

Smart Defense and the Future of NATO: Can the Alliance Meet the Challenges of the Twenty-First Century?

March 28-30, 2012

Chicago, Illinois

Conference Report and Expert Papers

**Dr. Lisa Aronsson and Dr. Molly O'Donnell
Conference Report Coauthors**

Presented by The Chicago Council on Global Affairs

This conference and publication were generously supported by:

NATO Public Diplomacy

Finmeccanica UK Ltd

Robert Bosch Stiftung

Consulate General of Canada in Chicago

Saab

Cooper Family Foundation

Konrad-Adenauer-Stiftung

DePaul University

NATO's Inward Outlook: Global Burden Shifting

Josef Braml

Editor-in-Chief, DGAP Yearbook,
German Council on Foreign Relations (DGAP)

***Abstract:** While European NATO partners have their difficulties coping with economic problems, the dire economic and budgetary situation in the United States matters more for the alliance. We have become familiar with the challenges European members face in fulfilling their obligations. But we should understand that NATO's lead nation, shouldering three-quarters of the alliance's operating budget, is in deep economic, budgetary, and political trouble. Hence the United States will seek ways to share the burden with partners inside and outside NATO. With the instrument of a "global NATO," the United States continues to assert its values and interests worldwide. In addition to the transatlantic allies, democracies in Asia will be invited to contribute their financial and military share to establish a liberal world order.*

Domestic pressure: The power of the empty purse

It is not a secret. European NATO members, with a few exceptions, fight below their economic weight. Only four European countries, namely Great Britain, France, Albania, and Greece, have committed the agreed 2 percent of their gross domestic product (GDP) for defense. Given their economic troubles, even NATO's model students, along with their less aspiring peers, will have to curtail their defense budgets in the years to come (Keller 2011).

While the Europeans have already been cutting their defense budgets by 15 percent on average since 2001, the United States has doubled its military expenditures since 9/11 to about 700 billion dollars annually, the equivalent of 5 percent of GDP (Broder 2011). This trend cannot be sustained. Greeting the incoming U.S. President Barack Obama, the Government Accountability Office (2009) warned that the dire budget situation, along with pressures

from Congress to check spending, would make it necessary for the commander in chief to find a way to cost-effectively balance the competing demands for resources in his new security strategy. Although President Obama has already markedly reduced America's military "footprint" by bringing home American troops in substantial numbers from Iraq and Afghanistan and "controlling" these important geostrategic regions with unmanned aircraft, American resolve—among leaders and the public—to engage militarily in the world, especially in the form of peacekeeping missions, will be further weakened by budget constraints.

On both ends of the political spectrum—from libertarian Republicans to Democrats with close ties to unions—arguments against America's international military engagement continue, albeit for different reasons. Libertarian Republicans, worried about the "domestic capitalist order" and the growing budget deficit, criticize costly military engagement. Traditionalist Democrats (so-called "Old Liberals") are defenders of "America's social

interests” and are suspicious of international or militarist missions that drain resources for domestic social purposes. It will be very interesting to see sequestration in action—an across-the-board cut to all nonexempt budget accounts—beginning in January 2013, or to watch the political maneuvers to avoid some of the impending reductions in the U.S. defense budget totaling one trillion(!) dollars within the next decade.

To be sure, a liberal, hegemonic worldview according to which the United States seeks to shape the world order to advance its values and interests still dominates mainstream thinking in U.S. foreign policy. In response to those “misguided impulses” that seek to downsize U.S. foreign engagement in favor of pressing domestic priorities, Secretary of State Hillary Clinton (2011) has a compelling answer: “We cannot afford not to.” While the United States intends to maintain its global hegemony, domestic and fiscal pressure fueled by the ongoing financial and economic crisis will force a transatlantic debate about “burden sharing.” Even as a presidential candidate, Barack Obama (2008) already warned his European audience and his countrymen at home in his Berlin speech that America and Europe should not “turn inward.” Rather, the transatlantic partners should jointly assume responsibility and shoulder “the burdens of global citizenship.” A change of leadership in Washington, Obama predicted, would not lift this burden. Therefore, the time has come “to build new bridges across the globe” that should be as strong as the transatlantic bridge.

