NATO Burden-Sharing Redux: Continuity and Change after the Cold War

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‘Theorising NATO’

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The English writer Aldous Leonard Huxley is credited with the observation that “the charm of history and its enigmatic lesson consist in the fact that, from age to age, nothing changes and yet everything is completely different”. This quote encapsulates the seemingly perpetual burden-sharing debate inside NATO nicely: Had George Marshall, Ernest Bevin, Robert Schuman and Lord Ismay passed through Bruxelles these days they would have straightforwardly recognized the intensiveness and the deep-seated dynamics of the current discussions about who should do what, where and how; at the same time, however, they would have been stumped by the range of issues figuring prominently on today’s agenda. Current notions of ‘deployability’, ‘risk-sharing’, ‘usability targets’, ‘common funding’, and ‘national caveats’ played little – if any – part in the burden-sharing disputes of the Cold War. Indeed, as NATO has transformed itself from a collective defence organisation to a projector of stability, so have the parameters of the debate and its vocabulary transmogrified. The issue is significant because the clashes about risk, roles and responsibilities are tied to an underlying and unavoidable collective action problem that is of critical importance to the Alliance’s overall health. Moreover, the individual allies’ reputation, prestige, and political clout are bound up with their performance in the burden-sharing process. National policy-makers thus ignore the issue at their peril.

In this paper, I provide an overview of the major disparities between the burden-sharing debates in NATO during and after the Cold War. Secondly, I offer a theoretically informed explanation for the allies’ ability to overcome – what appears to be – immense collective action problems and deploy a significant number of troops to Afghanistan. Scholars of international relations employing theories of collective action have cogently argued that “out-of-area peace operations pose precisely the wrong kinds of incentive for NATO to succeed in this area” (Lepgold, 1998:79; see also Khanna, Sandler & Shimizu, 1998; Sandler & Hartley, 1999:48ff; Sandler, 2000:13ff; Forster & Cimbala,
Missions out of the Alliance’s traditional area of operation are assumed to produce security in the form of pure public goods. Accordingly, so the argument goes, out-of-area missions will be critically undersupplied and ultimately dangerous for NATO. Seen in this perspective it is not surprising that the mission to Afghanistan has generated heated squabbles about solidarity and the fair sharing of the financial, political and human sacrifices. What is puzzling, however, is that NATO has in fact succeeded in deploying nearly 60,000 troops – the majority of them European – to one of the most inhospitable countries in the world. Ultimately, the current number of troops in Afghanistan might be inadequate, but how has the Alliance managed to muster a force this size and put it into harms way despite “the wrong kinds of incentive”? Staying within the framework of collective goods theory, I find that NATO’s ability to project military power beyond the Euro-Atlantic area is best accounted for by the traditional security functions that the alliance still serves. Because the Atlantic Alliance is still being perceived by many member states as a vehicle for “keeping the Russians out, the Germans down, and the Americans in”, collective action problems related to out-of-area operations can be assuaged. Or put differently, NATO’s regional role is in fact a prerequisite for NATO’s global ambitions.

The paper consists of three parts. In the first section, I briefly analyse the dynamics of NATO’s Cold War burden-sharing negotiations. The section’s main claim is that the benefits produced by the alliance before the fall of the Berlin Wall is best conceptualized as club goods and not – as suggested by Mancur Olson & Richard Zeckhauser (1966) – as pure public goods. The security guarantor of last resort – the United States – actually had the capacity to exclude the junior-partners from profiting from the security and defence produced by American defence investments. Thus, the European dependence on Washington helped to alleviate collective action problems.
In the paper’s second section, I trace the changes pertaining to the intra-alliance burden-sharing skirmishes in the wake of the Cold War. I argue that the new security environment has changed the burden-sharing debate in three important ways: Firstly, beginning in the middle of the 1990s, the debate’s centre of gravity shifted from the input side to the output side of national defence equations. Less attention was being paid to the economic resources spent on defence, while the actual usable, i.e. deployable or expeditionary, capabilities resulting from defence investments were awarded a much more prominent position. Secondly, the alliance’s embrace of a new set of roles challenged most European member countries with a hitherto unfamiliar need for sending military forces into harms way. Alliance forces were called upon to act in an insecure environment – not only to deter. Consequently, and in particular since NATO via the International Assistance Security Force (ISAF) assumed responsibility of all of Afghanistan, the burden-sharing agenda has been dominated by risk-sharing issues: Who will provide the forces for the most unruly, high-risk missions and areas? Thirdly, the security benefits spawned by NATO’s new missions are closer to being pure public goods than those produced by the Alliance’s traditional activities. Most importantly, out-of-area operations tend to produce security goods that are non-excludable. On the face of it, therefore, NATO should in fact be unable to deploy a substantial number of forces to Afghanistan.

