

BACKGROUND

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Congress Should Transform the European Deterrence Initiative into an Enduring Commitment

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Abstract

In response to Russia's invasion of Ukraine and annexation of Crimea, the Obama Administration announced the creation of the European Reassurance Initiative (ERI) in 2014 to reassure wary American allies that the U.S. would live up to its security commitments, and to bolster the deteriorated U.S. presence in Europe. Five years later, the rebuilding of a U.S. presence in Europe continues, and the initiative's funding remains critical to this rebuilding. During the discussion of the 2017 National Defense Authorization Act, Congress changed the initiative's name to European Deterrence Initiative (EDI) to reflect the evolution of the mission from reassuring allies to deterring Russia. Deterring further Russian aggression through a strong U.S. security presence in Europe and a robust leadership role in NATO is in America's national interest. The capabilities, interoperability, and presence, which the EDI has and continues to help provide, are of vital importance to achieving this end, and deserve enduring support. However, as the U.S. moves from reassurance to deterrence, the EDI must evolve, too. Policymakers should support merging the EDI into the Defense Department's base budget, support the permanent presence of U.S. forces in Central and Eastern Europe, and encourage American allies in Europe to live up to their treaty commitments by adequately investing in their own defense.

In response to Russia's invasion of Ukraine and illegal annexation of Crimea, the Obama Administration announced the creation of the European Reassurance Initiative (ERI) in 2014 to reassure wary American allies that the U.S. would live up to its security commitments, and to bolster the U.S. presence in Europe, which had deteriorated steadily in the previous years.

KEY POINTS

- The explicit challenge of the European Deterrence Initiative (EDI) is to address the gaps in military capacity created by the drawdown of U.S. forces in Europe following the end of the Cold War, and decades of paltry defense spending by many European allies.
- The majority of the investment in the EDI serves to improve the presence of U.S. Army troops and supply in Europe. The EDI does not provide either Congress or U.S. allies a defined picture of the future of U.S. efforts in Europe.
- The EDI was created as an important immediately visible mechanism to push back against Russian aggression. Nonetheless, it sends a mixed message that all European missions can be funded through the EDI and that the mission is temporary due to its OCO funding.
- For military planning and geopolitical signaling, the U.S. would be better served if EDI funding were merged into the Defense Department's base budget.

This paper, in its entirety, can be found at <http://report.heritage.org/bg3319>

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The ERI initially funded shows of force in Eastern Europe where the U.S. had little to no defense presence, and grew over time to support more permanent and robust initiatives.¹ More important, the ERI marked the beginning of a rebuilding of a U.S. presence in Europe, with the Obama Administration initially stating, “We are reviewing our force presence in Europe in light of the new security challenges on the continent.”²

Five years later, the rebuilding of a U.S. presence in Europe continues, and the initiative’s funding remains critical to these rebuilding efforts. During the discussion of the 2017 National Defense Authorization Act (NDAA), Congress changed the initiative’s name to European Deterrence Initiative (EDI) to reflect the evolution and transformation of the mission from reassuring allies to deterring Russia. The Department of Defense (DOD) then adopted the EDI terminology in its fiscal year (FY) 2019 budget request.³

Deterring further Russian aggression through a strong U.S. security presence in Europe and a robust leadership role in the North Atlantic Treaty Organization (NATO) is in America’s national interest. The capabilities, interoperability, and presence, which the EDI has and continues to help provide, are of vital importance to achieving this end, and deserve continued support.

However, as the U.S. seeks to move from reassurance to deterrence, the EDI, too, must evolve. Policymakers should support merging the EDI into the Department of Defense’s base budget, support the permanent presence of U.S. forces in Central and Eastern Europe, and encourage American allies in Europe to live up to their treaty commitments by adequately investing in their own defense.

A Brief History of the U.S. in Europe

A safe, secure, and prosperous Europe is in the American national interest. Some of the U.S.’s strongest, most reliable, and oldest allies are in Europe. Furthermore, as Heritage experts have noted:

The U.S. and Europe share a strong commitment to the rule of law, human rights, free markets, and democracy. Many of these ideas, the foundations on which America was built, were brought over by the millions of immigrants from Europe in the 17th, 18th, and 19th centuries. U.S. sacrifice for Europe has been dear. During the 20th century, millions of Americans fought for a free and secure Europe, and hundreds of thousands died.⁴

Today, U.S. and Europe are each other’s principal trading partners, and European allies routinely heed the call when the U.S. seeks friends for security actions overseas, such as ongoing counter-ISIS operations in the Middle East and North Africa. A popular notion sees American forces in Europe acting as a defensive umbrella for bloated European welfare states, which spend too little on defense, and enjoy a free ride on the American taxpayer. While it is true that many American allies in Europe do not invest enough in defense, the reason why American forces contribute to security and stability in Europe is because it is in America’s interest.

The U.S. gains much from a stable, secure Europe. Any policy that jeopardizes this security and stability, and squanders the significant American sacrifice of blood and treasure in creating it, is shortsighted. Europe’s geographical proximity to the most contested, dangerous, and volatile regions of the world adds a layer of importance to U.S. forces and basing in Europe, allowing American policymakers to react swiftly to incidents and threats emanating from those regions.

U.S. security obligations in Europe derive primarily from the 1949 North Atlantic Treaty that established NATO. The Treaty’s Article 5 mutual defense pledge means the U.S. must be as committed to the security of Europe as it is the U.S. homeland. At the height of the Cold War, the U.S. stationed approximately 300,000 soldiers across 1,200

1. News release, “FACT SHEET: European Reassurance Initiative and Other U.S. Efforts in Support of NATO Allies and Partners,” The White House, June 3, 2014, <https://obamawhitehouse.archives.gov/the-press-office/2014/06/03/fact-sheet-european-reassurance-initiative-and-other-us-efforts-support> (accessed April 17, 2018).

