

Paying for NATO

by Charles H. Percy

Today, a quarter of a century after the end of World War II, it is time for a thoughtful and comprehensive reassessment of the American commitment to NATO. In terms both of total costs and manpower, the United States is bearing an unfair and staggering burden in the defense of Europe. If the European nations are not getting a free ride, they are at the very least traveling at an absurdly low fare.

At present, there are about 1.2 million American troops stationed overseas. About 25 per cent of them, or 300,000, are located in Europe, with 220,000 in West Germany alone. Moreover, along with our troops in Europe are 242,000 dependents and 14,000 civilian employees—a total of 556,000 Americans in Western Europe. This constitutes a larger American presence than the United States ever has deployed in Indochina, where a war is being fought. The cost of the vast American military presence in Europe places a tremendous drain on the U.S. budget. Each year, it costs the American taxpayers \$14 billion to support our troops in NATO. There is also a \$1.5 billion balance-of-payments deficit directly tied to our military commitment; \$1 billion of that deficit is in Germany alone.

At a time when the United States must turn its resources to an unprecedented array of domestic problems, it is apparent that not even the wealthiest nation in the world can afford to continue its present commitment to NATO. The litany of this nation's internal maladies is by now familiar—a deterior-

ating environment, racial discord with all of its ugly ramifications, inadequate health care, poverty that touches more than 25 million Americans, cities on the verge of economic and social collapse. If we are to reduce our disproportionately large commitment to NATO to permit us to marshal our resources for the domestic battleground, two possible approaches are open.

The first, a unilateral withdrawal of a portion of our troops from Europe, has the virtue of simplicity and its effects would be felt almost immediately. Sentiment is growing for this approach in the Congress and with the public at large, and if no satisfactory alternative is implemented within the next few months, I am prepared to help lead the fight in the Senate for troop reduction.

But I believe that another option is available—one which will insure that the cost of defending Europe will no longer be primarily an American responsibility, but which also will permit the question of troop commitments to be resolved on military and strategic grounds, not out of economic necessity. I call my approach "burden-sharing," and it simply means that the Europeans will begin to carry a fair share of the expenses of their own defense. It requires no special perception to observe that Europe today is not the rubble-strewn continent it was 25 years ago, or that its reconstructed, thriving economies can bear a much larger defense burden than was possible in the immediate post-war years. Changing conditions demand changing responses. If the European nations do not accept their new responsibilities, and do so quickly, reductions in American troop levels will have passed the point of de-

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bate; they will become inevitable.

The immediate goal of the U.S. should be the cutting of its NATO expenses by \$2 billion. If this country found it possible to pare its own annual space expenditures from over \$6 billion to \$3.3 billion, it should not be difficult to devise ways to trim \$2 billion from a total outlay of \$14 billion. With the U.S. facing severe economic pressures, with every American aware of the need for budgetary belt-tightening, it is ludicrous for us to continue to shoulder expenses that rightfully should be borne by Europeans. There are several identifiable areas in which Europeans could pick up the cost burden from the U.S.:

1) Salaries of the 74,000 local nationals employed by U.S. forces. These people are working for NATO and just happen to be servicing Americans. In Germany, for example, where 62,000 of the local nationals are employed, we are now paying German citizens—service help, not mercenary soldiers—about \$250 million. Why shouldn't the local government assume these costs?

2) Construction costs. Buildings built in Europe for American forces obviously are not going to be brought back to the U.S. when American troops leave, nor are we likely to be reimbursed for them. They should be paid for by the host government.

3) Materials and equipment purchased in the local economy for use in that country.

4) Transportation, power, and various other services. Why should we pay the cost of transporting our troops

around Europe when the means of transportation are owned by the local government? And why should we be paying a German government-owned power company to supply us with electricity?

5) NATO infrastructure expenses. Certainly structures like runways and roads cannot be carried back to the U.S.

Just these five categories, if picked up by the European governments, could save the U.S. about \$1 billion a year in budgetary costs, about half of it in Germany.

Moreover, it is scandalous that the U.S. government continues to pay millions of dollars annually to its NATO partners in taxes—real property taxes, local and municipal taxes, business and trade taxes, excise taxes, and import taxes. We do not pay taxes to the states and communities in our own country where we have military installations; yet our European allies, the nations we spend billions to protect, have no compunction about adding those surcharges to our costs for our mutual defense. The General Accounting Office, in a detailed report of our tax payments in NATO countries abroad, found taxation to be particularly high in the United Kingdom and Germany, but it is also prevalent in Italy and Belgium. Clearly, U.S. military involvement in NATO should be tax exempt, and I intend to work with the General Accounting Office toward the elimination of this example of an intolerable burden.