The paper’s third and last section is devoted to a theoretical explanation for the Atlantic Alliance’s apparent ability to overcome the strong incentives to free-riding. As outlined above, I argue that as long as NATO is producing club goods – and is led by a member state favouring global engagement – the Alliance is likely to continue to be able to provide forces for out-of-area operations. I do not assess this proposition systematically against empirical data but provide some anecdotal evidence to substantiate the hypothesis.
NATO’s Cold War Collective Action Problem

Since the founding of the transatlantic security bargain in 1949, NATO has been haunted by divisive burden-sharing discussions, pitting the United States against its smaller European allies. Until the fall of the Berlin Wall, the debate was first and foremost fuelled by Washington’s – and in particular the US Congress’ – request and pressure on NATO-Europe for increased defence spending. Although many of the smaller European nations vigorously sought to promote other measures of contributions to the common defence, military expenditures as a percentage of GDP remained the main currency of the burden-sharing negotiations until the end of the 1980s. The Europeans had some success in passing the cost of the common defence to the American tax payers but Washington was not without leverage in the bargaining about the fair sharing of the collective burden. Given that United States could in fact withhold its indispensible contribution to the Alliance, the senior ally was able “to induce its smaller partners to do more than they planned or intended” (Thies, 2003:13).

The notion of defence burden-sharing can be traced back to the grand strategic bargain of the late 1940s which laid out the basic structure of transatlantic relations for years to come (Chalmers, 2000:21-48). From the very beginning of the negotiations that led to the creation of the Atlantic Alliance, most of the key actors strived to pass as much of the prospective burden as possible onto their future brothers-in-arms. Thus, burden-shifting – “the art of manipulating alliance relationships for political gain” (Thies, 2003:8) – early on became a prime occupation of NATO-allies. The gist of the matter was entailed in the Washington Treaty’s Article 3: The ‘burden-sharing Article’ committed the allies to “maintain and develop their individual and collective capacity to resist armed attack” by means of “continuous and effective self-help and mutual aid”. Of course, the exact mix of self-help and mutual aid was not spelled out, but – as asserted by Secretary of State Dean
Acheson during the ratification hearings – seen from Washington, the purpose of Article 3 was clearly to “ensure that nobody is getting a meal ticket from anybody else so far as their capacity to resist is concerned” (Thies, 53; see also Sloan, 1999:10-14).

It was not until September 1950, however, that the issue rose to real prominence in intra-alliance diplomacy. Stirred by the North Korean invasion of South Korea, President Truman seized the occasion and committed four US army divisions to Europe. In return, France promised to take the initiative in the creation of a European Defence Community (EDC). Quid pro quo – if the United States was to help defend Europe, the Europeans were expected to do more to defend themselves. Although the West European pledge to sharpen its military tools did somewhat dampen American concerns about European free-riding, the US Congress continued to call for a readjustment of defence burdens between the United States and its allies (Sloan, 1999:8ff; Chalmers 2000:21f; Lundestad, 2003:63-110).

For the next 40 year, this was going to be the fundamental dynamic of the transatlantic burden-sharing disputes: From time to time, the United States – and in particular the US Congress – would take the initiative and call for increased European contributions, whereas NATO-Europe in return would grudgingly promise to bolster national military budgets and contribute more to the common defence. In times of economic hardship, American pressure would be particular firm. Because the United States always allocated more economic resources to its armed forces than the Europeans (see Table 1 below), Washington was always on the watch. As President Eisenhower told Supreme Allied Commander Europe (SACEUR), US general Lauris Nordstad, in the second half of the
1950s: The junior partners should not be allowed to “make a sucker out of Uncle Sam” (Trachtenberg 1999:153). 1

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Table 1: Defence budgets as a percentage of GDP, 1949-1989. Source: SIPRI

In the late 1960s and the early 1970s, American pressure on its European allies was most forcefully conveyed in the so-called “Mansfield Resolutions”. Disturbed by NATO-Europe’s relatively small investments in the defence sector and concurrent American balance of payment problems, Senator Mike Mansfield (D-Montana) introduced a series of resolutions judging that the United States should reduce the number of forces permanently stationed in Europe. According to Mansfield, the Europeans could now afford to shoulder a larger portion of the burden associated with the collective defence. Although these resolutions ultimately failed to win final passage, they sent a clear message across the Atlantic Ocean: The Europeans should not take the American security guarantees for

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1 In the eyes of President Eisenhower, Western Europe was blatantly free-riding on the United States in the second half of the 1950s: “I get weary of the European habit of taking our money, resenting any slight hint as to what they should do, and then assuming, in addition, full right to criticize us as bitterly as they may desire. In fact, it sometimes appears that their indulgence in this kind of criticism varies in direct ratio to the amount of help we give them” (Ambrose, 1984:143-4). In 1982, 25 years later, Deputy Assistant Secretary of Defence, Richard Perle told the North Atlantic Assembly that “the average American is subsiding the defence of his wealthier European counterpart” (Lunn, 1983:40).
granted and if the smaller allies did not make a serious attempt to protect themselves, Congress could ultimately decide to reduce the support for Western Europe. This quid pro quo-formula – a cornerstone in US burden-sharing diplomacy during the entire Cold War – was also embodied in the “Nixon Doctrine”. Essentially, the doctrine entailed a promise not to make unilateral reductions in the number of American forces committed to Europe if the allies in return would make a serious effort to maintain – or preferable enhance – their military preparedness (Duffield, 1995:201ff; Sloan, 1999:15; Thies, 2003:181f; Lundestad, 2003:193ff). When the Carter Administration made the Europeans accept the so-called Long Term Defence Programme (LTDP) – including the goal of increasing defence spending approximately 3 percent per year – in 1978, the same logic was being applied: The United States would stay committed to Europe, but the Europeans would have to do something in return (Duke, 1993:72-76; Duffield, 1994:212ff). Although in new ways, the Administration of Ronald Reagan and the US Congress of the 1980s continued the quid pro quo-policy towards NATO and the European allies (Lunn, 1983:48ff; Sloan, 1999:16f; Chalmers, 2000:23).

