



# What's Next for NATO?

## Defining a New Role for the Alliance in a Post-Cold War World

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The 28 members of the North Atlantic Treaty Organization, or NATO—the 63-year-old military alliance created to prevent the Soviet Union from expanding its control from Eastern Europe into Western Europe—face a daunting agenda of immediate and long-term challenges as they gather in Chicago this week for their seventh summit in the last 10 years and the first to be held in the United States in the last 13 years.

The most pressing concerns are the transition of the NATO or International Security Assistance Force combat mission to Afghanistan security forces by 2014 and addressing the gaps in military capabilities between the United States and other NATO members that became apparent in the Libyan campaign to oust longtime dictator Moammar Ghaddafi last year.

The long-term challenges include defining the role of the 63-year-old alliance in the post-Cold War and post-9/11 world and financial and military burden sharing between the United States and the 27 other alliance members.

While the immediate problems will no doubt garner the most attention in Chicago, we focus in this brief on the long-term challenges because they are far more important for the United States and its European allies as they enter a period of austerity.

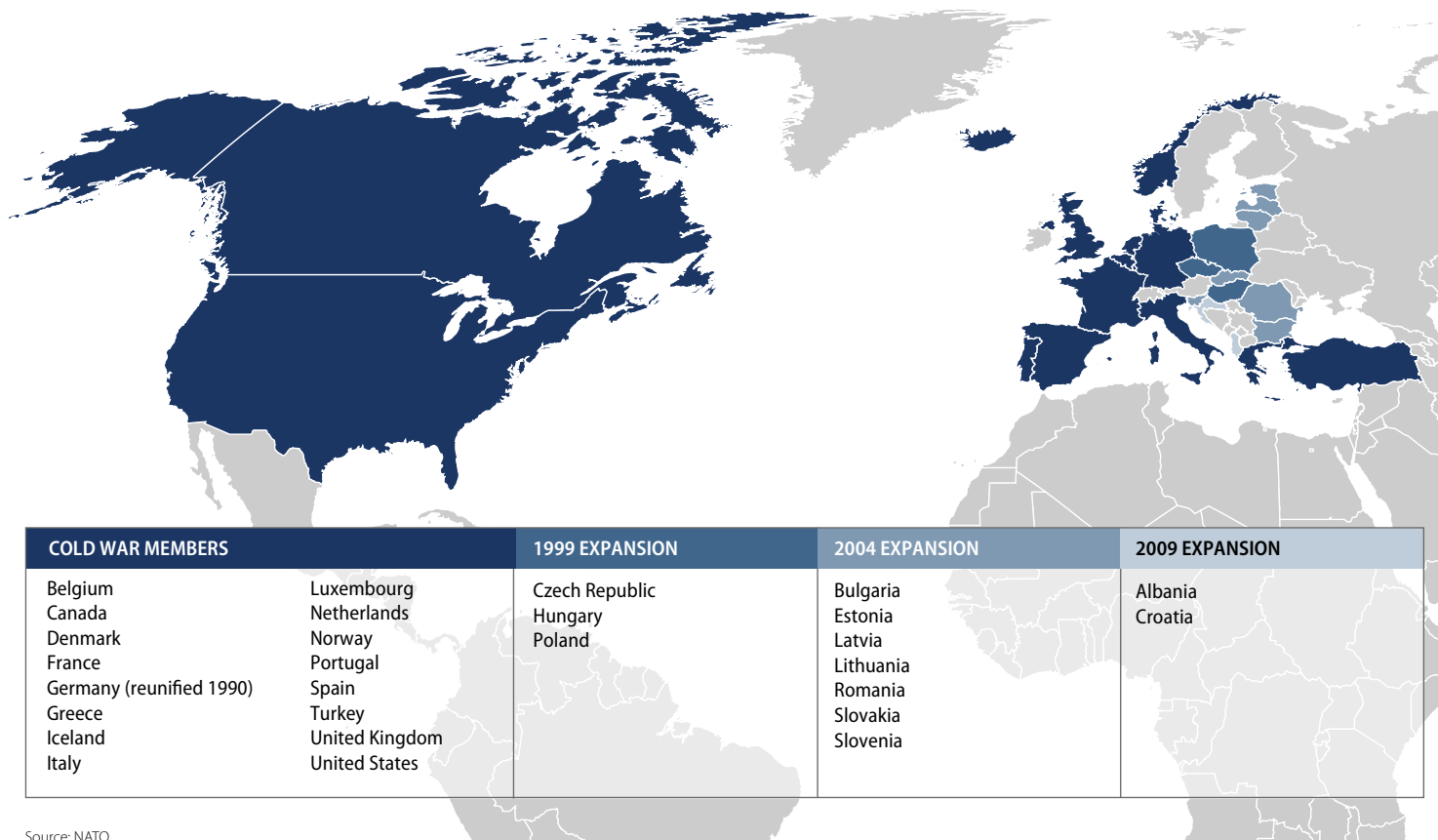
In particular, we believe that while our NATO partners can contribute more to the alliance, tightening budgets in the United States and Europe will force member states to manage sensible defense reductions. This will mean focusing remaining resources on key capabilities like tankers, munitions, helicopters, and surveillance, while reining in personnel costs and reducing overlapping or redundant defense functions between allies—essentially making more of the force structure deployable.