2. *Ibid.*

3. Throughout this *Backgrounder*, the term EDI is used when discussing the initiative. Nonetheless, there are citations that use the term ERI that have been maintained for accuracy purposes.

4. Dakota L. Wood, ed., *2018 Index of Military Strength* (Washington, DC: The Heritage Foundation, 2018), p. 103, <https://www.heritage.org/military-strength>.

sites in Europe.⁵ With the end of the Cold War, the U.S. and European nations “cashed in” the so-called peace dividend, scaling down the size of their militaries, and as memories of the Soviet threat to Western Europe abated, American policymakers became increasingly keen to bring troops home from deployment in Europe. By 2015, the U.S. had only 30,000 permanently stationed troops in Europe across a mere 350 sites.⁶ Basing saw a similar precipitous decline, from 80 bases in Europe in 1987 to only 37 bases by 2017.⁷

The U.S. drawdown in Europe across the first 14 years of the 21st century coincided with a marked deterioration of U.S.–Russian relations as Vladimir Putin became more and more entrenched in power and began implementing his revanchist worldview. In particular, U.S.–Russian relations took a severe downturn in August 2008 when Russia invaded neighboring Georgia, occupying 20 percent of Georgia’s sovereign territory. At the time, the Russian economy was buoyed by record-high energy prices, as Brent Crude was trading at \$143 per barrel in July 2008,⁸ while the U.S. remained focused on Afghanistan and Iraq, and the clock on the Bush Administration began to wind down. Russian President Putin undoubtedly viewed the timing as auspicious and decided to invade Georgia.

In response, the U.S. issued forceful condemnations of Russia’s aggression. For instance, on August 10, 2008, Vice President Dick Cheney told Georgian President Mikhail Saakashvili that “Russian aggres-

sion must not go unanswered, and that its continuation would have serious consequences for its relations with the United States.”⁹

In addition to verbal condemnations, U.S. Navy ships and Air Force planes helped bring humanitarian supplies to beleaguered Georgians,¹⁰ and the U.S. provided \$1 billion in economic aid to Georgia.¹¹ When Georgian troops stationed in Iraq were recalled, U.S. C-17s flew all 2,000 of them home.¹² The U.S. also imposed punitive actions on Russia. In September 2008, the Bush Administration withdrew from the so-called 1-2-3 agreement with Russia on civilian nuclear cooperation from congressional review,¹³ effectively freezing it. Yet, despite some important steps taken in reaction to Russia’s invasion of Georgia in 2008, in retrospect, the reaction of the Bush Administration could, and should, have been even more robust. The Bush Administration may have hoped that Russia would withdraw from Georgia, or may not have wanted to handicap a successive Administration.

In a foreshadowing of policies that would be adopted by the incoming Obama Administration, one senior U.S. official stated in September 2008: “All of our efforts with Russia, we are carefully tailoring to ensure that they are reversible if Russia...takes actions to show that this is not the beginning of a major turn in Russian global affairs.”¹⁴

Upon taking office in 2009, the Obama Administration, believing the U.S. to be as culpable for deteriorating U.S.–Russian relations as Russia, put in place

5. Dean Cheng, Lisa Curtis, Bruce Klingner, James Carafano, Luke Coffey, James Dean, Daniel Kochis, and Matthew Rolfes, “Meager Ground Forces, Extensive Global Challenges: A Primer for the U.S. President in 2017,” Heritage Foundation *Backgrounder* No. 3059, September 25, 2015, <https://www.heritage.org/defense/report/meager-ground-forces-extensive-global-challenges-primer-the-us-president-2017>.

6. *Ibid.*

7. Wood, ed., *2018 Index of Military Strength*, p. 122.

8. MacroTrends, “Brent Crude Oil Prices–10 Year Daily Chart,” March 13, 2018, <http://www.macrotrends.net/2480/brent-crude-oil-prices-10-year-daily-chart> (accessed April 10, 2018).

9. “Bush Condemns Russia’s Attack on Georgia,” CBS News, August 10, 2008, <https://www.cbsnews.com/news/bush-condemns-russias-attack-on-georgia/> (accessed April 10, 2018).

10. John D. McKinnon, Neil King Jr., and Marc Champion, “U.S. Launches Airlift to Aid Georgia,” *The Wall Street Journal*, August 14, 2008, <https://www.wsj.com/articles/SB121866388366238327> (accessed April 10, 2018).

11. Andrew Tully, “U.S. to Provide \$1 Billion in Economic Aid to Georgia,” Radio Free Europe/Radio Liberty, September 4, 2008, https://www.rferl.org/a/US_Providing_1_Billion_In_Economic_Aid_To_Georgia/1196233.html (accessed April 10, 2018).

12. “US Takes Georgian Troops Home from Iraq,” Veterans for Common Sense, August 12, 2008, <http://veteransforcommonsense.org/2008/08/12/us-takes-georgian-troops-home-from-iraq-2/> (accessed April 10, 2018).

13. “Bush Administration Freezes Russia Nuclear Pact,” Radio Free Europe/Radio Liberty, September 8, 2008, https://www.rferl.org/a/US_Suspends_Nuclear_Pact_With_Russia/1197365.html (accessed April 10, 2018).

14. *Ibid.*

policies that had deleterious effects on U.S. standing in Europe, and emboldened Russia's revanchist worldview. The first of these policies was the "Russian reset," a naïve attempt to reset relations with Russia by granting concessions and rolling back actions taken by the Bush Administration in response to Russia's aggression against Georgia that the Obama Administration viewed as unnecessarily harsh.