Articulating the view on Capitol Hill, where the power of the purse resides, Senate Foreign Relations Committee Chairman John Kerry (2009, A17) has been publicly demanding that European NATO allies “shoulder a bigger burden” and contribute “more combat troops with fewer restrictions.” Sensing the pressure of the legislature and the general public, the outgoing Secretary of Defense Robert Gates (quoted in Jaffe and Birnbaum 2011) was even more articulate, hammering Europeans for not even being able to take care of their own security, let alone any global responsibility they might assume.

An alliance without solidarity?

From an American perspective, Europeans have been straining the solidarity of NATO for a long time (Szukala and Jäger 2002, 70-80). The limited capabilities of most European countries, attributed to decreasing military expenses and a lack of coordination, have been a constant bone of contention (see, for instance, Carpenter 2009). Eventually a division of labor solidified in which the United States and a few allies with the political will and means led military missions, while the rest were charged with long-term political and economic reconstruction (Kissinger 2009, A19; Glenn and Mains 2009; Patrick 2009). NATO’s mission in Libya may illustrate a pattern likely to be continued in the future.

Despite this functional differentiation, each alliance member is supposed to shoulder a fair share of the burden. This can be implemented through “common funding” or other methods to split the costs more even-handedly (Hamilton et al. 2009, 15, 45-48). To this end, more efficient voting mechanisms are necessary. In particular, the requirement for consensus is considered an obstacle to swift decision making and action (James Jones, as quoted in Yost 2008).

Improving cooperation

Given the difficulties of mobilizing necessary resources within the alliance, the United States will continue to insist that NATO cooperate with willing and capable partners in and outside the alliance. While many European NATO experts hope that the partnership issue is “off the table,” U.S. Defense Secretary Leon Panetta (2011) reminded his colleagues in Brussels that “we should look for innovative ways to enhance and expand our partnership, both with those countries outside NATO that are exceptionally capable militarily and those that strive to be more capable.”

The European Union

In order to more efficiently use limited resources, U.S. security experts have been recommending that European allies coordinate their resources (Kaim 2006, 16). The creation of the European Defense Agency (EDA) was welcomed as a first step in the right direction to optimize EU member states' individual defense budgets. "Smart defense" is yet another buzzword, but it remains to be seen if Europeans will be able to "pool" and "share" this time.

Even expectations that European governments improve the development of civil capacities within NATO are low. Therefore, the United States has been suggesting that NATO use the civilian capacities EU member states have already been creating within the EU framework (Dobbins 2005). This pragmatic recommendation turns the "Berlin plus" debate in the opposite direction by asking what assistance the European Security and Defense Policy (ESDP) can provide NATO, thus improving cooperation (Haftendorn 2007, 153).

Russia

Scarce resources may also lead former Cold War antagonists to cooperate. U.S. Vice President Biden's (2009) announcement to examine—in coordination with NATO allies and Russia—the Bush government's missile defense plans by means of technological and financial criteria was a first indicator that the United States is ready to "reset" its relations with Russia.

To be sure, the North Atlantic alliance will rhetorically cling to its credo, according to which countries of the Euro-Atlantic area are free (i.e., without Russian veto power) to choose their allegiances and memberships.¹ However, for important issues such as the stabilization of Afghanistan and countering Iran's nuclear ambitions, which require Russia's cooperation, the United States needs to pay a double price. For the time being, plans for stationing components of the missile defense system in

1. This has been stressed by Asmus (2009).

Poland and the Czech Republic will be postponed or coordinated with Russia. In addition, the United States will not keep pushing to enlarge NATO eastwards, leaving Georgia and Ukraine somewhat out in the cold (Haass and Indyk 2009; Kaiser 2009).²

According to news reports by the *New York Times* (Baker 2009), President Obama at the time offered a deal to his Russian counterpart to jointly examine missile defense and to figure out ways to supply American and coalition forces in Afghanistan. The NATO meeting of foreign ministers on March 5, 2009, in Brussels resulted in more points of contact. U.S. Secretary of State Hillary Clinton pushed for resuming talks with Moscow, which were suspended by the George W. Bush government after the war in Georgia (Burns 2009). Hence the foreign ministers of the twenty-six NATO countries decided to recommence the formal consultations of the NATO-Russia Council. For U.S. Secretary of State Clinton (2009b) this mechanism for dialogue could serve as a "platform for cooperation" on issues that are in NATO members' interest such as transit to Afghanistan or nonproliferation.