And while Americans may question whether NATO is still worth the cost, we find that on balance NATO is still a good investment for the United States and that we should remain a member.

Finally, the alliance must also shape a new role after the Cold War. We believe that NATO has four realistic roles: guaranteeing the collective defense of member states against aggression;

maintaining security in Europe and across the Mediterranean littoral, including continued engagement in North Africa; working to incorporate Russia into a broader European system, for instance by improving military-to-military cooperation and guaranteeing the sovereignty of Eastern European member states; and strengthening the alliance’s partnerships with regional organizations like the Arab League, the Economic Community Of West African States, and the Association of Southeast Asian Nations.

**FIGURE 1**  
The expanded NATO alliance



Source: NATO

### Do other NATO members need to do more?

Many Americans wonder what benefits their country receives from its continued membership in NATO. To put it bluntly, many Americans are concerned that the other 27 members of the alliance—or at least a majority of them—are simply free-riders who rely on U.S. expenditures and the presence of about 80,000 American troops in Europe to provide security so that they can ignore or short-change their own defense requirements to focus on other priorities.

On the surface the NATO skeptics have a strong case. The United States today spends about 4.8 percent of its gross domestic product on defense while European NATO members spend about 1.7 percent.<sup>1</sup> According to 2010 data, only six of NATO’s 26 European members met the

alliance's defense spending target of 2 percent of GDP.<sup>2</sup> This lack of military investment outside the United States was clear in the Libyan operation and in Afghanistan, where many members exhibited major deficiencies in their military capabilities.

Secretary of Defense Robert Gates dramatically summed up these deficiencies in his valedictory speech to NATO members in Brussels in June 2011.<sup>3</sup> According to Gates, the European militaries, despite counting more than 2 million people in uniform, have difficulty sustaining a deployment of fewer than 45,000 troops in Afghanistan.

This deficiency is due in part to excessive personnel costs across much of the alliance. The United States allocates roughly one-third of the defense budget to personnel costs; 19 of the other 27 member states allocate more than half of their defense spending to personnel costs.<sup>4</sup> This allocation of resources is particularly unsound in countries that have demonstrated a shortage of critical support assets such as helicopters, transport aircraft, maintenance, and intelligence, surveillance, and reconnaissance capabilities.

Gates bluntly warned that unless the Europeans reversed course and enhanced their operational capabilities, U.S. political leaders might reconsider whether the strategic return on investment in NATO was worth the cost of continued membership.

But close analysis reveals that Gates's concerns are overblown, and they have not been echoed by his successor, Secretary of Defense Leon Panetta. The imbalance in military expenditures and capabilities between the United States and the other members is not a critical problem, and by focusing only on comparative spending totals we ignore extensive benefits the United States receives from its membership.

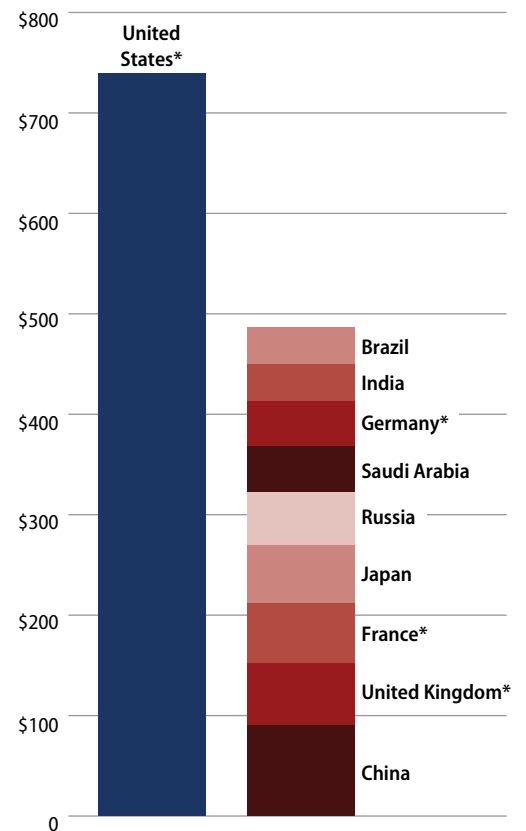
True, the non-U.S. NATO countries spend about one-third less of their GDP on defense than the United States, and the United States currently accounts for about 75 percent of NATO member states' total defense expenditures, up from 50 percent a decade ago.<sup>5</sup>