The Obama Administration supported Russia joining the World Trade Organization,¹⁵ resubmitted the 1-2-3 agreement to Congress in May 2010,¹⁶ created the U.S.–Russian Bilateral Presidential Commission in 2009,¹⁷ and abruptly cancelled the third site of U.S. missile defense system,¹⁸ sacrificing allies like Poland and the Czech Republic in service of the new reset policy. In May 2010, the Obama Administration dropped sanctions against the Russian arms export agency and other Russian entities over exportation of weapons and technology to Iran, and allowed the sale of Russia's S-300 anti-aircraft system to Iran to continue unimpeded.¹⁹

After a slew of American concessions, in June 2010, President Barack Obama declared that he and then-President Dmitry Medvedev had "succeeded in resetting" the relationship between Russia and the United States.²⁰ The Obama Administration's eager implementation of its failed reset policy coincided with the Administration's announcement in November 2011 of a (largely hollow, in retrospect) pivot to Asia,²¹ which caused extreme concern and consternation amongst U.S. European allies, and signaled to Russia that the U.S. was disengaging from European security.

The Obama Administration's decision to carry out a plan to withdraw two of four U.S. Army Brigade Combat Teams (BCTs) permanently stationed

in Europe further emboldened Putin's Russia, weakened NATO, and severely undermined American leadership on the continent. As Heritage analysts noted in 2015:

The deactivation of the 170th BCT took place in October 2012—slightly earlier than the planned date of 2013—marking the end of 50 years of U.S. combat soldiers in Baumholder, Germany. The deactivation of the 172nd BCT took place in October 2013. In all, this meant that more than 10,500 soldiers were removed from Europe. These two heavy brigades also constituted Europe's primary armored force. Their deactivation left a significant capability gap not only in the U.S. ground forces committed to Europe, but in NATO's capabilities, too, a concern noted by the 2005 Overseas Basing Commission, which warned against removing heavy BCTs from Europe.

When the decision was announced in 2012 to bring two BCTs home, the Obama Administration said that the reduction in capability would be offset with a U.S.-based BCT that would, when necessary, rotate forces, normally at the battalion level, to Europe for training missions. This decision unsettled America's allies because a rotational battalion does not offer the same capability as two permanently based BCTs.²²

In addition to potential rotational deployments, the Obama Administration attempted to assuage leery European allies by arguing that gains made through so-called smart defense would help bridge the gap created by the withdrawal of troops and equipment. Julianne Smith, former Principal Director for European and NATO Policy in January 2012 announced the intention "to come up with some

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15. "Obama, Medvedev 'Reset' US-Russia Relations," CBS News, June 24, 2010, <https://www.cbsnews.com/news/obama-medvedev-reset-us-russia-relations/> (accessed April 10, 2018).
 16. "U.S. Revives Nuclear Energy Pact with Russia, Citing Cooperation on Iran," Radio Free Europe/Radio Liberty, May 11, 2010, https://www.rferl.org/a/US_Revives_Nuclear_Energy_Pact_With_Russia_Citing_Cooperation_On_Iran/2039195.html (accessed April 10, 2018).
 17. James Carafano, "U.S. Comprehensive Strategy Toward Russia," Heritage Foundation *Special Report* No. 173, December 9, 2015, <https://www.heritage.org/europe/report/us-comprehensive-strategy-toward-russia>.
 18. Ibid.
 19. Peter Baker and David E. Sanger, "U.S. Makes Concessions to Russia for Iran Sanctions," *The New York Times*, May 21, 2010, https://www.nytimes.com/2010/05/22/world/22sanctions.html?_r=0 (accessed April 10, 2018).
 20. Ibid.
 21. News release, "Remarks by President Obama to the Australian Parliament," The White House, November 17, 2011, <https://obamawhitehouse.archives.gov/the-press-office/2011/11/17/remarks-president-obama-australian-parliament> (accessed April 10, 2018).
 22. Cheng et al., "Meager Ground Forces, Extensive Global Challenges."

innovative ideas under the rubric of ‘smart defense,’ where we’ll have to look at pooling, sharing, multi-national procurement, and come up with some innovative approaches on doing more with less in some ways.”²³

The Creation of the EDI

In February 2014, Russia invaded Ukraine, illegally occupied and annexed Crimea, and Russian troops, equipment, and financing propagated a war in the Donbas, which continues and has cost over 10,300 lives thus far.²⁴ Russia’s invasion of Ukraine shattered any lingering illusion that Russia is a constructive and honest partner for the U.S., and highlighted Russian aggression that had once again brought war to European soil. Russian actions also radiated instability across a multitude of regions, and undermined the security order that the U.S. and its allies had long worked to create.

As a piece of the U.S. response to Russian aggression, in April 2014, the U.S. launched Operation Atlantic Resolve (OAR), a series of actions meant to reassure U.S. allies in Europe, particularly those bordering Russia. In April 2014, the U.S. deployed 600 paratroopers for exercises in Estonia, Latvia, Lithuania, and Poland. In a June 2014 visit to Warsaw, President Obama stated, “Our commitment to Poland’s security, as well as the security of our allies in Central and Eastern Europe, is a cornerstone of our own security, and it is sacrosanct.”

In June 2014, in an effort to bolster OAR’s transatlantic security measures, the U.S. announced a \$1 billion EDI. The new EDI funding was included in the Department of Defense’s Overseas Contin-

gency Operations (OCO) budget,²⁵ a workaround to strict budget caps instituted by the Budget Control Act of 2011 (BCA). In addition to increased rotational deployments, EDI funds allowed an increase in maritime deployments in places such as the Baltic and Black Seas, increased contributions to NATO’s Baltic Air Policing mission, increased exercises and training opportunities, and built partner capacity in Europe.²⁶

Today, as described by European Command (EUCOM) Commander General Scaparrotti, the EDI “provides resources that are essential to deterring Russian aggression while assuring European allies of the U.S. commitment to NATO’s Article 5.”²⁷ The EDI has been credited with helping begin the rebuild of U.S. military capacity in Europe, which had atrophied over two decades following the end of the Cold War. The EDI has also been credited with increasing NATO’s deterrence posture through improved readiness, more frequent exercises, increased NATO interoperability, and the forward rotational deployment of U.S. forces in Norway, Poland, and Romania, alongside occasional deployments to the Baltic states, and an increased maritime presence.

