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The Right Choice for NATO

William C. Wohlforth

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The case for an agonizing reappraisal of the US security commitment to Europe has never seemed stronger. In the early 1990s, the costs and risks of preserving NATO after the disappearance of its Soviet *raison d'être* were still matters of speculation. Now critics can point to concrete evidence. The huge and growing gap between US and allied military capabilities shows that the free-rider problem that has dogged the alliance from its earliest days is not going away. NATO's 2011 intervention in Libya exposed Europe's critical dependence on US capabilities even against a militarily weak opponent close to Europe's shores in an operation the United States was trying not to lead. In Georgia in 2008 and more dramatically in Ukraine in 2014, the impulse to expand the alliance played a role in exacerbating tensions with Russia. With the expected costs of sustaining US security commitments in East Asia rising along with intense pressure on the Pentagon's budget, the United States confronts newly salient incentives to scrutinize the value-added of its legacy commitment to Europe.

Russia's new assertiveness has transformed the debate on European security, but, for the purposes of this volume, the essential question remains: would a reduced US role increase, or at least not unduly harm, US security interests? This chapter makes the case—heretical in many corners of academe and increasingly outside it as well—that America's core NATO commitment continues to serve its national interests. Radical policy departures, moreover, are unlikely to be necessary in order for the alliance to continue to work. The United States should not attempt to shock its allies into radically increased military spending or intra-European defense cooperation by threatening to radically restructure or abrogate its security commitment. Nor certainly should it seek to solve NATO's problems by promulgating new, expansive roles and missions for the alliance, as was its habit until recently. Instead, it should refocus on the essential NATO purposes of deterring Russia while not foreclosing cooperation with Moscow, providing a hedge

against other threats to European security and serving as a useful if somewhat inefficient institution for inter-allied security cooperation. Not only is this what the United States *should* do about NATO, it is what it *is* doing. For the path I find optimal is simply muddling through. It is the “strategy” that emerges willy-nilly from budget pressures, domestic distractions, ad hoc responses to the new challenges from the east, embedded institutional and bureaucratic interests, and the whole ghastly orrery of democratic politics and myopic satisficing that grand-strategic scolds love to excoriate. In this case, muddling through is not just expedient, and it’s not just what will happen. It is in fact optimal.

I make this case in four steps. First, I establish the necessary background concerning the nature of the commitment. Second, I provide a preliminary assessment of the commitment’s costs and risks. I find that the costs and risks are low but vary with the alliance’s objectives. The more policy makers insist that the alliance must expand its objectives or die, the more costs and risk they assume. The contretemps with Russia over Ukraine may have the salutary effect of driving this point home. In addition, if the free-riding problem is considered a cost, it must be acknowledged that it is endemic to the alliance and no feasible solution is available. Third, I outline the array of policy options that currently preoccupy the expert debate. Here I show that the real choice is muddling through versus “shock therapy”: making a substantial policy departure from the status quo intended to reduce US costs and risks while simultaneously creating incentives for the Europeans to up their defense game. In the concluding section, I compare the likely gains and losses the two main policy options would generate. I argue that shock therapy would marginally reduce US costs, but the probability of its working optimally by producing a military capable, independent Europe is low, yielding a different and not necessary better set of risks than the current policy. Muddling through, therefore, preserves a useful array of benefits—deterrence of and leverage on Russia, a hedge against future threats, a vehicle for inter-allied security cooperation, a potential legitimacy enhancer, a major logistical hub for operations around Eurasia, etc.— at an acceptable level of costs and risk.

THE US COMMITMENT TO NATO

US security commitments to Europe fall into three categories: Article 5 commitments, expanded Article 5 commitments, and non-Article 5 commitments. Under Articles 5 and 6 of the North Atlantic Treaty, the United States is explicitly committed to assist in the defense any of its 27 NATO allies should they come under “armed attack.” The treaty’s text limits the commitment in three key ways: only classical cross-border armed assault is covered, as opposed to more ambiguous threats; only attacks in the North Atlantic area are covered; and the United States, like all members, is obligated only to take those actions in response to an attack on an ally “that it deems necessary.” The point is so often missed that it bears repeating: actual treaty text does not commit the United States to war should any many be attacked. The obligation is to consider doing something in response.

