

New Transatlanticism and Military Keynesianism

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New Atlanticism and Military Keynesianism are rarely addressed topics when European economic policymaking is debated; but there is indeed a great need to question developments in the European Union from these two angles.

The new Atlanticism refers to capital concentration joining American and European armament corporations, both in the form of mergers and in the form of joint ventures. While almost non-existent ten years back, this type of capital concentration over the last decade has rapidly grown in size. On the one hand, the five American corporations which dominate the US military sector have taken over or allied with one or several European armament producers. On the other hand, all four European armament corporations which dominate Europe's military sector have opted to forge close links with US corporations.

The following examples help to underline the point. BAE systems, formed through a merger between leading British military corporations in 1999, has staged at least 13 take-overs in the United States, including the take-over of United Defense Industries. Again, the corporation MBDA too illustrates the new Atlanticism. MBDA was constituted in 2003 via a merger between three leading manufacturers of missiles in Europe. It is owned jointly by BAE Systems, EADS and Finmeccanica. While this shows MBDA epitomizes the process of internal integration in Europe's military sector, the same corporation also participates enthusiastically in the new Atlanticism, via teaming agreements with Boeing.

One way of interpreting the emergence of the new Atlanticism is to relate it to the new role assigned by the Western powers to NATO. NATO's drive to implement 'security' functions beyond the borders of Europe is supported by close cooperation between US and European armament corporations, which facilitates implementation of NATO procurement schemes. However, this is not the only, or even the main motive behind the emergence of the new Atlanticism. Evidence contained in US policy documents (e.g. the AICRs) indicates that the formation of alliances between armament corporations across the Atlantic is the outcome of a conscious decision taken by the US government under the Democratic Presidency of Clinton (1998). There are strong reasons to interpret the move as part of military Keynesian policymaking.

Also, it is necessary to briefly reflect on the historical evolution in military Keynesianism, as applied in the US. In the later part of the 1980s, the then Republican Administration concluded that primary reliance on military Keynesianism had to be abandoned. No longer could allocations towards the military in the US be used as principal means for macro-economic stimulation. In consequence, government policymaking during the business cycle of the 1990s was structured differently. On the one hand, the market sector, where information technology is manufactured, was left to play the role of driving force of the business cycle. On the other hand, government expenditures towards the US military were scaled down. The internal restructuring in the US military sector referred to was a consequence of the fact that the Clinton Administration chose to apply a secondary form of military Keynesianism.

The construction of a new Atlanticism which has occurred in the beginning of the new millennium is related to US policies towards the next business cycle. It was part of a new consensus reached in the US, that the American government would restore the primacy of military-related procurement. Under the pressure of lobbying groups representing the interests of the US Military Industrial Complex (MIC), the Clinton government in 1998/1999 reversed the trend with regard to the military budget. Instead of implementing annual cuts, the government henceforth opted for annual increases in

budgetary allocations. These have since resulted in a situation where military-related expenditures represent more than 8 percent of the US GNP (2008/2009). And to reduce the risks of a renewed periodic crisis, the US government designed its strategy of new Atlanticism, expected to result in additional arms exports to European countries.

The above discourse may sound like a diversion. Yet the new Atlanticism has major implications for European economic policymaking. The EU has seen a creeping process of militarization since the decision taken when the Amsterdam Treaty was signed (1997), i.e. to integrate the Western European Union (WEU) military alliance into the EU. Since then, efforts have been underway to centralize "defence"-research at the European level, to build an integrated European market for the procurement of arms, to militarize Europe's space policy, and to initiate the building of a European army. All these developments are contrary to the vision which originally formed the basis of Europe's integration.

Moreover, the danger that the character of the European Union will be transformed is all the larger in view of the new Atlanticism—the intense cooperation between American and European armament corporations shaped alongside Europe's militarization. European policymakers have legitimized their formulation of a military research agenda with the argument that without enhanced competition in the technological field, Europe threatens to become dependent on the US. Yet the cross-continental alliances between armament corporations imply the very opposite, i.e. dependence of European armament corporations on American corporations which are the largest in size! Most ominously, the existence of these alliances results in added pressure on state policymakers in Europe to purchase expensive weapons systems.

The issues posed here need to be integrated into the work of the Euro-Memorandum Group—a grouping of economists which critically follows policymaking by the EU. This platform rightly seeks to contribute towards a drastic re-orientation in policymaking by the European Union, away from the disastrous neo-liberalism that still prevails towards policies that better help sustain the welfare of Europe's citizens. A social and ecologically-oriented Europe needs to reject the new Atlanticism and all forms of military Keynesianism. □□□