Countries outside NATO

In order to institutionalize links with states outside NATO willing and capable of contributing substantially to single missions, the United States already began advocating for a Security Provider Forum under Bush's leadership. In 2004 then U.S. ambassador to NATO Nicholas Burns put the issue of enlargement through an alliance of democracies on the agenda (Kamp 2006, 3). Hence through close links (via "a global network," yet short of membership) with like-minded democracies—in particular Japan, South Korea, India, Australia, and New Zealand—the transatlantic alliance should be interlaced with "strategic partners" in the Pacific area.

2. From a "realists" perspective, the Council on Foreign Relations' Richard Betts (2009) also recommended not to continue to provoke Russia and make it clear to Georgia and the Ukraine that they will not be admitted to NATO in the near future. See also the bipartisan recommendations of the Commission on U.S. Policy toward Russia (2009, 8-10), which was directed by Senator Chuck Hagel and former Senator Gary Hart.

NATO has already been considering bilateral cooperation partnerships, diverse approaches that need to be formalized. Since 2005 and 2006 the alliance has exchanged classified information with Australia and New Zealand, respectively (Dembinski 2006). Both countries have also contributed to NATO missions in Afghanistan. NATO has developed a strategic dialogue with Japan and India. Some of the most cooperative countries such as Australia, Japan, and South Korea, have already contributed military (in the case of Australia) or logistic support in the fight against terrorism.

U.S. Secretary of State Clinton (2009a) also looks forward to “strengthening the alliances that have stood the test of time,” thinking above all of NATO partners and allies in Asia. In particular, America’s alliance with Japan—based on “shared values and mutual interests”—“is a cornerstone of American policy in Asia,” key to maintaining peace and prosperity in the Asia-Pacific region. The United States also cultivates “crucial economic and security partnerships” with South Korea and Australia. In addition, it seeks to build on its economic and political partnership with India, “the world’s most populous democracy and a nation with growing influence in the world.”

The blueprints of Anne-Marie Slaughter, former director of policy planning for the State Department, explain how Europe and Asia can be linked. According to Slaughter’s collection of ideas, NATO should reinforce partnerships with liberal democracies in Asia to create one of several formal and informal multilateral forums, helping to create a new, networked liberal world order (Ikenberry and Slaughter 2006, 27-28). Accordingly, in his memo to the new Democratic president, Will Marshall (2009) from the Democratic Leadership Council advised him to transform NATO from a North American–European pact into a “global alliance of free nations.” Integrating democracies such as Japan, Australia, and India into NATO would not only raise the legitimacy of global missions, it would also increase the alliance’s available manpower and financial resources.

This idea, in its basic features inspired by the Clinton government, has long been advocated by

Democrats, and, in particular, by experts in the think tanks with close links to Barack Obama. An “alliance of democracies,” which already exists in the eyes of some of its advocates (Daalder and Lindsay 2004) in the form of a “global NATO,” could compete with the United Nations or serve as an alternative when efficiency, legitimacy, and burden sharing are called for. The most prominent advocate of this idea, Ivo Daalder, is U.S. ambassador to NATO.

Conclusion and outlook: Instrumental multi-multilateralism

Following the Bush government’s unilateralist actions, the United States under President Obama has made efforts to return to the path of multilateralism. Whereas the Bush government, especially in its first term, still operated according to the motto “unilateral as far as possible, multilateral when necessary,” Obama’s government has announced a reverse operational logic: “We’ll work in a partnership whenever we can, and alone only when we must.” Clearly, the new government does not fear that international alliances and organizations will lead to a reduction in the power of the United States, but believes quite the opposite. According to the U.S. Vice President Joseph Biden (2009), “They help advance our collective security, economic interests, and our values.”

