



Cato Institute Foreign Policy Briefing No. 1: NATO in the 1990s: Burden Shedding Replaces Burden Sharing

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Executive Summary

In the past several years, the specter of "burden sharing," which has traditionally haunted the North Atlantic Treaty Organization (NATO), has been transformed into "burden shedding." The traditional focus of intra-alliance disputes has been on who will bear what share of the financial, military, and other responsibilities for the alliance. The new phenomenon of burden shedding consists of unilateral disarmament and defense budget cutting measures by various NATO members with a view to reaping a peace dividend in this new era of lowered tensions. Burden shedding is likely to be the divisive issue of the 1990s for NATO in the same way that burden sharing was in earlier times. That transformation, while significant, should not be allowed to obscure the fundamental and inherent imbalance in NATO's structure, namely the U.S. guarantee of European security.

Traditional Burden-Sharing Issues

When the North Atlantic Treaty was signed in 1949, the signatories envisioned a cooperative defense organization wherein each member-state would contribute equitably to the collective security. In the early days, many of the European nations, still recovering from the devastation of World War II, understandably were not in a position to contribute as much to the alliance as was the United States. Gradually, however, many Americans began questioning why the European allies were still relying on the United States for their defense and not assuming more responsibility for NATO.

In response to economic concerns and to a perception of increasing vulnerability to a rising Soviet threat, in 1977 NATO adopted a policy that formally required each member of the integrated military command to augment its contributions to the common defense by increasing its defense spending 3 percent per year after adjusting for inflation. Over the past 13 years, that goal has rarely been met by any of the European allies, much less maintained on a consistent year-to-year basis. In contrast, during that same period, the United States engaged in an intensive military build-up aimed primarily at beefing up NATO defenses.

The 3 percent goal engendered rancorous burden-sharing debates on both sides of the Atlantic over exactly what constituted a fair distribution of responsibilities. Some argued that defense expenditure, usually measured as a percentage of GDP, was not by itself an accurate indicator of burden sharing. Consequently, elaborate schemes were developed to measure each ally's contribution in terms of such factors as numbers of active-duty, reinforcement, and reserve military personnel and amounts and types of equipment and weapons systems each member-state contributes. In turn, those quantifiable factors were measured against each member's population and its GDP. Finally, such less quantifiable factors as the member-state's geographic proximity to the likely points of engagement were considered in determining its fair share of the burden.

Disputes over burden sharing raged throughout the 1980s. In particular, the demonstrations by masses of West Europeans in 1983 against the installation of intermediate-range nuclear missiles in Western Europe (in spite of the fact that they were the result of an alliance-wide determination of need) incited enormous resentment against the allies on the part of American taxpayers. As a result, the Department of Defense is now statutorily required to make an annual report on allied contributions to the common defense.[1] In addition, the U.S. House of Representatives set up a special panel to study the issue.[2] So persistent is concern over equity that our NATO delegation now also includes an "ambassador for burden sharing." During most of the 1980s, the burden-sharing debates, notwithstanding the Department of Defense's and the Eurogroup's efforts to the contrary, focused on the financial contributions of the allies.

The Rush to Burden Shedding

With the arrival of Mikhail Gorbachev and his plans to drastically reform the Soviet Union, however, the Western allies, European and American alike, gradually began to believe that the Soviet threat, the glue that kept the alliance from unraveling, was declining. The watershed point in those events was Gorbachev's address to the United Nations in December 1988 in which he pledged to unilaterally withdraw substantial numbers of Soviet forces from Eastern Europe. That move was a clear break with past Soviet initiatives in that it did not require reciprocal cuts from NATO, and it seemed to signal Soviet recognition that their security goals could be met with lower, less-threatening force levels.

Responses to Gorbachev's announcement varied. In the United States, it was greeted with cautious optimism but no substantive action. In Europe, however, a curious phenomenon emerged: before a single Soviet soldier was withdrawn, and-- perhaps even more significant--before the Conventional Force Reduction (CFE) talks began, European members of NATO began to make unilateral cuts of their own. In Belgium the Parliament voted to cut military spending by nearly 2 percent, and it was announced that the Belgians would withdraw 3 air squadrons and an armored battalion from the NATO forces in West Germany. The Danes passed a three-year budget that featured zero growth of military expenditures, and the French Defense Ministry announced plans to reduce military spending.

That trend accelerated as 1989 progressed: in August the West German defense minister Gerhard Stoltenberg called for a study examining the feasibility of cutting the West German military, the Bundeswehr, by 22 percent (from 486,000 to 400,000).[3] The Germans also announced a 57 percent cut (from 188 to 80) over the next 10 years in the number of their ships deployed on the North and Baltic seas. In September the departing chief of staff of the Canadian Forces acknowledged that Canada was seriously considering withdrawing its forces from Europe. In October NATO's Supreme Allied Commander, Europe (SACEUR), Gen. John Galvin, complained that the alliance had suffered approximately a 10 percent reduction in military capabilities because of those unilateral cuts.[4]

It is perhaps easy in hindsight to think that all those moves were made in response to the easing of tensions in Europe following the collapse of Moscow's East European empire. It is important to note, however, that those moves were largely made before the Berlin Wall was breached and before the Soviets renounced the Brezhnev doctrine.