Throughout the Cold War years, NATO burden-sharing was overwhelmingly measured in terms of percentage of GDP assigned to defence – in short ‘the defence burden’. The input side of the defence equation was thus the most important indicator of how the costs of the common endeavours were shared. Naturally, the member states spending the least on defence went to great length to include other measurements in the intra-alliance comparisons of the contributions to the collective undertakings. Some of the European allies would for example – and unsurprisingly – point to the less tangible, non-quantifiable, and non-financial burdens of defence (Thies, 2003:135). These countries repeatedly argued that “making available people and space, accepting limitations in personal freedom or the quality of life, braving internal and external tensions, and different degrees
of exposure or vulnerability” were indeed essential components of the overall burden (NATO’s Defence Planning Committee, 1988:5; see also Thies, 2003:145ff; Sandler & Hartley, 1999:23 & 41f; Hartley & Sandler &., 1999). Although high-spending allies – first of all the United States and the United Kingdom – acknowledged that other measures than the economic resources made available for defence had to be taken into consideration, the input side remained the focal point of the burden-sharing disputes during the entire Cold War era. As put into words by NATO’s Defence Review Committee in 1988:

[Percentage of GDP devoted to defence] is the best-known, most easily understood, most widely used and perhaps the most telling input measure. It broadly depicts defence input in relations to a country’s ability to contribute. It takes rich and poor members’ status into consideration (though it could be argued that countries with low GDP per capita should have also lower shares) and is not subject to distortion by exchange rate fluctuation. It is regularly analysed during the Alliance annual defence review and is a baseline reference for biennial ministerial guidance (NATO’s Defence Planning Committee, 1988:10f).

Even though all NATO members recognized that the ‘defence burden’ was not the only burden-sharing indicator, it was undoubtedly the most important measure from 1949-1989.2

Theoretically, the study of NATO Cold War burden-sharing has been dominated by collective goods theory since 1966, when Mancur Olson and Richard Zeckhauser utilized the theory to analyse the uneven distribution of defence spending in the Alliance (1966). The seminal study almost immediately spurred considerable scholarly interest in – what was later dubbed – the economic theory of alliances (Ypersele, 1968; Russet, 1970; Thies, 1987; Oneal, 1990; Sandler, 2

2 Interviews at NATO HQ, 16 May, 2007.
1992; Duffield, 1996: 345; Sandler & Hartley, 1999). Olson and Zeckhauser’s core assumption was that NATO’s output (security) is best described as a pure public good\(^3\): Once a state is allowed into the alliance, it is impossible to exclude it from profiting from the benefits produced by the collective efforts, and the adding of an additional member does not substantially subtract ‘from the amount of defence available to those already in the alliance’ (Olson & Zeckhauser, 1966: 273). However, in the absence of a supranational ‘taxation authority’ with sufficient leverage to coerce member states to contribute equally to the collective arrangement, collective action problems materialize; all members will seek to benefit from their partners’ efforts. As a consequence free-riding will be a dominant strategy and security will be undersupplied.

In a technical argument, Olson and Zeckhauser demonstrated that in alliances plagued by free-rider problems ‘there will be a tendency for the “larger” members… to bear a disproportionate share of the burden’ (Olsen & Zeckhauser, 1966: 268). Larger members – measured in terms of economics – will have the resources needed to provide a significant amount of the collective good thereby strengthening the alliance’s overall ability to deter and defeat a potential aggressor, while their smaller collaborators can only hope to have a very modest impact on the collective efforts (Olson & Zeckhauser, 1966: 273; Thies, 1987:301). Seen in this perspective, the United States was practically a prisoner of its size during the Cold War: “Precisely because it is large, wealthy, and powerful, the theory suggests, a state like the United States will have so much at stake that it will be highly motivated to contribute to the collective effort and have the resources to ensure that the collective effort is a success” (Thies, 2003:273).

\(^3\) A pure public good possess two properties: The benefits of the good must be non-excludable and non-rival. Or put differently, a pure public good is impossible to withhold from non-contributors and the consumption of a unit of the good by a person (or state) do not ‘in the slightest, [detract, JR] from the consumption opportunities still available for others from the same unit’ (Sandler, 1992:6; see also This, 1987:301)
Critics of Olson & Zeckhauser’s pioneering study have first and foremost questioned whether the output produced by NATO during the Cold War satisfies the definition of a pure public good: That the benefits of the good are non-rival and non-excludable (Duffield, 1996: 348f; Goldstein, 1995: 40; Sandler, 1992: 54 & 99; Oneal, 1990: 431; Russet, 1970: 94; Ypersele, 1968: 268). From the critics’ perspective, the benefits provided by NATO prior to 1989 clearly fail to meet the non-excludability requirement. Assuming that it was infeasible to prevent weaker member states from enjoying the fruits of the larger allies’ defensive and deterring efforts – as Olson & Zeckhauser proposed – is considered to be too radical a simplification of real-life alliance dynamics. A NATO-member that failed to deliver the contribution to the common efforts demanded by its larger alliance partners did in fact run the risk of abandonment, diplomatic and economic sanctions, and ultimately exclusion (Snyder, 1997; Thies, 2003:10 & 176). Accordingly – and contrary to the conclusion reached by Olson & Zeckhauser – alliance-based security is an impure public good. Larger powers are only rarely deprived of their strongest bargaining weapon when they sign an alliance treaty. They do retain the ability to resort to intra-alliance threats about the provision of security as well as different kinds of diplomatic and economic disciplinary instruments, generating fear of abandonment and marginalisation among the smaller powers (Walt, 1987: 41ff; Thies, 2003:72ff).