The United States also promoted and endorsed successive NATO “strategic concepts,” issued in 1991, 1999, and 2010, that set forth a hugely expanded set of less explicit commitments.¹ Each document endorses commitments of increased geographical and functional scope. Some of these commitments count as expansions of the notion of territorial defense beyond conventional armed attack, encompassing the security challenges posed by civil wars or humanitarian crises in Europe (Bosnia, Kosovo) and such modern threats as ballistic missile attacks, terrorism, cyber attacks, nuclear proliferation, and trans-national activities such as human, narcotics, and weapons trafficking. The 1999 and 2010 strategic concepts enshrined additional commitments to crisis prevention, response to humanitarian emergencies, post-conflict stabilization, and a raft of other global objectives that go well beyond even a most expansive interpretation of Article 5.

While the obligations undertaken in Article 5 seem clear, the nature of the expanded commitments is ambiguous, reflecting NATO’s ad hoc evolution from a collective defense alliance into a cooperative security institution. A reading of the 2010 concept, and official commentary surrounding it, suggests that the United States’ Article 5 commitments would come into play if the “fundamental security” of a member state were threatened by conventional threats

or “emerging security challenges.”² President Barack Obama reiterated this commitment when addressing the Baltics allies after Russia’s intervention in Ukraine, promising in a speech in Tallinn in September 2014 that “We’ll be here for Estonia. We’ll be here for Latvia. We’ll be here for Lithuania. You lost your independence once before. With NATO, you’ll never lose it again.”³ That followed NATO’s summit in Wales, where the allies stressed that “the greatest responsibility of the Alliance is to protect and defend our territories and our populations against attack.”⁴ But the stress on independence and protection of populations from attack provides some wiggle room. NATO’s muted response to the cyber attack on Estonia in 2007 further suggests the limits of Article 5, which has thus far been invoked only once, after the 9/11 attacks. Collectively over the years, the alliance’s actions appear to have erected a something of a firewall around Article 5, reserving it for the most serious threats.

Most of the real NATO action over the last two decades is the product of its “cooperative security institution” side as opposed to its “collective defensive alliance” side. The major NATO missions of this period include: Military and Peace Support Operations in the Balkans: SFOR, KFOR (1996–present); Counter Terror Operations in the Mediterranean: Operation Active Endeavor (2003–present); International Security and Assistance Force (ISAF): Afghanistan (2001–present); Training Support for the International Force in Iraq: NMTI (2003–2011); Counter Piracy Operations in the Gulf of Aden: SNMG (2008–present); No-fly zone/civilian protection in Libya: Operation Unified Protector (February–October 2011).

The obligations the United States undertakes as a part of its commitment to NATO as a cooperative security institution are much harder to establish than in the case of NATO as a defensive alliance. In some of the operations noted above (Iraq, Afghanistan), NATO is clearly operating as an appendage of US strategy. In others (Mediterranean, Somalia) it is a coordinating mechanism for deploying forces in a common objective. The US commitments to the Balkan and Libyan operations were, however, partly the result of its alliance obligation. While US officials had other reasons to intervene in these cases, the incentive to maintain alliance cohesion and credibility played a role.

These commitments reflect an evolving constellation of interests. The original Article 5 goal, thought to be a necessary condition of US territorial security, was to prevent Soviet hegemony in the region. Because neither Russia nor any other power has the potential capability to physically conquer Europe today or a plausible interest in doing so, this goal is no longer relevant. To achieve classic threat balancing goals, however, Washington found itself managing incipient security tensions among European states. American leaders came to see that German rearmament and especially nuclear proliferation—both necessary conditions of balancing Soviet power without an American military presence—would make war more rather than less likely.⁵ Dwight Eisenhower’s preference for eliminating US deployments in Europe would therefore not work, not just because of the difficulty of countering formidable Soviet military capabilities, v but more immediately because incipient political and security contradictions *within* the region forbade it. The relevance of US security provision in dampening intra-European security tensions is debated. Most analysts discount it, but some prominent experts hold that at least low-level varieties of geopolitical competition would reemerge were the United States to come home.⁶