Initial funding for the EDI in FY 2015 was \$985 million; FY 2016 saw a renewal of EDI funding, however the \$789 million authorization was \$196 million less than in FY 2015.²⁸ In FY 2017, the Obama Administration proposed and received a substantial increase in EDI funding, which jumped to \$3.4 billion for the year.²⁹ In FY 2018, EDI under the Trump Administration once again saw a significant increase rising to nearly \$4.8 billion.³⁰

23. Thom Shanker and Steven Erlanger, “U.S. Faces New Challenge of Fewer Troops in Europe,” *The New York Times*, January 13, 2012, <https://www.nytimes.com/2012/01/14/world/europe/europe-weighs-implications-of-shrinking-us-troop-presence.html> (accessed April 10, 2018).

24. “‘War Hero’ Savchenko Accused of Terror Plot, Levels Own Accusations in Ukraine,” Radio Free Europe/Radio Liberty, March 15, 2018, <https://www.rferl.org/a/ukraine-savchenko-terror-plot-accusations/29101770.html> (accessed April 10, 2018).

25. News release, “FACT SHEET: European Reassurance Initiative and Other U.S. Efforts in Support of NATO Allies and Partners,” The White House, June 3, 2014, <https://obamawhitehouse.archives.gov/the-press-office/2014/06/03/fact-sheet-european-reassurance-initiative-and-other-us-efforts-support-> (accessed April 10, 2018).

26. Ibid.

27. News release, “EUCOM Posture Statement 2018,” United States European Command, March 8, 2018, <http://www.eucom.mil/mission/eucom-posture-statement-2018> (accessed April 10, 2018).

28. U.S. Department of Defense, “2018 Budget Request for European Reassurance Initiative Grows to \$4.7 Billion,” June 1, 2017, <https://www.defense.gov/News/Article/Article/1199828/2018-budget-request-for-european-reassurance-initiative-grows-to-47-billion/> (accessed April 10, 2018).

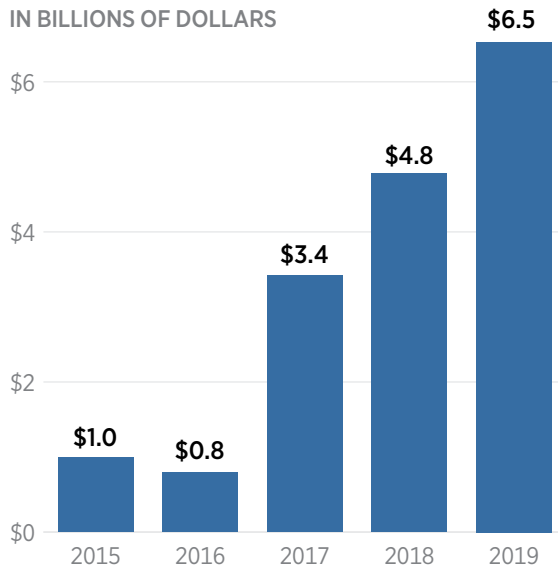
29. Ibid.

30. Ibid.

CHART 1

Budget for European Deterrence Initiative

IN BILLIONS OF DOLLARS



SOURCE: Office of the Under Secretary of Defense (Comptroller), "European Deterrence Initiative, Budget for Fiscal Year (FY) 2019," February 2018, http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2019/fy2019_EDJBook.pdf (accessed April 24, 2018).

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In its FY 2019 request, the DOD requested an additional increase in EDI funding, asking for \$6.5 billion.³¹ In his 2018 Posture Statement, EUCOM Commander General Scaparrotti praised the initiative explaining:

These resources, in addition to the base budget funding that supports USEUCOM, enable our headquarters and Service components to: 1) increase presence through the use of rotational forces; 2) increase the depth and breadth of exercises and training with NATO allies and theater

partners; 3) preposition supplies and equipment to facilitate rapid reinforcement of U.S. and allied forces; 4) improve infrastructure at key locations to improve our ability to support steady state and contingency operations; and 5) build the capacity of allies and partners to contribute to their own deterrence and defense.³²

The Efforts Within the EDI

The European Deterrence Initiative is organized under five different lines of effort: (1) increased presence, (2) exercises and training, (3) enhanced prepositioning, (4) improved infrastructure, and (5) building partner capacity.³³ Each of these accounts represents an effort that is aimed at enhancing the position of American forces in Europe, especially in relationships with U.S. NATO partners.

