is not all that common among the defense reforms of European countries.

Concluding Recommendations

The analysis of European defense challenges after the economic crisis yields two basic insights. First, budget pressures have downgraded nearly all European defense capabilities. Second, EU member states are far away from a common European approach that will cut costs and secure effectiveness. Many intelligent solutions and tools on the table would facilitate such an approach, from the Ghent Initiative to the Weimar Triangle, and from the EDA to PSC. In practice, however, every country plans and acts for itself. There are two dozen national defense transformations and reforms underway in Europe, but hardly any truly European reform. Unless a greater degree of cooperation and common planning develops among at least a few of the major European powers, the national militaries are doomed to kludge.

So Europe does not need new processes, tools, and institutions to retain relevance in international security affairs. What it needs are the political will and proper leadership to make the best out of a difficult situation. The following are three ideas that might help muster this will and leadership—and the necessary popular and bureaucratic support.

First, the EU should produce a regular report on military strategy, development, and procurement that not only reflects a common political approach but also identifies potential avenues for closer cooperation among the member states. Every two years, for example, the EDA in cooperation with the High Representative of the Union for Foreign Affairs and Security Policy could present this report. It would require intensive—and regular—debate among all member states about military policy and would enforce consensus. It would also allow for sustained qualitative assessments and a reliable evaluation of progress. The current era of scattered initiatives (Ghent, Weimar, *entente frugale*) would give way to a more focused and substantial approach demanding and rewarding greater political effort, visibility, and leadership.

Second, Europe should make better use of best-practice models. Europeans have indeed gained a lot of experience in common security over the last two decades. Those experiences range from first steps in pooling and sharing to jointly fought missions, and they are contained in existing

institutions such as the Eurocorps and the European Battle Groups. But there has been too little exchange and discussion of these experiences; if at all analyzed and processed, they vanish in separate bureaucracies. Parliamentarians, EU and national, would be well advised to press for greater transparency and rigor when it comes to learning from the best-practice models buried in these treasure chests. The ideas derived from comparing notes might create the political tailwind that defense issues in Europe are waiting for.

Third, and finally, European leaders need to change the tone of the debate. It has been all about saving money when it should be about security. Most Europeans do not feel threatened at all, and they do not grasp that their freedom, their wealth, and their values depend on a liberal world order that is in constant peril. Europe benefits enormously from the stability of the international system, but it does relatively little to uphold it. International order, though, is never a given; it needs to be created and sometimes defended with force. Leaders and elites in Europe need to communicate this reality to the people. Otherwise, they will not get a democratic mandate for solid defense expenditures. And while pooling, sharing, and cost-cutting exercises can ameliorate the consequences of a lean budget, it is clear by now that security and a responsible role in international affairs come at a price. Europe cannot pool and share its way out of this dilemma. In the end, one needs to buy things—planes, tanks, rifles, computers—and pay the people using them. The sooner Europeans come around to this insight, the more likely they will remain safe, independent, and influential actors in the international arena.

The author thanks Astrid Hellmanns and Kevin Kandathil for their support in researching this paper. The opinions expressed here are to be attributed to the author alone.

Notes

1. US Department of Defense, “Gates: NATO Has Become Two-Tiered Alliance,” press release, June 10, 2011, www.defense.gov/news/newsarticle.aspx?id=64268 (accessed June 28, 2011).

2. Estimation of the International Monetary Fund for 2010. See EconomyWatch, “Total Government Gross Debt (% of GDP) Data for All Countries,” www.economywatch.com/economic-statistics/economic-indicators/General_Government_Gross_Debt_Percentage_GDP (accessed June 2, 2011).

3. Anders Fogh Rasmussen, “The New Strategic Concept: Active Engagement, Modern Defence” (speech, German Marshall Fund of the United States, Brussels, Belgium, October 8, 2010),

www.nato.int/cps/en/natolive/opinions_66727.htm (accessed June 2, 2011).

4. For a similar approach to the one presented here, see Hilmar Linnenkamp, “Situationsanalyse ausgewählter Mitgliedstaaten” [An Analysis of Selected Member States], in *Eine einsatzfähige Armee für Europa—Die Zukunft der Gemeinsamen Sicherheits und Verteidigungspolitik nach Lissabon* [A Deployable Army for Europe: The Future of the Common Security and Defense Policy after Lisbon], ed. Hans-Gert Pöttering and Gerd F. Kaldrack (Baden-Baden, Germany: Nomos, 2011). For a more comprehensive set of data, see Christian Mölling, Sophie-Charlotte Brune, and Marcel Dickow, “Finanzkrise und Verteidigungskooperation: Materialien zu acht europäischen Ländern und den USA” [The Financial Crisis and Defense Cooperation: Data on Eight European Countries and the USA] (SWP Working Paper, German Institute for International and Security Affairs, Berlin, Germany, October 2010), www.swp-berlin.org/fileadmin/contents/products/arbeitspapiere/Finanzkrise_und_Verteidigungskooperation_final_ks.pdf (accessed June 2, 2011).

5. Government of France, *Défense et Sécurité Nationale: Le Livre Blanc* [Defense and National Security: The White Paper] (Paris, 2008), <http://lesrapports.ladocumentationfrancaise.fr/BRP/084000341/0000.pdf> (accessed July 1, 2011). See, in particular, French Ministry of Defense, *Loi de Programmation Militaire 2009–2014* [The Military Programming Law for 2009–2014] (Paris, 2010), *Projet de loi, rapport annexé, 21*, www.defense.gouv.fr/portail-defense/enjeux2/politique-de-defense/loi-de-programmation-militaire-lpm/une-loi-de-programmation-militaire-necessaire (accessed July 1, 2011).

6. The strategic context for this reform is provided in the Strategic Defense Review of April 2011, available in Polish at www.mon.gov.pl/pliki/File/Raport_SPO_14042011.pdf (accessed June 2, 2011).

7. Swedish Ministry of Defense, “A Functional Defence—With a Substantially Strengthened Defence Capability,” news release, March 19, 2009, www.sweden.gov.se/sb/d/10448/a/123010 (accessed June 2, 2011).

8. For the official document, see Council of the European Union, *Council Conclusions on Military Capability Development* (Brussels, Belgium, December 9, 2010), www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/esdp/118348.pdf (accessed June 2, 2011).

9. For a concise and helpful introduction to PSC, see Sven Biscop, “Permanent Structured Cooperation and the Future of ESDP” (Egmont Paper No. 20, Egmont Royal Institute for International Relations, Brussels, Belgium, 2008), www.egmontinstitute.be/paperegm/ep20.pdf (accessed June 2, 2011).