Excludable public goods, as those produced by NATO during the Cold War, are therefore not pure public goods, but – what has been labelled – club goods (Sandler, 1992: 63-77; Lepgold, 1998:87ff).

That NATO produced impure public goods during the Cold War does not mean, however, that the smaller members of the Alliance had less of an incentive to make their senior partner pay for their protection: Irrespective of whether small states are members of alliances producing club goods or

4 In the words of Todd Sandler: ‘when defense is shared between nations in an alliance, the pure publicness of defense expenditures may be doubted, since for some defense outputs the providing ally may be able to withhold benefits from allies so that exclusion may be practiced’ (1992: 99).
pure public goods, their individual contribution to the collective efforts has only an insignificant impact on the overall amount of security generated by the alliance. Instead, the implication of substituting the ‘pure public good assumption’ with the ‘club good assumption’ is that security suppliers have instruments at their disposal with which they are able to sanction the security recipient’s attempts to free-ride. Threats and pressure of varying degrees can be applied to smaller allies striving to exploit the alliance leaders. And this is what happened inside NATO during the Cold War: Because the United States had instruments at its disposal that could effectively be employed in order to sanction European members opting for a free-ride strategy, collective action problems were dampened. As stated by Charles Kupchan: ‘Small powers tend to contribute less than their proportionate share of the defense burden to avoid entrapment, but they will increase their contribution when the dominant power applies enough pressure… small powers cooperate when they are forced to do so’ (Kupchan, 1988: 325; see also Thies, 2003:73ff).

To sum up, burden-sharing issues were part and parcel of NATO politics in the years from the inception of the Alliance to the fall of the Berlin Wall. Most of the impetus for the often heated disputes about the fair distribution of burdens was provided by Washington and in particular by a US Congress determined to avoid European free-riding on American efforts. This was the main pattern of transatlantic burden-sharing during the Cold War. Although other indicators were being employed in intra-alliance comparisons of the individual countries’ contributions to the common good, one measure tended to dominated the discussions: Defence spending as percentage of GDP – i.e. the input side of national defence equations took precedence. While member states were generally intent on shifting as much of the burden as possible onto their allies, collective action problems were reduced by the senior allies’ ability to withhold military assistance to free-riding smaller NATO-countries. Ultimately, the United States was not a helpless prisoner of its size.
NATO’s Post-Cold War Collective Action Problem

How did the burden-sharing politics of NATO evolve as the Alliance entered the post-Cold War era, and what are the theoretical implications? I address these questions in this section, giving particular emphasis to two issues: The measures – or indicators – that NATO allies employ to assess individual member states’ contribution to the common good, and the rise of risk-sharing as a key item on the Alliance’s burden-sharing agenda. I conclude the section by arguing that the benefits produced by NATO’s new operational priorities are non-excludable. In comparison with the Alliance’s Cold War functions, NATO’s new ‘products’ are in fact characterized by a higher degree of ‘publicness’.

Measuring the burden: From input to output

In parallel with NATO’s transformation from a provider of defence and deterrence to an exporter of stability, the Alliance has adopted a range of new contributions measures. Traditional input indicators – first and foremost defence spending as a share of national output – are still important points of reference but alternative measures have gained ground as NATO has developed from an “Alliance in being” to an “Alliance in doing”. In general, the output side is now given precedence over pecuniary input measures. At the same time, the burden-sharing discussions have grown much more complex and multifaceted. That is, more indicators are now being employed, when individual allies’ contributions to the collective effort are being evaluated. As observed by NATO Secretary General Jaap de Hoop Scheffer:

5 An examination of the US Department of Defense’s annual publication, Report on Allied Contributions to the Common Defense, since the mid-1980s reveals the changing nature of NATO’s burden-sharing indicators. See also Scheffer, 2008. As the burden-sharing issue was being paid less attention in Washington in the beginning of the 1990s, the US Mission to NATO tellingly stopped distributing the reports on allied contributions to the other allies’ missions in NATO Headquarters, Interview at NATO HQ, 16 May 2007.
At NATO, a burden-sharing mechanism was developed to assess the manning commitments of nations for critical operational activities in relation to their gross national income. This sort of arithmetic has the merit of giving some indications on burden-sharing, but it has also showed that the burden-sharing issue cannot be fully captured in graphs and spreadsheets. How does one decide what is a fair contribution from a country of 50m people against a contribution from a country with a population of only 4m? How can you evaluate a contribution of light infantry against the provision of critical enablers such as helicopters or air-to-air refuelling tankers? And over what time period do you make your calculations? (Scheffer, 2008)

