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transparent and
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The elephant
in the room:

The ‘supply
push’ of the
military
industrial
complex and
omission of
proposals to
restructure
bloated
militaries in
some
member
states (most
notably in
the United
States and
Greece)



NATO Watch Chicago Summit Media Briefings Series

No.5 Smart Defence: or how to reconcile ‘Snow White and the 27 dwarfs’

Anticipated outcomes

NATO has already made commitments to develop alliance capabilities in areas such as intelligence, surveillance and reconnaissance. In Chicago heads of state and governments will approve a specific set of multinational commitments and measures, and embrace the ‘new’ approach it calls Smart Defence. It will also announce a Collective Forces Initiative with measures designed to sustain and increase the links between the armed forces of different NATO nations. Together these two initiatives are expected to lay the foundations for NATO’s future forces to 2020.

The back story

Encouraging European governments to pool and share military capabilities to avoid duplication have been goals that stretch back to the very founding of the EU and NATO. From the 1950s until its closure in June 2011 the [Western European Union](#) was the main mechanism for attempting this. Today, under the terms of the Lisbon Treaty, the EU itself has taken a stronger leadership role. However, developing the EU into a more coherent and weighty foreign affairs and defence actor has proven to be a slow and difficult job. While many smaller member states have been more inclined to develop common defence strategies, some of the EU’s bigger nations—notably Britain and France—jealously guard their perceived role as independent world powers.

Meanwhile, the US is shifting its focus away from the Atlantic and towards the Pacific. About 80,000 US military forces are currently based in Europe (during the Cold War there were almost 400,000) and this is expected to be cut over the next 10 years by about 15%, to 68,000 troops. This overall “strategic rebalancing” of US forces in Europe also masks some additional commitments to Europe, including ballistic missile defences and increases in maritime and Special Forces.

Burden sharing: myths and realities

Allegations of an imbalance in transatlantic burden sharing are also as old as the alliance but have become increasingly contentious. Outgoing US secretary of defence [Robert Gates](#) probably did the most to revive the debate last year. He complained that only four European countries—France, the UK, Greece and Albania—were meeting the NATO political commitment to spend at least 2% of GDP on defence, adding that, “future US leaders may not consider the return on America’s investment in NATO to be worth the cost”. In a recent article by [Robert Kaplan](#), a US Air Force planner clearly exasperated by shortfalls in key European capabilities during the Libya intervention—including a serious shortage of aerial refuelling tankers, surveillance drones and precision-guided bombs—describes NATO as “like Snow White and the 27 dwarfs”.

There are clearly major differences between how Europe and the US see ‘threats’ and how to respond to them, which are at the root of this ‘burden sharing’ debate. The official US defence budget is nearly \$700bn—although Washington’s [national security spend](#) is probably closer to \$1,200bn—whereas the combined military spending of all 26 European members is just above \$220bn. The latter is still a very large sum of money and far more than either Russia or China spends on defence. The reality, however, is that much of this money is wasted in expensive national programmes that produce parallel military structures, few of which are able to project much power or sustain operations for very long.

But equally misguided and a [misrepresentation of both the NATO budgeting process and the nature and scope of US defence spending](#), is the notion that Europe is being protected at American taxpayer expense. Large parts of the US military budget—which is now stabilising at levels significantly above cold war peaks (adjusted for inflation) and far above the cold war average, in real terms—have nothing whatsoever to do with NATO or European security.

Within Europe, NATO is seen by most, if not all, of its member states as the cornerstone of their defence policies, whereas in the US it is but one of several regional building blocks for a global military presence. The bottom line is that Americans do pick up a disproportionate share of the NATO tab but this is nowhere near the level that Robert Gates and others talk about. Europeans do need to spend more intelligently (and a few countries may need to increase or pool their defence spending), but the US also needs to spend much less and shift the focus to ‘soft’ security expenditure.