But it makes sense for the United States to spend more: It is a global power with global interests, and non-U.S. NATO defense expenditures still currently account for 18 percent of global defense spending, more than China and Russia combined.<sup>6</sup>

Meanwhile, the U.S. defense budget has grown in real terms over the past decade to heights not seen since World War II, a situation Gates himself has referred to as a "gusher" and which skews the expectations and assessments of NATO critics. While NATO member states should meet the alliance's goal of 2 percent of GDP devoted to defense, it is not realistic to hold our allies to our current inflated levels of defense spending.

**FIGURE 2**  
**Top ten defense budgets**

In billions of US dollars



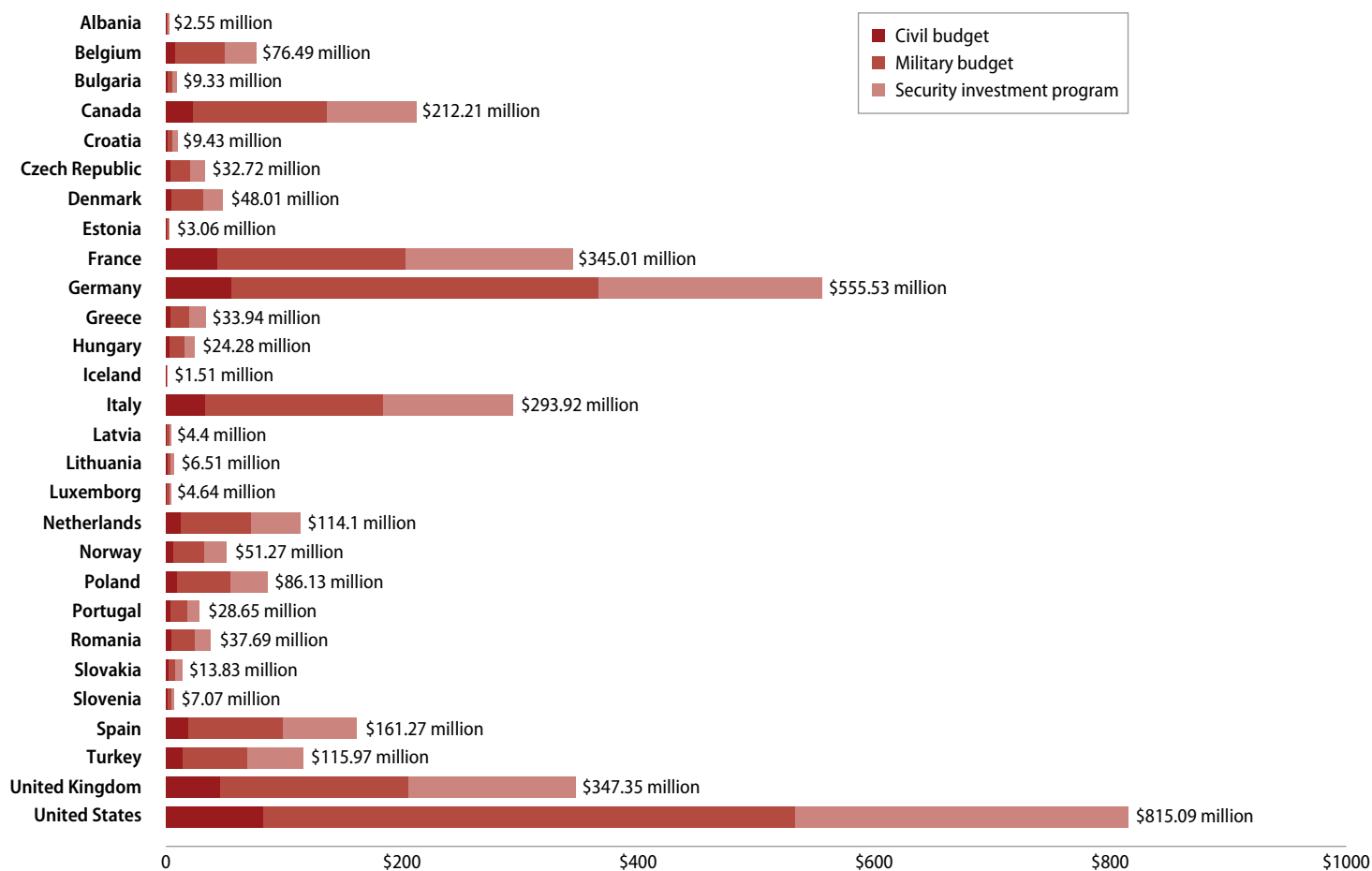
\* Notes NATO top ten defense spender  
Source: International Institute for Strategic Studies, "Military Balance 2012", (2012), available at: <http://www.iiss.org/publications/military-balance/the-military-balance-2012/press-statement/>