Our foreign exchange position has deteriorated not only because of the many unjustifiable expenses we bear due to our NATO commitments, but also

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because of the unsatisfactory agreements we have negotiated in an attempt to offset our balance-of-payments deficits. In the early 1960's, offset arrangements took the form of military purchases by European countries in the U.S., but these purchases have diminished in recent years as European nations began equipping themselves. Since 1967, Germany has offset part of the U.S. balance-of-payments drain by buying \$1 billion in bonds from the U.S. Treasury.

But a loan, which must be repaid, cannot be considered a true offset; it merely postpones the agony. Beyond that, the U.S. must repay its offset loans to Germany with interest, which puts this nation in the incredible position of paying money to Germany for the privilege of defending Germans. And finally, as the ultimate insult to our fiscal intelligence, the German Federal Bank—the Bundesbank—called in \$500 million worth of offset bonds three years ahead of time. It did so in utter disregard of the comparative economic conditions of our two countries—as measured by the relative stability of the mark and the dollar, the size of our national debt measured against theirs, or any other major indicator—and with no seeming concern for the possible fracturing of our political relationships. Moreover, because of the 9.3 per cent revaluation of the mark, the U.S. will have to repay not \$500 million, but \$545 million. And, should the Bundesbank wish to cash the remaining \$500 million in offset bonds ahead of time, it can do so under the terms of the existing agreements.

These offset arrangements strain credulity to the breaking point. Our troops and dependents are hostages in Europe, designed to insure the credibility of our deterrent, and we are paying money to the nations that are

benefiting. Fortunately, however, the current financial arrangements run only until June 30, 1971, at which point I trust they will be terminated. Chairman Arthur Burns of the Federal Reserve Board, Secretary of the Treasury David Kennedy, and Budget Bureau Director Robert Mayo concur in my conclusions that the agreements never should have been made.

In an effort to devise a better plan to cover military expenditures within NATO, I have been working with the NATO North Atlantic Assembly since 1968. I presented my plan, which was developed with the cooperation of the U.S. Treasury, to the NATO governments last October and invited them to make suggestions for its improvement. While I am not wedded to every detail of the proposal, I believe its basic concept is sound. It would provide that a clearinghouse be set up by NATO to identify the balance-of-payments gains or losses to each NATO country as a result of its commitment to the common defense and would create a structure for the adjustment of these gains and losses. I have urged that this structure take effect as soon as possible, in order that balance-of-payments adjustments could begin on a multilateral basis on July 1, 1971. This date would coincide with the conclusion of the existing bilateral arrangements between the United States and the United Kingdom and Germany.

This past January, I attended a privately-sponsored meeting of legislators and other prominent Americans and Germans in Bad Godesberg, Germany, at which the financing of the NATO alliance was a prime topic of discussion. Predictably enough, many of the German delegates' initial reaction to my burden-sharing proposals was that it would be politically and economically

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calamitous. I was often chided for being stubborn. Yet after prolonged discussion, I believe my colleagues and I were successful in reaching a consensus with the German participants. We agreed that a reevaluation of the manner in which the U.S. and Europe share the cost of the defense of Europe was needed and that a full range of proposals should be thoroughly examined—including a multi-lateral arrangement for automatic adjustments in the financial burden, such as the plan I had been working on in the NATO North Atlantic Assembly. During my visit to Germany, I also consulted with Chancellor Willy Brandt, who agreed in principle to the concept of burden-sharing, although he stressed that it would have to be carried out on a multi-national basis. I assumed that his qualification was based on internal political considerations and regarded it as an understandable device.

Our European allies have thus been slowly moving toward recognition of the financial inequities within NATO. Indeed, the NATO defense ministers agreed in June to commission a thorough review of budget responsibilities, with the clear intention of lightening the U.S. load. But no specific dollar commitments have been made, and current plans envision no reforms at all until fiscal 1972.