That timing is significant for two reasons: first, the obligation of all member-states of the alliance to defend against any aggressive moves that might have been made by the Soviets, or the Warsaw Pact collectively, remained unchanged. If the Soviets had invaded Hungary, Poland, Czechoslovakia, and/or East Germany in an attempt to put down the anti-communist revolutions going on in those countries, such an attempt might easily have also embroiled NATO. Under those circumstances, because of the cuts made by the allies, the United States would have had to unfairly shoulder an even greater portion of the burden. Second, the allies made their reductions unilaterally. In stark contrast with their persistent demands that the United States always diligently consult them and not indulge in "reckless Reykjavikism,"[5] they blithely made decisions affecting alliance commitments without any intra-alliance discussion.

The revolutions in Eastern Europe have only increased the hemorrhaging West European defense cuts. In January 1990 the Belgian defense minister indicated that his country was considering withdrawing 25,000 of its troops (of a total of 28,000, or 89 percent) assigned to NATO duty in West Germany.[6] Similarly, the Dutch have announced that one-fifth of their forces stationed in Germany will be withdrawn[7] and that 11 percent of their NATO-dedicated F-16s

will be cut.[8] Even Washington's staunchest allies, the British, are under-going a massive defense review and are contemplating large cuts. Those cuts would primarily affect the British Army of the Rhine (BAOR) and the Royal Air Force (RAF) personnel stationed in West Germany, which comprise a large portion of the British contribution to NATO.[9]

In the course of all the reductions, there have been ongoing talks in Vienna about reducing both NATO and Warsaw Pact conventional forces in Europe, the CFE negotiations. In general, the CFE negotiators are striving to arrive first at a codifiable balance of NATO and Warsaw Pact conventional forces in Europe and subsequently to reduce each alliance's forces to a lower level of balance. In fact, events have outstripped the pace of the negotiations, and in both pacts member-states are making unilateral reductions willy-nilly. CFE, obviously, cannot be relied upon to resolve the asymmetries in NATO burden sharing.

Washington's Uncertain Response

The United States' response to the allies' cuts has been to try to stem the flow by holding fast. The November 1989 defense authorization bill called for maintaining the existing ratio of U.S. to total NATO forces in Europe. The logic behind that measure was that further unilateral cuts would be prevented if the allies did not feel that they had to beat the United States in the race to shed defense burdens. In point of fact, that tactic has failed, but even more significant is the absence of a justification for U.S. maintenance of the current level of support for European security. Given the reduced level of need, a far lower ratio is certainly in order.

In a belated recognition of reality, the United States finally dropped its demand for compliance with the 3 percent policy on May 17, 1990. That policy was formally discarded at the meeting of the NATO defense ministers a week later. The diminution of the Soviet/Warsaw Pact threat to NATO was cited as the official reason for dropping the 3 percent goal.

That reasoning, however, raises a more fundamental issue. If the threat has diminished, then the United States should be able to make substantial cuts in its own military forces, especially those earmarked for NATO. The European allies, however, are adamantly opposed to significant U.S. reductions.

European Incentives for Reeping the U.S. Guarantee

NATO's European members have strong domestic incentives for avoiding an American withdrawal. In West Germany, for example, a recent study noted that "a complete American troop withdrawal could have disastrous economic consequences for the areas near the bases." [10] Also, several European allies (e.g., Italy, Norway, Denmark, West Germany) have been facing severe shortfalls in manpower to meet their alliance commitments. The possibility of painlessly meeting a reduced level of commitment by continuing their reliance on U.S. protection is therefore highly attractive to them, and it comes at a very convenient time. An obvious reason for their opposition, however, is simple economics: why pay for something oneself when another party, larger and wealthier, will pay? The allies stand to make substantial gains by reducing their defense expenditures and plowing those resources back into their economies.[11]

Beyond those economic incentives for maintaining the American security commitment to Europe, there is also a military motivation. In the unlikely event of a renewed Soviet threat, it is much simpler for the allies to continue to rely on the U.S.-provided insurance policy than to develop their own security arrangement.

The Underlying Problem Nonetheless, the fundamental problem here is not that the allies are scrambling to shed their financial and military contributions to the alliance. The shift from burden sharing to burden shedding is merely the metamorphosis of a symptom. The underlying problem is the American security guarantee to Europe.