Accordingly, perceptions of the value and costs of individual contributions vary. One significant effect of the increasingly multi-dimensional comparisons of burdens is that member states can perform impeccably in some issue areas while failing in others (Sandler & Hartley, 1999:103). Another is that nations will promote the indicators which show that they are contributing more than could be expected of them. The net result is that it has become more problematic to identify the “Musterknaben” and the “burden-shifters” of NATO (Hartley & Sandler, 1999; Chalmers, 2000:52ff; Congressional Budget Office, 2001; Forster & Cimbala, 2005:12ff; Lindstrom, 2005). 6

Perhaps the most penetrating effect of NATO’s more active role in world affairs has been an increased focus on the ability and political will to project military power far away for a long time. Deployability and sustainability is, of course, nothing new to the militaries of the United States and the United Kingdom as they prepared to send their armed forces to the European theatre throughout the Cold War. In the first half of the 1990s, however, projecting military power abroad was something quite novel and exceptional to most European allies. Spearheaded by the United States,

6 Interviews at NATO HQ, 16 May 2007.
NATO therefore approved various schemes to convert territorial defence forces into expeditionary forces: The Defence Capabilities Initiative (DCI) from 1999 and the Prague Capabilities Commitment (PCC) agreed to at NATO’s summit in Prague, November 2002, are both examples of attempts to transform the European armed forces to meet new security threats beyond the continent (Rynning, 2005:102-140). Concomitantly, NATO allies began to pay increasing attention to the output side of national defence equations when discussing the fair sharing of burdens. Defence investments in themselves were no longer deemed adequate; in the new security environment money had to be spend wisely. In the words of a senior US NATO diplomat: “With the end of the Cold War a brigade ceased to be just a brigade – to be recognized a brigade needs to be relevant.”

In 1998, the US Ambassador to NATO even warned “that unless European governments expand their force-projection capabilities to relieve some of the pressure on U.S. forces outside Europe, Americans would view the allies as free riders, and support for the alliance would erode” (Lepgold, 1998:98).

At the Istanbul Summit in June 2004, NATO leaders endorsed the hitherto most ambitious set of formal output measures – the so-called ‘usability targets’. The agreed aim for national land forces was that 40 per cent must be structured, prepared and equipped for deployed operations and 8 per cent must be undertaking or planned for sustained operations. The 40/8 target was adopted in the Comprehensive Political Guidance (CPG) at the Riga summit in 2006, and has since been revised upwards to 50/10 (Ringsmose & Rynning, 2009:23f). While some member states have embraced the usability targets rather reluctantly, the deployability and sustainability ambitions are now a significant component in NATO’s biannual reviews of the allies’ armed forces. Unsurprisingly, this development has been warmly welcomed by some of the low-spending allies that are now able

7 Interview at NATO HQ, 17 May 2007.
8 Comprehensive Political Guidance (article 13).
9 Interview at the Danish Ministry of Defence, August 2007.
to reconcile small defence budgets with an improved reputation inside the Alliance. Denmark is a good example in this respect. In the words of Minister of Defence, Søren Gade:

By transforming our Armed Forces we get better value for money. We will thereby be able to deploy more troops to international operations. Today, Denmark has deployed more than 1,000 troops to international operations in primarily Kosovo, Afghanistan, Iraq and Sudan. That should be compared to the size of the Danish population – which is just above 5 millions. So already today we carry a fair share of the burden. But we intend to do more! ... By transforming our armed forces, we will be able to double our capacity to participate in international operations from 1,000 to 2,000 troops ... And this will all be done within the existing level of the defence budget! (Gade, 2005; cf. Forster & Cimbala, 2005:5).

Although output measures have thus become a centrepiece of NATO’s burden-sharing disputes, traditional input measures have been somewhat revived during the last couple of years. Prompted by the events in Afghanistan and Iraq, especially the United States – but also the United Kingdom and France – has increased the pressure on the smaller European allies to step up their military spending (House of Commons Defence Committee, 2008:53ff). At the Riga summit, the Bush Administration thus sought to persuade the junior partners to incorporate in the CPG, informal Alliance commitments to spend 2 per cent of GDP in the defence sector. In the end, German opposition prevented the American proposal from being accepted in 2006, but NATO senior officials expect the issue to raise its head again when the allies commence negotiations on the Alliance’s new Strategic Concept, which is expected to be completed in the end of 2010 or in 2011 (Ringsmose & Rynning, 2009). The American position has been strongly supported by NATO’s General Secretary. In February 2007, Jaap de Hoop Scheffer thus stated that “the new Strategic

Concept should confirm an informal target for all NATO nations to spend 2 per cent of their national income on defence”. However, while the pendulum might be swinging back toward traditional burden-sharing indicators, output measures are still taking precedence in NATO.