Likewise, holding NATO member states to a standard of technological advancement and firepower that only the United States meets is unrealistic. The Libyan campaign demonstrated that the United States possesses capabilities that the rest of NATO lacks, particularly precision-guided munitions, aerial refueling capacity, and intelligence, surveillance, and reconnaissance assets. But this imbalance should not come as a surprise, and if the United States, the world's military superpower, has these capabilities and can furnish them, the alliance can achieve its military objectives as it did in Libya.

Moreover, despite the imbalance in overall military spending, the United States pays less than a quarter of the total cost for NATO's common functions. It pays 22 percent of NATO's civilian budget, 25 percent of its military budget, and 22 percent of its security investment budget.<sup>7</sup> Given the size of the U.S. economy and the demands we place on our allies this does not seem exorbitant, and is in fact a smaller share than in years past. If the NATO common assessments were based solely on GDP, the United States's share of these funds would be about 54 percent.<sup>8</sup>

**FIGURE 3**  
**NATO Alliance direct contributions**

Cost share by member state in millions of US dollars, 2012



Source: Congressional Research Service, NATO

Some argue that if the individual NATO countries specialized in certain military capabilities while ignoring others this would increase efficiencies and interoperability and give the alliance more capabilities in an age of declining resources. This approach makes sense in theory but not in practice.

For example, we can say that the alliance will get more bang for the buck if country A buys ships, country B fighter planes, and country C ground troops. But this solution is unworkable in the real world. No sovereign nation—even members of a tightly knit alliance—will entirely relinquish the right to field its own navy, air force, or army, nor depend entirely on others to protect their strategic interests.

In addition, platform-sharing plans—like the much-touted negotiations between France and Great Britain to share aircraft carriers—run up against the realities of the European defense industry, which is still subject to national and commercial rivalries and has not seen corporate consolidation similar to American defense manufacturers.

This means that European member states are loath to cede the production of military equipment to others, thus incurring a domestic economic toll. Indeed, 80 percent of European equipment budgets are spent on domestic military equipment, which adds cost and creates redundancies.<sup>9</sup>

In sum, the spending imbalance between the United States and its allies is exaggerated and misunderstood. And while our allies in NATO can do more, NATO's challenge for the long term is for all its members, including the United States, to manage defense spending declines over the next decade because of the global economic crisis and focus investment in areas which improve deployable capabilities.

More importantly, focusing only on comparable defense expenditures and military capabilities as Gates did ignores at least three areas where the United States gains significant advantages from its membership in NATO.

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## Strategic benefits from NATO

### Bases in Europe serve as launch pads for operations

First, the approximately 80,000 U.S. troops in Europe are not there simply to defend Europe. While the number of troops should and will be reduced as part of an overall reduction in U.S. defense spending, American facilities in Europe also provide launchpads that enable us to rapidly deploy troops to areas like the greater Middle East and help us to bring wounded troops to first-class medical facilities more quickly than bringing them back to the United States from Iraq and Afghanistan. Our presence in Europe should be reduced, not eliminated.

## NATO membership provides legitimacy for U.S. military operations

Second, the alliance can and does provide international legitimacy for military operations that the United States undertakes to enhance its own security. This legitimacy is often a necessary condition for the United States to get support at home and around the world for these actions. Kosovo, Afghanistan, and Libya are all examples.

In 1999, a Russian veto prevented the United Nations from authorizing the use of force to prevent Serbian leader Slobodan Milošević from slaughtering the Muslims in Kosovo. The U.S.-led operation was then executed under the auspices of NATO. Not only did it stop the slaughter and enhance the image of the United States in the world—particularly the Muslim world—but, more importantly, NATO still maintains a military presence there to prevent a return of ethnic violence.