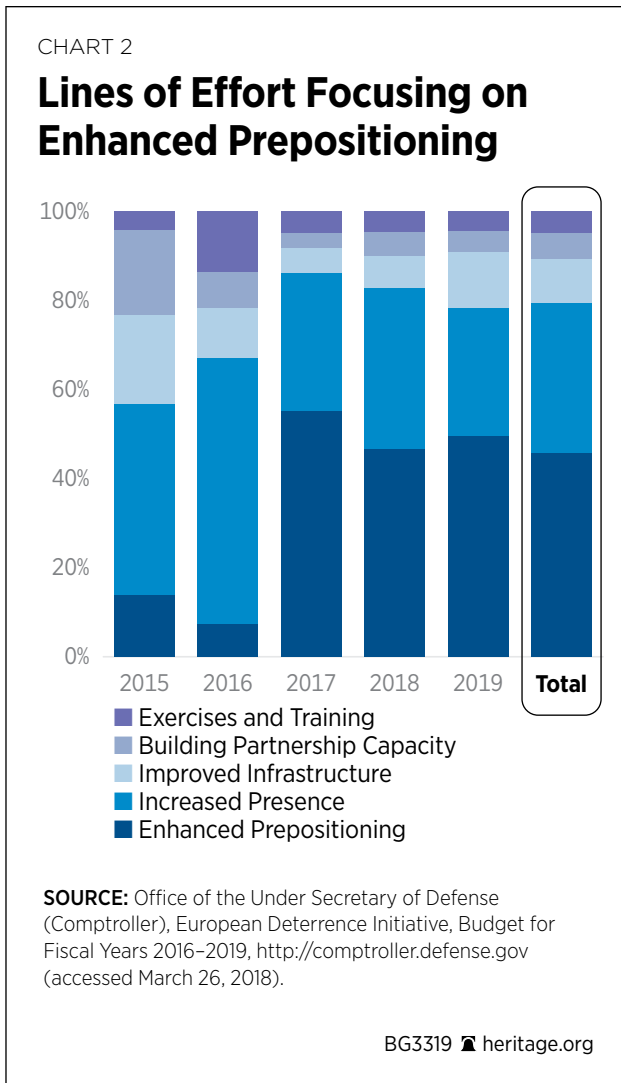
Increased presence, as the name suggests, refers to the resources needed to increase the presence of U.S. military forces in Europe through increased number of rotations. Exercises and training refer to the resources dedicated to increase the number of exercises and training with allied and partner military. Enhanced prepositioning refers to prepositioning equipment and material through a myriad of supply categories, such as munitions. Improved infrastructure refers to investments in developing infrastructure and facilities throughout Europe in agreement with host nations. Lastly, building partner capacity refers to the resources dedicated to improving our allies and partners' military forces to be more capable in defending themselves.

Among these different lines of effort, most of the resources have been dedicated to enhanced prepositioning and increased presence. When considering all five budget requests for the EDI, enhanced prepositioning represents 45 percent of the budget, while increased presence takes up 34 percent. This shows that the bulk of the resources have been dedicated to improving the U.S. military's position in Europe, rather than improving European military forces in the continent. Activities that directly improve European military capacity receive a small percentage of the resources dedicated to the EDI.

31. Daniel Wasserbly, "Pentagon Budget 2019: European Deterrence Fund to Be Boosted Again," *Jane's 360*, February 12, 2018, <http://www.janes.com/article/77833/pentagon-budget-2019-european-deterrence-fund-to-be-boosted-again> (accessed April 10, 2018).

32. News release, "EUCOM Posture Statement 2018."

33. Office of the Under Secretary of Defense (Comptroller), "European Deterrence Initiative: Budget for Fiscal Year (FY) 2019," U.S. Department of Defense, February 2018, http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2019/fy2019_EDJBook.pdf (accessed March 26, 2018).



A very interesting development in the request of EDI resources through time is the balance between the two largest lines of effort: enhanced prepositioning and increased presence. In the first two years in which the EDI existed, the biggest portion of resources was dedicated to increasing the established presence in the continent. From 2017 to today, the request emphasizes more enhanced prepositioning of assets. This indicates a pivot from bringing additional troops to Europe to making sure that those forces already deployed on the continent have all the resources they need.

Despite the ebbs and flows in terms of percentage of EDI funding allocated, every single line of effort has seen a substantial increase through time, which is to be expected from a budget that went from \$985.1 million enacted in 2015 to a \$6,531.4 million request in 2019.

It is also worth highlighting that as a percentage of EDI funding, building partner capacity peaked in 2015, and as a mere dollar total, it has increased substantially from 2015 to 2019. When the EDI started, \$188.7 million of EDI funding was dedicated to partner capacity; in 2019, the number is slated to jump to \$302.4 million.

Recipients of EDI Funding

As important as what the EDI is funding, is the question of who is being funded. EDI resources are distributed through the different components of the U.S. military; nonetheless, it heavily favors the Army. When considering that most of the initiatives' resources are dedicated to presence in the European continent and enhanced prepositioning on supplies and equipment, this is unsurprising.

Through all the years that the EDI has been in place, the Army never received less than 45 percent of its funds. The valley for Army EDI funding was 2015, when the Army received 45 percent of the total. In 2017, the Army received 82 percent of all EDI funds, marking its peak. Throughout the EDI's existence, the Army has averaged 65 percent of the funds per year. The clear sign is that the United States is using the Army to augment the U.S. position in Europe.

Even when looking at the resource total through time, since the EDI's creation, the Army has been the biggest beneficiary. In the five budget requests for the initiative, the Army has accounted for 68 percent of all funds. In dollars, the Army has received more than \$11 billion of the total \$16.5 billion that have been dedicated to the EDI since its inception in 2015. The Air Force is a distant second place. It absorbed almost \$3 billion of all of EDI funds, accounting for 18 percent.

Even when one looks at the budget request split through the different components' lines of effort, the picture is largely the same. There is substantial emphasis on enhanced prepositioning and increased presence through all of the different components. The majority of the investments funded by the EDI serve to improve the presence of U.S. Army troops and supply in Europe.

Implementing the EDI

When the EDI was first established, it made sense to leverage the OCO account to fund the initiative. It created a flexible and responsive funding source to the necessary actions in Europe. Nonetheless, through time, the case for OCO funding of the EDI has weakened and needs to be reassessed.

TABLE 1

Lines of Effort Spending Breakdown

IN MILLIONS OF DOLLARS

	2015	2016	2017	2018	2019	TOTAL
Building Partnership Capacity	188.7	62.6	118.9	267.3	302.4	939.9
Enhanced Prepositioning	136.1	57.8	1,885.0	2,221.8	3,235.4	7,536.1
Exercises and Training	40.6	108.4	163.1	217.7	290.8	820.6
Improved Infrastructure	196.5	89.1	189.1	337.8	828.2	1,640.7
Increased Presence	423.2	471.4	1,063.6	1,732.8	1,874.7	5,565.7
TOTAL EDI	985.1	789.3	3,419.7	4,777.4	6,531.4	—

SOURCE: Office of the Under Secretary of Defense (Comptroller), European Deterrence Initiative, Budget for Fiscal Years 2016–2019, <http://comptroller.defense.gov> (accessed March 26, 2018).