Having observed the understanding German attitude at the Bad Godesberg conference, I returned to the United States considerably encouraged. As I had learned from my experience in business—during which, as a manufacturer of photographic equipment, I was in direct competition with them for 25 years—the Germans are hard-headed, tough negotiators, but above all they are realists. And they quite clearly understood that the only alternative to some form of burden-sharing would be a major American

—troop reduction in Europe.

Regrettably, however, European realism does not mean that the road to redistributive action will be easy. Chancellor Brandt, in a subsequent appearance on “Meet the Press,” offered two unimpressive arguments to explain why the American commitment to the defense of Europe must be expressed in the present number of troops. First, he said, is the political and psychological factor—in some parts of Europe, a major unilateral withdrawal of American troops from Europe would be regarded as a step toward Soviet hegemony. Secondly, he suggested, a chance exists that during the next few years NATO might be able to enter into serious negotiations on mutual balanced force reductions (BFR) with the Warsaw Pact nations; a precondition to these talks would be an important American presence in Europe.

To Chancellor Brandt’s initial argument, I would reply that there are also serious political and psychological problems in the United States, and these must be my paramount concern. A majority of the Senate and growing numbers of the American people are disturbed by our sending billions of dollars overseas at a time when we are enduring a domestic crisis, particularly in view of the conspicuous prosperity of Europe. In my view, if Europe does not offer some tangible evidence that it is willing to make minimal sacrifices to pay for its defense, the public demand for troop reductions in Europe will grow in this country to a point at which no other response will be possible.

The Chancellor’s references to BFR are little more than a red herring. American officials with whom I have consulted see virtually no chance of mutual troop reductions in the foreseeable future. They have been mentioned for years, but

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always in the conditional, as something that “may” or “might” occur sometime years from now. The reason for the conditional tense is a complete lack of interest to date on the part of the Soviets. Late in May, the NATO foreign ministers invited the Soviet Union, other Warsaw Pact powers, and other interested governments to explore mutual and balanced reduction of forces in Central Europe. While the proposal sparked some interest in the smaller countries of Eastern Europe, it was, as usual, promptly rejected by Moscow.

If anything, the public remarks of Helmut Schmidt, the Defense Minister of West Germany, have been less persuasive than the arguments of Chancellor Brandt. Defense Minister Schmidt blithely notes that it appears to be a “law of postwar history” that every 10 years a great debate arises over the relationship between U.S. and Europe. The debate he sees “in the offing” revolves about “America’s future political position in Europe” and “the number of American troops that will have to be kept in Europe to maintain the credibility of the American commitment to the defense of the Old World.” Mr. Schmidt, I suspect, has not been listening; the debate is already several years old. A resolution was introduced in the Senate three years ago calling for substantial reduction of U.S. forces permanently stationed in Europe. But it was much earlier, in an interview with former President Eisenhower in the October 26, 1963, issue of *The Saturday Evening Post*, that the debate began in earnest. At that time, General Eisenhower said:

Though for eight years in the White House I believed and announced to my associates that a reduction of American strength in Europe should be initiated as soon as European economies were re-

stored, the matter was then considered too delicate a political question to raise. I believe the time has now come when we should start withdrawing some of those troops.

Mr. Schmidt argues that Germany is not “sitting idly on its haunches, satisfied to leave its defense to Americans.” To support this thesis, he states that the West German defense budget for 1970 represents an increase of 6.8 per cent over the previous year. I submit that Mr. Schmidt is neglecting more pertinent statistics, which put the German defense effort truly in context. He fails to mention that, according to the latest figures available, 8.7 per cent of the men of military age in the U.S. are in the armed forces, compared to four per cent in Germany. He slights the fact that in 1969 defense expenditures per capita were \$396 in the U.S. and \$93 in West Germany; the German figure was lower than those of the United Kingdom and France and the same as that of Norway. He also ignores the fact that in 1969 the portion of American gross national product devoted to defense was 8.7 per cent, compared to 3.5 per cent of the GNP in Germany—a percentage lower than those of the United Kingdom, France, Greece, the Netherlands, Norway, Portugal, and Turkey.