The increased importance of risk-sharing

As NATO became involved in out-of-area operations, first in the Balkans and later in Afghanistan, the burden-sharing debates increasingly came to focus not only on deployable military assets, but also on the fair sharing of risks. More attention was being paid to how the human and political risks associated with operations were being distributed: Who should provide how many troops for what areas and mission? Of course, the developments in parts of Afghanistan since 2006 have put the issue centre stage, but the equal distribution of risks and political burdens was already an important theme in the early 1990s. In the words of Malcolm Chalmers:

Differences in levels of defence spending between the major Western powers remain significant. As these levels have declined, however, there has been a noticeable shift in the burden-sharing debate. In both the Gulf War and in former Yugoslavia, it has been willingness to contribute to military operations that has increasingly been seen as the litmus test of alliance commitment (Chalmers, 2000:56; see also Forster & Cimbala, 2005:98-153).

Consider Japan and Germany and their contributions to the 1991 Gulf War: While the world’s two leading ‘civilian powers’ provided considerable financial support to the primarily Western powers actually fighting the war, their efforts did not earn them much applause. On the contrary, ‘chequebook diplomacy’ came to be associated with free-riding and unwillingness to share the risks

of military action. The perceived risk-sharing inequalities prompted an officer of one of the war
waging nations to comment: “They buy – we die” (Forster & Cimbala, 2005:21).

The best example of how an acting alliance is inevitably plagued by risk-sharing quarrels is without
doubt the ongoing dispute over national caveats and restrictions besetting NATO’s ISAF-mission in
Afghanistan. Notably, the debate over burden-sharing in Afghanistan is not only about the number
of troops that individual allies deploy to the mission area – although that is a major issue – but also
about how and where the deployed forces are allowed to operate. While one group of countries –
most notably the United Kingdom, the United States, Canada, Poland, the Netherlands, and
Denmark – has committed relatively high numbers of troops to combat the Taleban-dominated
insurgency in the most dangerous parts of Afghanistan, another group of countries, including
Germany, Italy and Spain, has put narrow limitations on – in the words of columnist Roger Cohen –
‘when, why and where soldiers will fight and die rather than do the soft-power, school-building,
Euro thing’.  

In effect, many NATO-members have placed caveats on their forces, restricting their
movements and levels of engagement with enemy forces in order to reduce the level of risk.

According to the German government, German soldiers are not even fighting a war, but taking part
in ‘eine risikobehaftete Einzats’.  

US defence secretary Robert Gates has thus warned about a
‘two-tiered alliance’, with ‘some allies willing to fight and die to protect people’s security and
others who are not’.  

The gist of the matter is that conducting counterinsurgency by alliance in out-
of-area operations is likely to generate profound collective action problems in the shape of risk-
sharing controversies (Kay & Khan, 2007; Diehl, 2008; Webber, 2009: 54ff; Ringsmose,
(forthcoming)).

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From club goods to pure public goods

Seen through the lenses of collective goods theory, out-of-area peace support operations (PSOs) conducted by alliances are likely to produce pure public goods and, as consequence, generate significant individual incentives to free-ride (Lepgold, 1998; Sandler & Hartley, 1999:102; Sandler, 2000; Shimizu & Sandler, 2002). According to the theoretical framework, benefits achieved through PSO-activities – i.e. peace, stability and the remedying of human rights violations – are non-excludable and non-rival, and therefore more ‘public’ than most traditional security goods produced by NATO. All nations – not only the troop-contributing countries – are profiting from a successful out-of-area operation undertaken by the Alliance. In effect, PSO-participating member states cannot control who consumes these goods or the circumstances under which they do so. Individual alliance members have thus little inducement to contribute economically or militarily to out-of-area operations: Why provide forces if stronger and more capable allies will do the job? And why run the risk that others will ride free on one’s own efforts? As a result, these activities are likely to suffer from a lack of involvement by the allies and hence under-provision. In the words of Joseph Lepgold:

Because the benefits produced by out-of-area peace operations are not excludable, serious burden-sharing issues may arise. Peace operations are of course discretionary. But if NATO members carry them out, they cannot feasibly exclude those who do not contribute from consuming the good(s) that these operations produce. For this reason it can be very difficult to force non-contributors to share the burden. (1998:90; see also Sandler & Hartley, 1999:48ff)
On the face of it, therefore, Mancur Olson and Richard Zeckhauser’s Cold War pioneering analysis of NATO appears to provide more insight into the Alliance’s current collective action problems than into the burden-sharing politics of the Cold War years.

Adding to the above-described collective action problem is the fact that nations only rarely contribute to PSOs or overseas counterinsurgency missions in order to defend vital national interests. The predicaments that these missions aim to alleviate are indeed seldom perceived as posing a direct and clearly defined threat to the wellbeing of the inhabitants of the troop contributing nations – even if national policy-makers try to portray them as such with the aim of mobilising domestic support. Thus, for most participating countries, out-of-area military activities are basically wars of choice. A case in point is humanitarian interventions that are intended to protect the lives and homes of relative strangers. But for most members of NATO, not even the mission to Afghanistan is seen as a war of necessity that must be waged to reduce the dangers of Islamic fundamentalism and the risk of terrorist attacks. In fact, it could be argued that for some allies, contributing to the ISAF-mission actually increases the risk of becoming a terrorist target. Domestic reluctance to support a perilous military mission therefore often sharpens the collective action problems associated with PSOs.