Similarly, after the 9/11 attacks NATO invoked Article Five—which ensures collective support should any member face an armed attack in Europe or North America—for the first and only time in its history. This signaled to the violent extremists who conducted these attacks that they were not just an attack on the United States but on all members.

The invocation of Article Five—which would have been impossible without the NATO framework—also made it possible for the war in Afghanistan to become a NATO-led and supported operation. In addition to lending legitimacy to the operation, approximately one-quarter of the troops currently serving in Afghanistan are from NATO countries besides the United States.<sup>10</sup> This commitment reduces strain on U.S. forces, saves us money, and allows the United States to focus on other potential threats.

Meanwhile, Libyan dictator Moammar Ghaddafi had for several decades been a thorn in the side of the United States and was responsible for killing hundreds of Americans. But when the Arab Spring spread to Libya and Ghaddafi threatened the annihilation of the rebels and civilians in Benghazi, the United States faced a situation in which existing commitments elsewhere, a lack of domestic political will, and the perception that it could not afford to lead another war in a Muslim country left it powerless to intervene unilaterally to prevent a massacre.

Through contributions from NATO member states and the legitimacy the alliance conferred, Ghaddafi was eliminated without the loss of a single American life and at a cost of a little over \$1 billion (compared to nearly \$1 trillion we spent to remove Saddam Hussein).<sup>11</sup> In addition, the operation enhanced the Muslim world's opinion of the United States, and undermined the Al Qaeda narrative of foreign occupation and religious humiliation.

Finally, many congressional leaders are demanding that we use military force in Syria or against Iran because our security interests are threatened. A NATO resolution and military contribution would legitimize the effort and spread the cost and risk of those uncertain interventions, should they become necessary.

## NATO brings political benefits

A third benefit the United States gains from its NATO membership is political. With the collapse of the Soviet Union, it was important to integrate the former members of the Warsaw Pact—which included eight communist states in Eastern Europe—into the European system. But most of the countries were not ready economically to join the European Union at the time of the collapse.

We began the process of creating a “wider” Europe by allowing these former Warsaw Pact nationals and Soviet satellites to join NATO. Over the past two decades joining NATO has functioned as a preliminary step leading to the eventual integration of many of them into the European Union.

Moreover, since Turkey has not been allowed to join the European Union, having the country in NATO gives the United States a useful bridge to the greater Middle East. When Turkey joined the other NATO countries in declaring that the 9/11 attacks were more than just an attack on the United States it was an important factor in preventing the United States from being accused of waging a war on Islam.

This effect is also true in other volatile regions where the United States can turn to NATO allies with expertise, experience, or long-standing diplomatic or economic ties to shape outcomes in areas where we lack influence.

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## Next steps for NATO

These benefits do not mean that the non-U.S. members of NATO cannot do more or spend more intelligently, nor does it mean that NATO does not have long-term challenges. But we should not exaggerate the problem. Gates did not take into account the full range of benefits NATO brings. On balance, NATO is a good deal for the United States, and our leaders need to make the American people aware of that fact.

Going forward, leaders on both sides of the Atlantic must make smart reductions in defense expenditures over the decade and define a regional and global role for the alliance. This includes NATO taking responsibility for stability along the Mediterranean littoral. Guiding military reform and a peaceful resolution of the ongoing political crisis in Libya should be a priority.

Likewise, the alliance should take an active role in ensuring North Africa does not become the next source of instability and extremism. The allies should collectively incentivize a new generation of Egyptian leaders to participate positively in the Mediterranean system. The ongoing violence in Syria poses a thornier problem, and NATO must continue to pressure the Assad regime and guarantee that the violence does not spread.

In Europe, the alliance continues to be a useful tool in shaping Russian behavior and confronting occasionally aggressive energy diplomacy its leadership uses. But this should not be the primary focus of NATO dealings with Russia, which should instead seek to build military-to-military cooperation and identify areas of collective concern.

Globally, the alliance will continue to guarantee that an attack on one member state is an attack on the entire alliance. This remains its primary responsibility. But cooperation with other regional bodies like the Economic Community of West African States and the Association of Southeast Asian Nations can build confidence and improve responses to collective problems like piracy, cybersecurity, and terrorism.

Security in the 21st century will largely lie in tackling these transnational problems, and NATO has much to offer. The United States would be wise to lead this discussion in Chicago and beyond.

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## Endnotes

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