Throughout NATO's history, considerable tension has existed between the United States and the European allies because of the American security guarantee. As in times past, the Europeans are not yet willing to assume full responsibility for their own defense, and the Americans are restless about paying for the security of prosperous and capable allies. With the demise of the cold war, Americans are eagerly anticipating a long-awaited peace dividend. If, however, the United States maintains its commitment to European security while the allies continue to decrease their

own military efforts, we will in effect be signing over our peace dividend check to them.

It is also important to recognize that a reduced level of threat means that the requirements for meeting the threat are also reduced. Traditionally, one of the arguments in support of an American security guarantee for Western Europe was that only the United States, as a superpower, was in a position to counter the threat posed to Europe by the massive Soviet military capabilities. Whatever the merits of that argument in the past, it is clear that the situation has drastically changed. The collapse of the Warsaw Pact means that the Soviets cannot count on Pact forces to support any aggressive moves. It also means that the Soviets would have to cross an uncooperative and probably antagonistic Eastern Europe to mount a conventional attack on the West and do so with diminished conventional forces. Although the Soviets retain a formidable strategic arsenal, the European allies are not without resources to deal with that threat. (All of this, of course, begs the question of what could possibly motivate the Soviets to launch an attack against Western Europe, of what they would hope to gain by such an undertaking.) The European allies can clearly and adequately meet the reduced Soviet military threat.

Needed: A European Security Arrangement

Europe is undergoing a fundamental revolution in the politico-military sphere as well as in the economic and cultural spheres. The economic unification of the European Community (EC), scheduled to be in place by the end of 1992, has now been expanded to include a basic political unification at the behest of the French and the West Germans. Although the unification process began before the end of the cold war, it is now occurring simultaneously with the demise of the anomalous bipolar world that we have known for the past 40 years.

Western Europe has recovered from the ravages of World War II and is now poised to take its place among the superpowers. The combined material and human resources of the EC surpass even those of the U.S. and the Japanese national economies. The European allies have for many years been developing various components of a European defense organization, most notably the Western European Union (WEU). Their efforts, however, have always been eclipsed by NATO. It is now time for the Europeans to reassume full responsibility for their own defense. Over the next five years, the United States should transfer full responsibility for European security to them. Clearly, choices about how European defenses are to be organized--whether under the auspices of the EC, the WEU, or another organization--must be made by the Europeans.

Nonetheless, only a transfer of responsibility from the United States to the Europeans will prevent the emergence of burden-shedding disputes far more acrimonious than the traditional burden-sharing controversies. Such disputes could cause NATO to break up in an atmosphere of mutual recrimination that would poison transatlantic relations for years. Even if that does not occur, the current trends are hardly favorable to American interests. As the Europeans pursue their unilateral burden-shedding initiatives, the United States may be left with a greater relative NATO defense burden than it has endured throughout the cold war. If U.S. policymakers allow the Europeans to engage in preemptive reductions, while Washington "stands fast" as NATO's loyal guardian, there will be no peace dividend for Americans to enjoy. If the American people are to reap the benefits they deserve from their investment, we must not perpetuate a security strategy designed for a cold-war world that has ceased to exist.

Footnotes

[1] See, for example, U.S. Department of Defense, Report on Allied Contributions to the Common Defense: A Report to the United States Congress by the Secretary of Defense (Washington: Department of Defense, 1990).

[2] See U.S. Congress, House of Representatives, Committee on Armed Services, "Interim Report of the Defense Burdensharing Panel," 100th Cong., 2d sess., committee print, August 1988.

[3] In December 1989 the West German cabinet approved Stoltenberg's plan. Arms Control Reporter, 1989, p. 407.B.275.

[4] Ibid., p. 407.B.238.

[5] At the U.S.-USSR summit in Reykjavik in October 1986, President Reagan discussed with General Secretary

Gorbachev the possibility of removing all superpower nuclear weapons from Europe. Faced with the prospect of confronting the Soviet nuclear arsenal without an American nuclear guarantee, the allies reacted loudly and vociferously. Particularly egregious in their view was the U.S. failure to consult them on what they considered a matter for the alliance, not the United States alone, to decide.

[6] Craig R. Whitney, "Momentum Grows for Military Spending Cuts in West Europe," New York Times, January 31, 1990, p. A27.

[7] Arms Control Reporter, 1990, p. 240.B1.10.

[8] Whitney.

[9] George Jones, "Ministers Begin Rethink on Size of the Services," Daily Telegraph (London), February 7, 1990, p. 1.

[10] In 1986 alone West Germany received \$6.9 billion in jobs and profits from the American presence. Arms Control Reporter, 1989, p. 407.B.207, citing Theresa Hitchens in Defense News, July 8, 1989.

[11] According to Cambridge Econometrics, an independent economic forecaster, a 50 percent reduction in British defense spending by the year 2000 would, in turn, "yield a 520,000 cut in the jobless figure, raise GDP by 1.84 per cent, and increase investment by 4.27 percent." Andrew Marshall, "Cuts in Defence May Boost Jobs," Financial Times, May 29, 1990, p. 8.