But US grand strategy in the Cold War saw global preeminence as a necessary condition of US security and prosperity. From early on, the US commitment to Europe was intertwined with America’s perceived interest in global engagement and activism. Even in the middle and later years of the Cold War, the probability of a Soviet attempt to conquer Europe was seen as extremely low. The operative issues concerned bolstering US allies against Soviet political influence, buying allied deference to US preferences, providing a political and military platform for US engagement in Eurasia’s geopolitics, and enhancing the legitimacy of US global leadership. These did circle back to security interests because the political influence and other goods the United States purchased via its NATO commitments were seen as assets in shaping global politics in ways that would reduce long-term security challenges. And institutionalized security cooperation in NATO also served as a hedge against the possibility that the Soviets might suddenly become highly risk-acceptant and seek military aggrandizement in Europe.

In short, the transformation of NATO from a straightforward military alliance into a key foundation stone supporting the edifice of US global leadership had begun long before the collapse of the Soviet Union. After 1991, the mix between classical security and global leadership goals shifted, but the basic strategic calculation that US core interests are best served by a forward-leaning activist global posture remained the same.

Thus, in Europe as in US grand strategy writ large, US security and global leadership goals are mixed, and it is not easy to determine where one ends and the other begins. Post-Cold War goals included:

- Keeping the US engaged as a hedge against a renewed threat from Russia.
- Preserving US access to permanent bases, logistical assets, overflight rights, etc.
- Preserving US influence and leverage over allies.
- Institutionalizing security and intelligence cooperation among like-minded allies.
- Reducing the risk of conflict and competitive rivalries among European states.
- Legitimizing US leadership of western nations.
- Fostering a belt of democratic, peaceful, and secure states on Europe's eastern flank via "socializing" post-Communist societies into the liberal west.

Article 5 guarantees remained relevant at first because extending them to former Soviet satellites and republics could promote stability and democracy in Europe. Although expanding NATO is widely believed to have served that objective, it is decreasingly seen as necessary to sustain it. But the Article 5 guarantees still remain relevant, many argue, as an essential part of the institutional bargain that sustains the alliance and allows the US to obtain the other goods the alliance provides. And while Russia is generally not seen as either capable of or seriously interested in large-scale territorial conquest, fears that it might seek to use subtler coercive techniques against alliance members—especially Latvia and Estonia, with their large Russian populations—heightens the salience of Article 5 in assuring allied security.

COSTS AND RISKS

The cost of the commitment to NATO is the cost of things the United States does because of its alliance commitment that it would not otherwise do. This is hard to estimate in any precise way because we cannot answer with certainty the counterfactual question concerning what America would do if it were not bound by treaty obligations to its allies. Because military forces are relatively fungible, the fact that they may be located in Europe does not mean that they are there because of the commitment to Europe. Forces stationed in Europe can be used elsewhere, as the United States demonstrated when it shifted forces to Vietnam in the Cold War and to Iraq and Afghanistan more recently. Capabilities that might defeat a hypothetical Russian invasion of Estonia might also be used to counter other more immediate threats. Similarly, the fact that a military operation is designated a NATO mission does not mean that the United States would not have undertaken it had it been freed from alliance obligations. The missions in both Afghanistan and Iraq, for example, began as non-NATO missions, and so obviously they would have happened with or without NATO.

The implication of most studies relevant to this question is that marginal cost of defending Europe is small—that is, that the US is not doing much to prepare for fighting in for Europe that it would not otherwise do.