Nonetheless, Europeans should be aware that “multilateral” has always been understood differently in the United States, namely instrumentally (Krause 2005, 219-238). Multilateral organizations such as the United Nations and NATO were created to assert American interests and enforce its conception of world order, while sharing the burden with the beneficiaries and preventing free riders.

Domestic and fiscal policy pressure in the United States in the course of the economic and financial crisis is likely to intensify an already heated transatlantic debate on the issue of burden sharing. The European allies will soon have the opportunity to demonstrate their “effective” multilateral engagement, be it by training and mentoring Afghan forces for a longer time in Afghanistan or by

contributing more financial resources to the stabilization and reconstruction of Iraq, Afghanistan, or Libya and the development of Pakistan. The U.S. government under Obama will pursue diplomatic efforts to forge George W. Bush's much maligned "coalition of the willing" into a coalition of the financially willing.

Should the Europeans prove unwilling or incapable, they would have fewer effective arguments against a "globalization" of NATO. However, even without the instrument of NATO, the United States will attempt to find new ways to ensure that the democracies in Asia, along with the transatlantic allies, fulfill their financial and military obligations for a liberal world order.

In order to strengthen the United States as a Pacific power, President Obama attended the summit meeting of the Asia-Pacific Economic Cooperation (APEC) during his visit to Asia in November 2009, where he also had the opportunity to talk with the ten heads of government of the Association of South-East Asian Nations (ASEAN). In addition to the APEC agenda, dominated by Washington, the intensification of relations between the United States and the ASEAN was also discussed.

For America the ASEAN integration is extremely interesting. There are plans to establish a common free-trade zone and a security, economic, and sociocultural community by 2015. Since Obama took office, the United States has made increased diplomatic efforts to accede, culminating with Secretary of State Clinton's signing of the Treaty of Amity and Cooperation (TAC) one of the main documents of the ASEAN, on July 22, 2009. This has also laid the foundation for America's accession to the East Asia Summit (EAS). In November 2011 Obama was the first U.S. president to participate in the summit. America's engagement in the region has been welcomed by the ASEAN states, precisely because America's interests also extend their scope for action, not least against China.

In the future, in the spirit of a competitive multi-multilateralism, the various multilateral organizations and institutions will be required to compete for the attention of the United States—if Washington's plans materialize. Consequently,

America wants to be able to select the most suitable instrument for the respective task from a broad range of multilateral service providers, and if required, create new multilateral instruments to secure its interests and enforce its conception of a liberal world order.

References:

Asmus, R. 2009. "A New NATO Bargain. Before Engaging Russia, the U.S. has to Convince Allies That They're Safe." *Wall Street Journal*, March 6.

Baker, P. 2009. "Obama Offered Deal to Russia in Secret Letter." *New York Times*, March 3.

Betts, R. K. 2009. "The Three Faces of NATO." *National Interest Online*, February 3. Accessed March 9, 2012. <http://www.nationalinterest.org/Article.aspx?id=20944>.

Biden, J. 2009. *Remarks by Vice President Biden at the 45th Munich Security Conference on 7 February 2009*.

Broder, J. 2011. "Bearing the Burden of NATO." *CQ Weekly*, June 18.

Burns, R. 2009. "Allies Find Agreement on Ties with Russians." *Associated Press*, March 5.

Carpenter, T.G. 2009. "NATO's Welfare Bums." *National Interest Online*, February 19. Accessed March 3, 2012. <http://www.nationalinterest.org/Article.aspx?id=20880>.

Clinton, H. 2009a. *Statement of Senator Hillary Rodham Clinton, Nominee for Secretary of State, Before the Senate Foreign Relations Committee*, January 13.

———. 2009b. *Press Availability after NATO Meeting, Secretary of State Hillary Rodham Clinton, Brussels, Belgium*, March 5.