At first glance, collective goods theorists’ scepticism about NATO’s ability to perform multilateral peace operations beyond the European theatre thus seems to be well founded. Different types of out-of-area operations do indeed appear to pose “all the wrong kind of incentives for the Alliance to succeed”. Should NATO-leaders consequently redefine the Alliance’s raison d’être once again and “go back to basics”? Will it be a mistake not to heed the advice of the so-called ‘neo-traditionalists’ and their call for a ‘rebalancing’ of the Alliance’s strategic vision (Ringsmose & Ringsmose,
2009)? The nearly 60,000 ISAF-troops deployed to Afghanistan and the approximately 14,000 troops deployed to Kosovo might suggest otherwise. If nothing else, the significant number of forces assigned to NATO-led missions begs the question of how the allies have managed – at least to some degree – to negate free-rider incentives and overcome the indisputable collective action problems posed by out-of-area operations. In the paper’s final section, I propose an alternative interpretation – based on collective goods theory – of alliances’ ability to carry out different kinds of PSOs beyond the European theatre.

‘Regional NATO’ as a sine qua non for ‘global NATO’

In the mid-1950s, NATO’s first secretary general, Lord Ismay, famously remarked that the true purpose of the transatlantic alliance was to keep the Russians out, the Americans in, and the Germans down. Deterrence and the formation of a European security community were the objectives; American engagement in Europe, the means. Although the post-Cold War Alliance is often portrayed as a vehicle for little less than out-of-area operations, I argue that NATO is still perceived by several allies as a vital provider of the regionally anchored security goods succinctly identified by Lord Ismay. In the view of many member states, the Atlantic Alliance continues to produce valuable excludable public goods – i.e. club goods – and that is exactly why NATO has been able to undertake more than token military operations abroad.

Perhaps the main reason behind the somewhat exaggerated pessimism that characterises much academic work on NATO’s ability to go out-of-area is that little scholarly attention has so far been paid to the interrelatedness of the multiple outputs that the Alliance produces. Collective goods theorists have thus tended to disregard the important link, made by many NATO-allies, between the provision of the traditional – and excludable – benefits and the new, more public, products spawned
by out-of-area operations. Taking this connection into account, one reaches the conclusion that NATO could in fact overcome some of the collective action problems associated with missions to countries and regions beyond the Euro-Atlantic area.

The essence of the argument is that the effects of non-excludability in one area can sometimes be off-set by non-excludability in other areas. Collective action problems associated with various types of out-of-area operations can in fact be mitigated, when an alliance is simultaneously engaged in territorial protection. Although individual allies have little incentive to contribute to a perilous and costly military operation generating a pure public good (e.g. a humanitarian intervention), it might nonetheless decide to take part in the mission if the country’s leading policy-makers believe that some other – much coveted – benefit produced by the alliance would otherwise be withheld or brought into question. When members of an alliance, rightly or wrongly, assume that the excludable security guarantees provided by their alliance partners are dependent on – or at least positively related to – the fair sharing of burdens in out-of-area operations, they will tend to contribute to the mission regardless of the lack of direct incentives presented to them. Somewhat paradoxically, small allies who are primarily concerned with territorial defence and regional security might even make out-of-operations their major military priority. The quid quo pro-logic that characterizes a traditional defensive alliance is thus tied to operations aimed at providing stability, peace and humanitarian relief.

If the above-described theoretical reasoning applies to NATO, we should expect most European allies to be present in Afghanistan partly because they want to acquire some of the traditional and excludable benefits provided by the Alliance – i.e. territorial protection and the mitigation of great power rivalry in Europe (i.e. non-deterrent benefits of NATO’s security community). During the
Cold War, adequate defence investments was perceived by most allies to be the price of admission to a reliable American security guarantee (Thies, 2003; Ringsmose, 2009); today, we should expect the European allies to find that the best way to strengthen their bonds with the United States is to contribute to out-of-area operations and in particular to ISAF. According to this logic, the allies who put the highest premium on NATO’s traditional products should be the ones – together with the United States – shouldering the heaviest burdens in Afghanistan. Ironically, the continued political and strategic importance of the Atlantic Alliance’s Cold War purposes, as listed by Lord Ismay, thus becomes a prerequisite for NATO’s ability to act globally in a collective manner. In short: No ‘global NATO’ without a ‘regional NATO’.  

There is some evidence to suggest that a number of NATO-allies are in fact contributing to the mission in Afghanistan in order to bolster their ties to the Alliance’s main provider of excludable public goods – the United States. This holds particularly true for most of the countries bordering – or located close to – Russia. These are the same countries that have been calling for a rebalancing of NATO’s strategic priorities and a resurrection of Article 5. According to one senior NATO-official, many of the so-called Article 5’ers – including most East European countries but also Norway – realize that their security comes in the shape of American security guarantees; that is why they tend to look upon their contribution to ISAF as an ‘insurance premium’ – much like many of the European junior-partners perceived of their territorial defences during the Cold War: As a symbolic gesture or fee to obtain US protection and a substantial American military presence in Europe (Thies, 2003:166).