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Now with five years’ worth of EDI budget data to assess, the flexibility and speed that were cherished at the start of the initiative have transformed into liabilities that hamper both the viability and the strength of the effort. Among the problems created by the DOD in choosing to fund the EDI through OCO are a lack of predictability, a lack of prioritization, and improper impact assessments.

These are concerns that have also been shared by the Government Accountability Office (GAO), which reported that the “DOD’s planning for EDI’s posture initiatives does not establish priorities for EDI initiatives relative to those in the base budget, estimate long-term sustainment costs for some posture initiatives funded under EDI, or communicate future ERI costs to Congress.”³⁴ The problem becomes multidimensional, when considering that both Congress and American allies do not have a defined picture of the future of the U.S. efforts in Europe through the EDI.

Predictability. The usual base budget for the DOD is submitted with a five-year plan that shows both Congress and the public the direction the DOD intends

to take.³⁵ It is a substantial signaling mechanism that demonstrates a commitment to certain initiatives. By looking at future plans, one can anticipate the level of commitment that the department is willing to dedicate to each effort.

This is not the case with OCO funding. Due to its nature as a fund for unforeseen contingencies, there is no long-term projection of the resources that will be needed in the account. Usually, the Pentagon submits a placeholder number for its OCO future year projections. This erodes the value of the reliability and predictability that are valued in alliances.

Prioritization. Additionally, having the resources come from OCO also takes away some of the urgency and need to prioritize among multiple uses of those dollars. The DOD does not need to make the case for these funds as compared to other base budget priorities, but rather compares them to other uses of OCO resources. On this, the GAO states that the “DOD could not provide documentation that it had established priorities relative to posture initiatives funded through the base budget.”³⁶ This shows

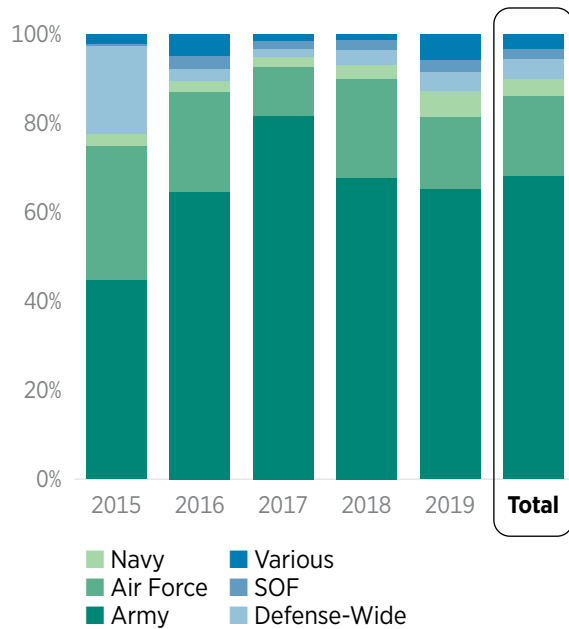
34. U.S. Government Accountability Office, “EUROPEAN REASSURANCE INITIATIVE: DOD Needs to Prioritize Posture Initiatives and Plan for and Report Their Future Cost,” *Report to Congressional Committees*, GAO-18-128, December 2017, p. 15, <https://www.gao.gov/assets/690/688849.pdf> (accessed March 30, 2018).

35. U.S. Department of Defense, “Fiscal Year 2019 Budget Request,” Office of the Under Secretary of Defense (Comptroller), February 2018, http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2019/FY2019_Budget_Request.pdf (accessed March 30, 2018).

36. U.S. Government Accountability Office, “EUROPEAN REASSURANCE INITIATIVE: DOD Needs to Prioritize Posture Initiatives and Plan for and Report Their Future Cost,” p. 16.

CHART 3

Majority of EDI Investment Goes to U.S. Army



SOURCE: Office of the Under Secretary of Defense (Comptroller), “European Deterrence Initiative, Budget for Fiscal Years 2016–2019,” <http://comptroller.defense.gov> (accessed March 26, 2018).

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that the DOD has not properly prioritized the efforts and programs that are being undertaken in Europe.

Furthermore, the “DOD lacks an understanding of the relative importance of initiatives funded under ERI and may begin investing in projects that it would not support in the absence of funding from DOD’s OCO budget.”³⁷ This indicates that the GAO is concerned about the value that is generated by EDI OCO dollars when compared to base budget dollars that might be dedicated to the American mission in Europe or not. The existence of the EDI through

OCO can serve as an escape valve for the DOD to fund things that it would not choose to fund if the resources were located in the regular base budget.

Impact Assessment. Another important aspect in understanding the EDI is to assess the impact that the initiative is having on the carrying out of the mission on the ground. The European mission falls under EUCOM. As such, it is EUCOM’s responsibility to execute and account for EDI resources. Nonetheless, the DOD Inspector General assessed that EUCOM

has not established specific metrics to assess the impact of ERI-funded activities supporting allied and partner-nation exercises and training, improved infrastructure, and military capacity-building activities. This occurred because the existing USEUCOM-developed assessment processes do not isolate and therefore cannot measure the impact of ERI separate from that of all other U.S.-funded support for training, infrastructure, and capacity-building activities in NATO countries. Without assessment of ERI results, it is difficult for the DoD to measure OAR-country progress and to justify to Congress the need for additional resources required to advance the five ERI lines of effort.³⁸

The Inspector General’s findings go even further, stating that the “USEUCOM staff we interviewed emphasized that USEUCOM views ERI as a resource in support of theater plans rather than a measurable program with targeted outcomes.”³⁹ In short, the command in charge of executing the program sees the resources simply as another source of money rather than a discrete program or a contingency. When it comes to how the command operates, the EDI has already become part of the enduring costs that should be funded through the base budget.