- . 2011. “America’s Pacific Century.” *Foreign Policy*, November.
- Commission on U.S. Policy toward Russia. 2009. *The Right Direction for U.S. Policy Toward Russia*. Washington, DC, March 2009.
- Daalder, I. and J. Lindsay. 2004. “An Alliance of Democracies. Our Way or the Highway.” *Financial Times*, November 6.
- Dembinski, M. 2006. *Die Transformation der NATO. Amerikanische Vorstellungen und Risiken für Europa*. HSFK-Report 11/2006. Frankfurt/Main: Hessische Stiftung Friedens- und Konfliktforschung.
- Dobbins, J. 2005. “NATO Peacekeepers Need a Partner.” *International Herald Tribune*, September 30.
- Glenn, J. and O. Mains. 2009. *Engaging Europe on Afghanistan*. GMF Policy Brief. Washington, DC: German Marshall Fund, January 27.
- Government Accountability Office. 2009. *Iraq and Afghanistan. Availability of Forces, Equipment, and Infrastructure Should Be Considered in Developing U.S. Strategy and Plans*. Nr. GAO-09-380T, Washington, DC, February 12.
- Haass, R. N. and M. Indyk. 2009. “Beyond Iraq. A New U.S. Strategy for the Middle East.” *Foreign Affairs*, January/February.
- Haftendorn, H. 2007. “Für einen neuen strategischen Dialog im Bündnis. Dialogfähigkeit als Anpassungsaufgabe der NATO.” In H. Riecke (ed.) *Die Transformation der NATO. Die Zukunft der euro-atlantischen Sicherheitskooperation*. Baden-Baden: Nomos.
- Hamilton, D. et al. 2009. *Alliance Reborn. An Atlantic Compact for the 21st Century*. The Washington NATO Project, Washington, DC, February.
- Ikenberry, G. J. and A.-M. Slaughter. 2006. *Forging a World of Liberty under Law*. The Princeton Project Papers. Princeton University, September.
- Jäger, T., A. Höse, and K. Oppermann, eds. 2005. *Transatlantische Beziehungen. Sicherheit–Wirtschaft–Öffentlichkeit*. Wiesbaden: VS Verlag für Sozialwissenschaften.
- Jaffe, G. and M. Birnbaum. 2011. “Gates Rebukes European Allies in Farewell Speech.” *Washington Post*, June 10.
- Kaim, M. 2006. *Pragmatismus und Grand Strategy. Die NATO-Debatte in den Vereinigten Staaten*. SWP-Studie S31/2006. Berlin: Stiftung Wissenschaft und Politik.
- Kaiser, K. 2009. “An alternative to NATO membership.” *International Herald Tribune*, February 5.
- Kamp, K.-H. 2006. “‘Global Partnership’. Ein neuer Streitpunkt in der NATO.” St. Augustin: Konrad-Adenauer-Stiftung, May.
- Keller, P. 2011. “Challenges for European Defense Budgets after the Economic Crisis.” AEI National Security Outlook, no. 1/2011. Washington, DC: American Enterprise Institute.
- Kerry, J. 2009. “A Race against Time in Afghanistan.” *Washington Post*, February 10.
- Kissinger, H.A. 2009. “A Strategy for Afghanistan.” *Washington Post*, February 26.
- Krause, J. 2005. “Multilateralismus in der Sicherheitspolitik—Europäische und amerikanische Sichtweisen.” In J. Varwick, ed. *NATO–EU. Partnerschaft, Konkurrenz, Rivalität?* Opladen: Budrich.
- Marshall, W. 2009. *Taking NATO Global. Memo to the New President*. Washington, DC: Democratic Leadership Council, January 15.

Obama, B. 2008. *Obama's Speech in Berlin*. Transcript. *New York Times*, July 24.

Panetta, L. 2011. "Leon Panetta from Tripoli to Chicago: Charting NATO's Future on the Way to the 2012 Summit." Transcript of speech in Brussels, October 5. Accessed March 10, 2012. <http://carnegieendowment.org/2011/10/05/leon-panetta-from-tripoli-to-chicago-charting-nato-s-future-on-way-to-2012-summit/5dvz>.

Patrick, S. 2009. "Out of Area, Out of Business?" *National Interest*, March 25.

Szukala, A. and T. Jäger. 2002. "Neue Konzepte für neue Konflikte. Deutsche Außenpolitik und internationales Krisenmanagement." *Vorgänge*, 1/2002.

Yost, D. S. 2008. *An Interview with General James L. Jones, USMC, Retired, Supreme Allied Commander Europe (SACEUR), 2003-2006*. Research Paper. Rome: NATO Defense College, January.