Russia's capabilities and intentions are central to these assessments. Until 2014, NATO treated Russia officially as a friendly state, welcoming its participation in alliance affairs via the NATO-Russia Council. Consistent with this approach to Moscow, no alliance forces were permanently stationed east of the Elbe River. Even after Russia's invasion of Georgia in 2008, classified NATO assessments remained dismissive of Russian military capabilities.⁷ But Russia began energetically reforming its military in 2007, seeking to create a leaner, more professional, better-equipped force. Though progress was uneven, analysts generally rated this as the most serious, most effective, and certainly the most expensive Russian military reform effort since the Soviet collapse.⁸

Moscow's intervention in Crimea revealed a highly competent elite force within the larger conscript army.⁹ In turn, the Syria operation in 2015 showcased expeditionary capacity that is modest only in comparison to the United States. Russia has reorganized its conventional forces into nimbler brigades and instituted a vigorous weapons modernization program. Strategic forces, naval forces, and air defense have improved, Russia's military industrial complex retains the capacity to develop and deploy highly capable systems in some areas, and Russian military thinkers have worked hard on strategies and plans for effective coercion.¹⁰

Nevertheless, the consensus remains that Russia's military challenge is of a different order than China's in East Asia.¹¹ Vladimir Putin's Russia is assertive, but it is not a rising power. Its economy is unbalanced and is poised for a prolonged period of low to negative growth that will increase the gap with NATO countries. Its military modernization confronts demographic, political, social, and especially economic challenges in the years ahead. NATO can deploy some two million troops (compared to Russia's 800,000), and its dramatically larger and more advanced economy allows it to mobilize and re-arm far more effectively and quickly than Russia.¹² In this perspective, Russia's "non-nuclear military power is woefully insufficient for the conquest of the major states of Eurasia."¹³ The International Institute of Strategic Studies assessment stresses that the purpose of the reforms is to move away from "the mass-mobilization model intended for large-scale conflict" and instead is "more aligned with the combat requirements of low- and medium-intensity local and regional warfare."¹⁴

The bottom line is an overall imbalance in favor of the West but a credible Russian capability to quickly seize territory near its borders—including that of Baltic NATO members—which it could then defend via highly capable A2/AD capabilities. The circumstances under which Moscow might risk such a move are hard to define. But a fair summary of the many assessments conducted in the wake of the Ukraine crisis is that NATO can "develop the capability to deter this type of Russian operation, not necessarily to comprehensively defeat it . . . at a reasonable cost."¹⁵ Pre-deployed equipment and dedicated forces not necessarily stationed in the Baltics, as well as command and control and infrastructure improvements, would make such

a move extremely risky and costly for Moscow and yet keep both overall costs and potential escalation risks low.

NATO's deployments continued to reflect the assessment that substantial strategic warning would long precede any change in this state of affairs, and that vulnerable states like Estonia and Latvia can be secured via general deterrence rather than fully credible forward defensive postures. The chief constraint on forward deployments in Central Europe and the Baltics has been concern over alienating Russia. At Poland's insistence, NATO began planning for the defense of Central European allies from Russian attack, and after 2008 contingency planning was extended to encompass the Baltic states. Whether these plans were credible, especially if Russia were to attempt unconventional destabilizing operations, remained open to question.¹⁶ As of this writing (November 2015), NATO was discussing potential brigade size rotational deployments and more vigorous exercises that appear to entail very modest cost increases over the pre-1914 status quo.¹⁷ But the core assessment that the overall NATO-Russia balance will remain favorable without major new infusions of expensive US forces remained in place.

The scale of direct and indirect US budgetary outlays reflects this governing assessment. Direct outlays seem most clearly connected to the NATO commitment (and thus most likely to constitute savings if the United States withdrew), but they are modest. Even though America's economy accounts for over 50 percent of NATO's GDP, the United States pays less than 25 percent of NATO's budget: roughly \$70 million for the civilian budget, \$440 for the military budget, \$250 million for the Security Investment Program (mainly operational infrastructure) for a total of about \$760 million.¹⁸ Given that much of what NATO does has little directly to do with European security, at least some of that money would still be spent even if the US revoked its security commitment to Europe.