Mr. Schmidt concludes his disconcertingly frank presentation with a statement that further offset agreements to balance some portion of the foreign exchange costs the U.S. incurs because of the level of our commitment in Europe will be “difficult.” Presumably not even Mr. Schmidt is enchanted with the interest-bearing loans. Budgetary contributions, the defense minister says, “would have to come out of the German defense budget; we would mend one hole by opening up another.” In effect,

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he throws up his hands, saying, “I doubt strongly that we can come up with any solutions.” His lack of solutions is the basic problem; it is completely unrealistic. It may be true that neither Germany’s friends nor her enemies want a significantly larger West German army, and the German public probably would agree. But to argue that the most affluent nation in Europe can neither continue to offset American balance-of-payments losses suffered because of our troops in Europe nor pay a greater share of the budgetary cost of our military presence is not calculated to satisfy either the American Congress or American public opinion. And it should not, at a time when there are so many valid claims on our tax dollars.

Nothing in the foregoing should suggest that the United States will abandon its NATO partners; we have pledged to assist in the defense of Europe, and we will honor our treaty commitments. This country values highly its close friendship with West Germany and with the other nations of Western Europe. But legitimate friendship is based on equity and mutual self-respect. The American burden in the defense of Europe is patently inequitable and, were we to permit it to continue, it would reflect poorly on our judgment and leave our claim to world leadership open to serious question.

The Nixon Administration accepts the concept of Europeans sharing more of the costs of the NATO common defense. Some action will almost certainly be taken before the expiration of the current agreements in the middle of next year, whether it be troop withdrawals or the implementation of a burden-sharing plan. In saying this, I do not wish to appear to be threatening West Germany or the other European

nations; I am merely stating the economic facts of life. The time has passed when the United States could afford to devote \$14 billion to the defense of Europe. That amount represents \$560 annually for each of the approximately 25 million people now living below the federally-defined poverty level in the U.S. Our government would be remiss if it did not appreciate what this money could mean to countless Americans if a substantial part of it were invested in food, housing, education, and medical care for our own citizens.

I can envision no formidable obstacle to a shared responsibility in NATO if there is good faith on both sides. Certainly, if this country can Vietnamize the war in Southeast Asia, it should not be impossible to Europeanize the defense of Europe.

Europe, then, should be our first target in the campaign to return the primary burden for their own defense to the other nations of the world, but it should by no means be the only one. Japan, another highly industrialized, economically self-sufficient nation, now spends less than one per cent of its gross national product on defense, far lower even than the West German figure of 3.5 per cent. Yet Japan profits from the American nuclear umbrella as well as from our vast military establishment in Asia. Equity demands that Japan become a primary candidate for burden-sharing in the years immediately ahead. Though perhaps my stubbornness on this matter of equitable burden-sharing can be traced to my own German heritage, I intend to be equally persistent with Japan and other nations in saying, “There is a limit to American resources. We have a job of nation-building here at home. We do not intend any longer to be the policemen for the world.” ■



Violence and the Masculine Mystique

“... there are worse things than war; and all of them come with defeat. The more you hate war, the more you know that once you are forced into it, for whatever reason it may be, you have to win it.”

—from *Men at War* by Ernest Hemingway

“You must perform the act for them, Charlie. You know your function. Kill the enemy. So they will give you recognition of your manhood Charlie. Never your humanity.”

—from the feminist play *Mod Donna* by Myrna Lamb

by Lucy Komisar

“We will not be humiliated,” President Nixon declared in his speech to the country after the invasion of Cambodia. “It is not our power but our will and character that is being tested tonight.” Agonizing over the specter of an America that acted like “a pitiful, helpless giant,” he vowed that he would not see the nation become “a second-rate power” and “accept the first defeat in its proud 190-year history.”

Nixon’s resolve stiffens (masculine) and he sends troops into Cambodia so that we are not forced to submit (feminine) to a peace of humiliation. The big stick hasn’t changed much since Teddy Roosevelt, only now it’s a stockpile of missiles and bayonets on rifles and bombs that plow gracelessly into a

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womb that burns with napalm.

The United States of America is “the clear leader among modern, stable, democratic nations in its rates of homicide, assault, rape, and robbery, and it is at least among the highest in incidence of group violence and assassination,” declared the National Commission on the Causes and Prevention of Violence. Most of those violent crimes are committed by males between the ages of 15 and 24; a majority of them are poor and a disproportionate percentage are black.

“Violence is actually often used to enable a young man to become a successful member of ghetto society,” reported the Commission. “Proving masculinity may require frequent rehearsal of the toughness, the exploitation of women, and the quick aggressive responses that are characteristic of the lower-class adult male.” The report called ghetto life a

Illustration: New Thing