As discussed by the DOD’s Inspector General, EUCOM sees little distinction between EDI funds and regular funds.⁴⁰ As stated by the Inspector General’s report: “A USEUCOM headquarters planning-

37. Ibid.

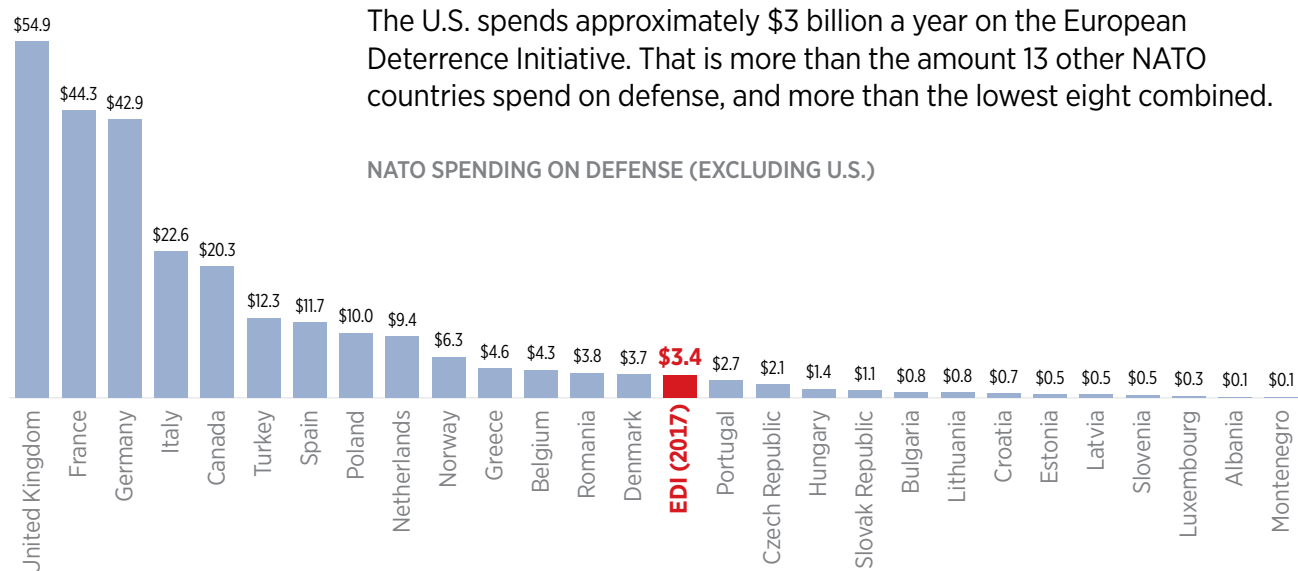
38. U.S. Department of Defense Inspector General, “Evaluation of the European Reassurance Initiative (ERI),” *Report No. DODIG-2017-111*, August 22, 2017, p. ii, <https://media.defense.gov/2017/Dec/19/2001858688/-1/-1/1/DODIG-2017-111.PDF> (accessed March 29, 2018).

39. Ibid., p. 34.

40. U.S. Department of Defense Inspector General, “Evaluation of the European Reassurance Initiative (ERI).”

CHART 4

EDI Better Funded than Militaries of Several NATO Members



NOTE: The U.S. is a member of NATO and spent \$683.4 billion on defense in 2017.

SOURCE: News release, “Defence Expenditure of NATO Countries (2010–2017),” North Atlantic Treaty Organization, p. 6, Table 2, June 29, 2017, https://www.nato.int/nato_static_fl2014/assets/pdf/pdf_2017_06/20170629_170629-pr2017-111-en.pdf (accessed May 3, 2018).

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and-policy division chief explained that ERI is one of many sources of funding that supports the Commander’s security-cooperation priorities and theater-campaign plan (campaign plan), and as a result it is difficult to isolate and measure the effects of ERI funding on specific theater objectives.⁴¹

Additionally, the command stated that it “would continue to prioritize limited staff assets on campaign assessments versus specific programs.”⁴² It reflects that there is little apparent intent on changing how EDI is treated inside EUCOM, since the command sees better use for staff time on detailing the impact of different sources of funding. It reinforces the case to merge the funds currently under the EDI into the base budget.

The EDI and NATO

The EDI’s explicit challenge is to address the gaps in military capacity created by the drawdown of U.S. forces in Europe following the end of the Cold War and decades of paltry defense spending by many allies in Europe. Article 3 of the 1949 North Atlantic Treaty, NATO’s founding document, states that members at a minimum will “maintain and develop their individual and collective capacity to resist armed attack.”⁴³

Today, only a handful of NATO members can say that they are living up to their Article 3 commitment. According to NATO in 2017, only five countries—Estonia, Greece, Poland,⁴⁴ the United Kingdom, and the United States—spent the required 2 percent of

41. Ibid.

42. Ibid., p. 38.

43. The North Atlantic Treaty, Article 3, April 4, 1949, last updated March 21, 2016, http://www.nato.int/cps/en/SID-857936BB-66246E10/natolive/official_texts_17120.htm (accessed April 17, 2018).

44. Officially 1.99 percent in 2017.

gross domestic product (GDP) on defense.⁴⁵ Likewise, only 12 NATO members (Bulgaria, France, Italy, Lithuania, Luxembourg, Norway, Poland, Romania, Slovak Republic, Turkey, United Kingdom, and the United States) spent the required 20 percent of their defense budgets on new equipment and research and development.⁴⁶

Progress continues on defense spending in Europe. According to the NATO Secretary General's *Annual Report*, "In 2017, 26 Allies spent more in real terms on major equipment than they did in 2016."⁴⁷ Furthermore, in 2018, eight NATO members are expected to spend 2 percent of GDP on defense⁴⁸ (Estonia, Greece, Latvia, Lithuania, Poland, Romania, the United Kingdom, and the United States). Some additional NATO members have put in place plans to reach 2 percent of GDP on defense spending, however, whether those plans are carried out remains to be seen.