15 A similar view has been expressed by Norway’s deputy defence minister, Espen Barth-Eide: “Focusing on home missions… would make NATO relevant to Europeans, and ultimately boost support for away mission”, *The Economist*, 28 March, 2009.
16 Interviews at NATO HQ, 30 and 31 October 2008.
A cursory glance at the number of troops deployed to Afghanistan by individual allies seems to be at odds with the theoretical expectations listed above (see Table 2 below). Of the five nations contributing the most to ISAF besides the United States (measured as number of troops deployed per 1000 inhabitants), only Norway is bordering Russia. Not a single East European ally is represented among the six main providers of troops to Afghanistan.

![Number of deployed troops per 1000 inhabitants](image)

Table 2: Number of troops deployed to NATO’s ISAF-mission. Source: NATO and CIA World Factbook

However, a more thorough examination of the national contributions to ISAF gives more credit to the hypothesis proposed here. Firstly, there is reason to believe that at least some of the countries contributing the most to ISAF’s operations are present in Afghanistan partly in order to maintain the United States’ committed to NATO and Europe. The aim is not so much to keep the ‘Russians out’, as to keep the ‘Americans in’. In a report about the future of NATO and European defence from 2008, the House of Commons Defence Committee clearly subscribed to this idea: NATO must go global – and succeed in Afghanistan; otherwise the Transatlantic Alliance will become strategically irrelevant to the United States:
United States support for NATO is fundamental to the continued existence of the Alliance; without it NATO would become redundant. But the US will only support NATO if the Alliance serves the national interests of its members, and particularly the United States. To remain relevant to the United States, and to demonstrate that relevance to the American people, the Alliance must be capable of tackling today’s and tomorrow’s security challenges. To do so, NATO must become more capable, more deployable and more flexible, and the European Allies together need to demonstrate clearly what they contribute to NATO.

There is some evidence to suggest that the significant Danish contribution to ISAF has been partly driven by similar considerations.\(^\text{17}\)

Secondly, assessing and comparing the individual member states’ contributions as “number of deployed troops per 1000 inhabitants” might be misleading as NATO-allies have structured their armed forces in different ways. While some nations have oriented their military instrument entirely towards deployments abroad, others continue to have more focus on national territorial defence. Generally speaking, most of the Article 5’ers belongs to the latter category. Thus, as most of the new NATO-members are still organised around the principal task of protection of home territory (Forster, 2006:53ff), it is fair to argue that measured as “number of deployed troops per number of deployable soldiers”, the former Warsaw Pact Countries are doing much better that indicated by Table 2. They might, in fact, be deploying more of what can actually be deployed.

Thirdly, the majority of the new member states are providing forces to the most unruly and dangerous areas in Afghanistan: Estonia, Rumania, Bulgaria, and Slovakia are engaged in the south; and the Czech Republic, and Poland in the east. Lithuania is neither present in the south nor in the

\(^{17}\) Op-ed by Prime Minister Anders Fogh Rasmussen, XX Berlingske Tidende.
east, but the small Baltic country runs a Provincial Reconstruction Team (PRT) by itself in the Western province of Chaghcaran bordering the war-torn province of Helmand. In terms of risk sharing, the NATO-allies most concerned about a resurgent Russia and the defence of their national territory, are thus clearly among the member states contributing the most.

Fourthly, the allies putting the highest premium on NATO’s traditional security benefits have generally put significantly fewer caveats on the use of their troops. I.e. most of the armed forces provided by the East European member states can be used flexibly and quite unrestricted by Alliance commanders. As non-cavated troops are obviously more valued than the more restricted troop contingents provided by for instance Germany, the contributions of the new member states have been much appreciated by NATO’s military leaders.¹⁸

In sum, the somewhat anecdotal evidence presented here appears to corroborate the hypothesis put forward in the above. Many of the NATO-allies who covet the traditional club goods still produced by the Alliance are indeed also among the countries contributing the most to the mission in Afghanistan. Moreover, interviews with senior NATO-officials indicate that the majority of the former Warsaw Pact Countries tend to support ISAF’s operations because their contribution is perceived to be strengthening their ties to the United States.

**Conclusion**

Does NATO have a future as a provider of global stability? Or will collective action problems and impenetrable disagreements about the fair sharing of burdens confine the Atlantic Alliance to the Euro-Atlantic area? While the Alliance’s burden-sharing agenda has clearly changed markedly

¹⁸ Email correspondence with former senior NATO-official, March 2009.
since the end of the Cold War, I argue that the collective action problems posed by NATO’s new roles can indeed be mitigated. As long as the allies continue to perceive of the Alliance as a provider of excludable public goods, many NATO nations have tangible incentives to contribute to operations generating pure public goods. Because the United States is both the principal provider of security guarantees to the European junior-partners and the main proponent of a ‘global NATO’, the Alliance is likely to continue down the path of globalized engagement. This prediction rests first and foremost on the assumption that a future Atlantic Alliance significantly restricted in geographical scope will be of little strategic relevance to Washington. As future threats to American interests are primarily perceived to originate from outside Europe – most importantly from the Middle East and Central Asia – the U.S. has little use for allies incapable or unwilling to project military power out of Europe. Thus, if NATO ceases to serve Washington’s non-European interest for an extended period of time, the U.S. might remain in NATO, but it will be without enthusiasm and substantial support – and without U.S. support the alliance will be redundant. Since the worst fear of most of the countries in the regional camp is exactly American disengagement from Europe, transformation is likely to continue.
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