With the world immersed in the worst recession in a hundred years a smarter approach to defence budgeting and procurement in the alliance is certainly required



NATO should move to a system of unified national security budgets, geared towards a common NATO Strategic Concept, and that fall within both a 2% baseline and 3%

The potential of Smart Defence

Officials at NATO HQ have spent much of the past year talking up the potential of 'smart defence' as the answer to operating in an age of austerity. The NATO Secretary General in particular has made bridging this transatlantic budgetary and capability divide one of the defining motifs of his leadership. At his [monthly press briefing on 2 April](#), he said that it represented:

A renewed culture of cooperation. We are already seeing the benefits of this positive mindset. A visible example of this is the development of an Alliance Ground Surveillance system, which gives our commanders a full and real-time picture of what is happening on the ground in our operations.

A series of measures in the fields of education and training, exercises and technology will also seek to maintain and build upon connections developed during NATO operations, as part of a Connected Forces Initiative, the Secretary General said. In his speech to the [European Parliament Foreign Affairs Committee](#) on 23 April, he called for closer NATO-EU coordination on security issues and urged the EU to adopt the needed capabilities to project 'hard power' abroad.

Practical examples of Smart Defence planning, development and delivery were discussed at the bi-annual [Conferences of National Armaments Directors](#) (CNAD) in Brussels on [14 October 2011](#) and 29 March. CNAD is NATO's senior body in charge of enabling multinational cooperation on the delivery of military capabilities. One way forward which seems to be gaining ground, and has been seen to be effective in contributions to ISAF operations, is to encourage [national specialisation](#). It has also been suggested that this approach might best be coordinated through a NATO defence planning process.

To promote efficiency and concrete results, the initial 20-25 projects that are expected to be endorsed in Chicago will be by small teams and organised with a limited number of participating governments, between "three and eight countries maximum" according to [General Stephane Abrial](#), head of NATO's Allied Command Transformation. One of the projects to be unveiled is led by Denmark and focuses on the joint management of munitions. Each participating government will have the right to draw from the stockpile based on the level of their contribution. Other projects are concentrated on expanding training, for helicopter pilots, ground crews and mountain warfare at an instruction centre in Slovenia.

The projects are starting at a relatively modest level in order to "serve as a demonstration of the concept that will allow us to view Chicago not as an end in and of itself, but as a launching pad, a springboard for changing our mindset" on how to move the alliance forward, said General Abrial. A second round might entail "much more complex projects, of longer duration and with a more significant budget," he added.

NATO Watch conclusion

Smart Defence is an ambitious initiative. It requires countries to accept mutual dependencies, undertake more seed and common funding for multinational projects and (potentially) enter into partnerships with countries outside of NATO. If it works, it could change the way NATO, develops, provides, operates, maintains and uses military capabilities.

With the world immersed in the worst recession in a hundred years a smarter approach to defence budgeting and procurement in the alliance is certainly required. The Smart Defence initiative is promising but the reality of defence spending cuts, escalating technology costs and longer lead times, together with the poor historical record for transnational procurement programmes (the [Eurofighter Typhoon being an exemplar](#)), suggests that the initiative may fall short of aspirations.

Can NATO's members' pool and share resources? It all comes down to trust: trust that shared defence won't come at the cost of national defence, or leave some members of the alliance more vulnerable than others. Such profound changes can only be accomplished incrementally and Chicago will be the first act in a longer process of transformation. The different national budget cycles and varying military and strategic ambitions among member states add to the complexity.

The debate has also been too narrowly focused on burden sharing. Smarter procurement should also include a progressive shrinking and eventual elimination of nuclear arsenals, a freeze on missile defence deployments and cancellation of several Cold War era weapon systems. NATO military power has a job to do, but it is time to consider whether it really needs military operations that cost double what the rest of the world spends on its various military functions. The current and future security and fiscal environments facing NATO demand bold action.

A bold vision about ending waste in the vast US military budget, as well as a road map on how to shift security resources more effectively, is contained in the [Unified Security Budget for the United States](#). NATO could assist such a process by adopting a new political commitment, with a phased timeline for implementation, in which all member states would be expected to deliver unified national security budgets, geared towards a common NATO Strategic Concept, and that fall within both a 2% baseline and 3% ceiling of GDP.

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