Many U.S. European allies continue to under-spend on defense, with a resulting loss in capabilities and a weakening of the alliance's overall deterrence posture. U.S. defense capabilities and expenditures account for an outsized amount of those available to NATO. If in FY 2019 the EDI were a NATO nation, it would be the 10th-largest defense budget of the alliance.

Low defense spending by some NATO members weakens the alliance and emboldens Russia. After decades of downgrading forces in Europe, the U.S. has once again begun to invest in European defense, in part through the recent EDI. It is past time for more U.S. allies to live up to their treaty obligations, and adequately spend on defense and invest in real capabilities.

The Future of the EDI

The creation of the EDI served two major purposes: (1) most important as an unequivocal signal to friend and foe alike that the U.S. takes its Treaty commitments in Europe seriously, and that it maintains the necessarily capabilities and resources

nearby to live up to those commitments; and (2) the EDI allowed policymakers to circumvent the limitations of the BCA to increase the resources dedicated to defense and the European mission in the face of a looming threat. EDI funds have grown from \$985 million in 2015 to \$6.5 billion in 2019. While the growth in the resources dedicated to countering Russian influence and actions in Europe is welcome, the creation of a separate funding stream is not truly necessary.

Congress can strengthen NATO and advance U.S. national interests by:

- **Moving enduring activities to the base budget.** The EDI was created as an important immediately visible mechanism to help push back against Russian aggression. Nonetheless, it sends a mixed message that all European missions can be funded through the EDI and that the mission is temporary due to its OCO funding. For military planning and geopolitical signaling, the United States would be better served if EDI funding were merged into the DOD base budget.
- **Signaling a long-term U.S. commitment to European security.** One drawback of the current EDI funding scheme is that neither U.S. allies nor adversaries know how long the U.S. intends to fund its renewed defense initiatives in Europe. Congress needs to create a more predictable situation by demonstrating to all parties involved the future long-term commitment to support the U.S. leadership role in NATO, and European security, through a robust, forwardly deployed American presence.
- **Establishing a permanent military presence in Eastern Europe.** U.S. basing structures in Europe harken back to a time when Denmark, West Germany, and Greece represented the front lines of freedom. The security situation in Europe has changed, and the U.S. should account for this

45. News release, "Defence Expenditure of NATO Countries (2010-2017)," North Atlantic Treaty Organization, March 15, 2018, p. 8, https://www.nato.int/nato_static_fl2014/assets/pdf/pdf_2018_03/20180315_180315-pr2018-16-en.pdf (accessed April 17, 2018).

46. *Ibid.*, p. 3.

47. The North Atlantic Treaty Organization, *The Secretary General's Annual Report 2017*, p. 32, https://www.nato.int/nato_static_fl2014/assets/pdf/pdf_2018_03/20180315_SG_AnnualReport_en.pdf#page=31 (accessed April 17, 2018).

48. *Ibid.*, p. 6.

shift by establishing a permanent military presence in allied nations further east, including the Baltic states and Poland.

- **Recognizing that permanent forces provide far greater deterrence value than rotational forces.** In addition to providing greater deterrence value, permanently stationed forces in Europe are better prepared, better able to exercise, build greater interoperability with allies, and are more cost-effective. In addition, permanently stationed forces may be better for morale.⁴⁹
- **Encouraging allies to contribute more to their own defense.** The United States' unique strength resides in its constellation of allies throughout the globe, especially in Europe. While some allies have made important strides in increasing defense spending and investing in capabilities, many others are lagging behind. The U.S. should continue to press allies on their defense spending.
- **Involving finance ministers.** There should be a special session for finance ministers (or their equivalent) at the NATO Summit on July 11 and 12, 2018, in Brussels. In many parliamentary democracies, the finance minister controls public spending. Educating the finance ministers on the importance of military investment could help to secure more defense spending in the long term.
- **Urging allied governments to make the case to their publics why investing in security is essential for safeguarding a free society.** Reaching the 2 percent benchmark (and 20 percent of that on equipment) and meeting the Article 3 obligation requires a political, economic, and societal will to invest in defense. The U.S. should encourage its allies to make these investments a priority.
- **Encouraging European partners to make increased defense spending the law of the land.** Some European countries have passed legislation requiring that a certain amount be spent on international aid while failing to do the same with regard to defense spending. The U.S. should encourage NATO members to enshrine defense spending commitments and timelines in legislation. This would help to increase transparency and political accountability.

Conclusion

A stable, secure Europe is in America's national interest. Following Russia's invasion of Ukraine, the U.S. once again began investing robustly in its military presence in Europe. The EDI has been a critical enabler for the U.S.'s re-engagement with Europe, helping to fund exercises, training, prepositioning, rotational deployments, and increased presence. While funding the EDI through OCO may have seemed like the only viable solution initially, the tasks funded by the dollars dedicated to the EDI deserve to be funded through the rigors of the regular defense budgeting processes.

The EDI has served as a necessary expedient signaling device of American engagement in Europe and its firm commitment to NATO. Nonetheless, after five years and consistent increases, it is time for the EDI to mature and become a part of the base defense budget. Doing so will enable American military planners to best utilize defense dollars, plan for long-term contingencies, and stand as a signaling beacon for America's enduring commitment to her European allies.

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49. Daniel Kochis and Thomas Spoehr, "It's Time to Move US Forces Back to Europe," *Defense One*, September 13, 2017, <https://www.defenseone.com/ideas/2017/09/its-time-move-us-forces-back-europe/140950/> (accessed April 17, 2018).