



Insight

# Germany's Budget and Burden-Sharing

RACHEL HOFF | MARCH 17, 2017

The list of priorities for the meeting between President Trump and German Chancellor Angela Merkel (delayed due to the East Coast snow storm) is largely unchanged from bilateral meetings under the previous administration: terrorism, trade, NATO, and Russia. But given the differences in policies and positions across each of those issues between the Trump Administration and the Obama Administration, the meeting is sure to be quite a departure from recent bilateral meetings.

On one important issue, President Trump and President Obama share the same core policy but dramatically different tone: burden-sharing. With both Trump and Merkel having rolled out their 2018 budgets in the last week, defense spending is likely to be a major point of discussion—and likely contention—at the meeting. While Trump's campaign [rhetoric](#) about European allies not paying their fair share may have ruffled feathers on the other side of the Atlantic, his assertion even after the election that NATO is "[obsolete](#)" has called into question the U.S. commitment to the alliance itself.

U.S. leaders encouraging NATO partners to meet their financial obligations is nothing new, but raising fundamental questions that cut at the heart of the alliance is uncharted territory. These concerns are likely to pervade the discussion between Trump and Merkel.

Germany's history with its military makes defense spending a particularly complicated issue. The reality of today's world, however, demands a more active German role in the region. Threats range from terrorism and cyber attacks to declining defense budgets and increasing Russian aggression. As an economic powerhouse, a center of technology and innovation, a haven for refugees in the migration crisis—and, increasingly, as the leader of Europe—Germany is uniquely suited to help the United States meet the challenges of today's complex world.

One important measure for assessing Germany's role in combatting regional threats is its defense budget. The 2018 budget that Chancellor Merkel unveiled last week calls for Germany to spend an additional \$1.5 billion on its military. This represents nearly a 4 percent increase from this year's budget—a step in the right direction. The increased defense budget, however, will represent only 1.2 percent of the country's GDP. This falls far below the NATO [goal](#) of spending 2 percent of GDP on defense.

Rather than simply chastise Germany for falling short of the 2 percent, President Trump should use the meeting with Chancellor Merkel as an opportunity to encourage NATO partners that are making progress toward that goal. Often lost in the debate about the 2 percent is the fact that the commitment is a target for 2024. On the way to that benchmark, the United States should support NATO members that are moving in the right direction by increasing their annual defense budgets in the face of rising threats.

Ultimately, the transatlantic alliance is about more than budgets and burden-sharing—it is about defense and deterrence. NATO remains the cornerstone of peace, stability, and security in Europe. President Trump should take this opportunity to reaffirm the U.S. commitment to this important alliance.