But that sum factors in only direct payments, not deployments of personnel. Estimating those costs depends on what proportion of US forces deployed in Europe one assumes exists only because of the US commitment to Europe. As of late 2013, roughly 80,000 troops were stationed

in Europe, with that number set to decline to the mid 60,000 range.¹⁹ If these forces would be needed in any case, then the cost is simply the cost of stationing them in Europe as opposed to the US. Because host countries cover many infrastructure costs, the marginal cost of keeping forces in Europe is surprisingly low. Studies suggest that simple redeployment of existing Army troops home would entail short-term increases in outlays and only some modest savings in over the long term. For example, the General Accounting Office estimates that bringing two brigades home from Europe would save some \$1.6 billion over a 20-year period, but in the first two years it would add \$900 million in new outlays.²⁰ But such a redeployment implies more expensive logistics should those forces be needed in western and central Eurasia, the Middle East, or Africa. US defense officials argue that the operational hub in Europe is key even for offshore, “light footprint” style military presence in CENTCOM and AFRICOM, which is headquartered in Stuttgart. Even if the United States continues to move away from major expeditionary operations, if it wants to continue special-operations and other light footprint activity around Eurasia, it will want some infrastructure in Europe—a place where permanent US military installations are much less toxic politically than almost anywhere else in the world.

The upshot is that even if the United States follows the counsel of many NATO critics and chooses a grand strategy of restraint or offshore balancing, it is still going to want to retain some presence and infrastructure in Europe.²¹ If, however, reducing the US commitment to Europe were part of a much more radical retrenchment that would truly cause America to “come home” and decommission a substantial portion of troops deployed there, then the savings are more serious, perhaps in the multiple billions per year.²² Establishing exactly how much infrastructure needs to be kept in Europe to sustain US light-footprint military operations around Eurasia and in Africa would take a very elaborate analysis. But it is likely to require some significant portion of current outlays. And if the United States were no longer committed to NATO, host country financial and logistical support might not be available as widely and cheaply as it is today. The real budgetary savings, therefore, are unlikely to be realized by cutting

the commitment to Europe. It is only by rethinking the need for global military reach that the big dollars would be freed up.

As Cindy Williams demonstrates in this volume, pressure to reduce the defense outlays can be expected to remain a permanent feature of US domestic politics for the foreseeable future.²³ Yet the analysis here suggests that the scale of US grand strategic retrenchment would have to reach very radical proportions, and the marginal value of defense dollars saved would have to escalate dramatically, for pulling back from Europe to look like a promising option to American leaders. As long as US policymakers retain a strong interest in global leadership and the ability to conduct military operations around Eurasia, and as long as they value the NATO “coalition in waiting” that they can draw upon as the situation warrants, they are unlikely to see the net savings of reducing the security commitment to Europe as compellingly large.²⁴

Hence the importance of security risks: the chance that the commitment will drag America into fighting wars that are not in the country’s national interest. While such risk is inherent in any alliance, NATO raises it in particularly acute form for two reasons. First is the unusually large asymmetry in military capabilities that is a feature of all US alliances. This raises a moral hazard problem. In any asymmetric alliance between a strong state and weaker allies, smaller allies may be emboldened by the security offered by the powerful partner to run risks they would not otherwise have done, provoking an attack that triggers the alliance commitment. Most alliances are carefully written to protect the stronger power from this risk.²⁵ Other than leaving the nature of promised assistance in case of attack to the discretion of each alliance member, the North Atlantic Treaty contains no such provisions. As discussed below, this problem is acute in NATO because the United States has a near monopoly on certain kinds of military capacity, running the risk that wars sought by other alliance members will perforce demand US support.

The second worrisome feature of NATO is mission creep. At least until the Ukraine crisis, the relatively low salience of the classic defensive rationale generated incentives to create new missions merely to sustain the institution and calls to use the institution simply because it was there. NATO’s highly bureaucratized nature means that there are hundreds of officials,

analysts, think tanks, and other stakeholders whose livelihoods depend on NATO's relevance. They can be counted on to generate ideas for new roles and missions. For critics, the enlargement of NATO to include former Soviet allies and, especially, former Soviet republics (Latvia, Lithuania, and Estonia) represents the prime example of such mission creep. New allies with potentially toxic relations with Moscow add little capability to the alliance and impose the cost of potentially souring relations with a great power. Careful studies show that NATO expansion did, in fact, help "socialize" newly democratic former communist states into the liberal west, but, critics wonder, how did this become a key national interest for the United States?²⁶ Expansion, in turn, has led to a highly complex decision-making apparatus ripe for logrolls and other bargaining that might generate otherwise-unsought alliance commitments. Precisely this kind of logroll may make it harder for the alliance to unambiguously forswear further expansion, a stance which imposes the costs of helping to stymie a possible bargained solution to the Ukraine crisis.

This yields two kinds of risks: (1) the small probability of a very costly US involvement in a war with Russia whose origins lie in some moral hazard behavior that would not have occurred without the alliance; and (2) the larger probability of lower cost interventions that may not be in the US national interest. Analyses of Russia's interests and capabilities discount the former risk for the near to medium term. In addition, there is very little evidence of this dynamic at work in the quarter century since the Cold War's end. The potentially riskiest move, extending Article 5 to the Baltic states, thus far has not prevented those governments from taking apparently sufficient palliative measures to prevent the alienation of their Russian minorities.²⁷ States neighboring Russia would likely be more solicitous of Moscow's interests were they unallied, but it is hard to find examples of provocative, war-risking behavior enabled by the alliance.²⁸ Indeed, substantial pressure on the Estonian and Latvian governments to ease citizenship rules and integrate their minority Russian populations comes from NATO and the EU.

The latter problem—of mission creep to encompass lower cost operations—is where most of the action has been. While NATO cannot make the United States do anything, concern

for the alliance’s credibility may conspire to commit Washington to interventions that emerge from a suboptimal NATO process. Bosnia, Kosovo, and Libya are all examples of this dynamic, though none offers strong evidence of “wag-the-dog” dynamics. In each, the alliance credibility argument played a role, but actors within the US government argued for the intrinsic merits of intervention. In the Libya case, France and Britain were the strongest supporters of intervention. But extant accounts of President Obama’s decision to intervene do not feature alliance credibility as part of the story.²⁹

But by far the main story of the last two decades has been the dog emphatically wagging the tail. The costliest operations were those pushed by Washington, with allies dragged in because of *their* felt need to sustain the alliance. 67 percent of all the casualties and 64 percent of all the budget costs of all the wars the United States has fought since 1990 were caused by Iraq. 27 percent of the casualties and 26 percent of the costs were related to Operation Enduring Freedom in Afghanistan. All the other interventions—the 1990–91 Persian Gulf War, the subsequent airstrike campaigns in Iraq, Somalia, Bosnia, Haiti, Kosovo, Libya, and so on—account for 3 percent of the casualties and 10 percent of the costs.³⁰ As Michael Beckley has shown, moreover, in all interventions except Iraq, allies either spent more than the United States, suffered greater relative casualties, or both. In the 1990–91 Persian Gulf War, for example, the United States ranked fourth in overall casualties (measured relative to population size) and fourth in total expenditures (relative to GDP). In Bosnia, European Union budget outlays and personnel deployments ultimately swamped the United States’ as the Europeans took over post-conflict peace-building operations. In Kosovo, the United States suffered one combat fatality, the sole loss in the whole operation, and it ranked sixth in relative monetary contribution. In Afghanistan, the United States was the number one financial contributor (it achieved that status only after the 2010 surge), but its relative combat losses ranked fifth.³¹ In Libya, Britain, France, Norway, and Denmark all dramatically outspent the United States as a proportion of their economies. And if talk of NATO expansion to Georgia and Ukraine is partly to blame for the

deterioration in relations with Moscow, it is important to note that most of that talk came from Washington itself and was resisted by most of the most powerful NATO allies.

In sum, the evidence strongly suggests that the countries running the real risk of getting dragged into conflicts of others' making are America's allies. 45,000 allied NATO troops have served in Afghanistan. Were they as effective as US troops? Mostly no. Were they a net plus? Unquestionably. That the American dog ends up wagging the NATO tail is hardly surprising, given that the United States dominates the alliance. And that is arguably the biggest problem with the "wag-the-dog" argument: all the post-1991 intervention cases occurred in a context in which the United States itself was pushing NATO toward a larger global role. This was the era of "out of area, or out of business" logic. As James Goldgeier put it "If NATO isn't outward looking, it's got nothing to do."³² Because this was the message emanating from Washington, it is hard to portray these episodes as an outgrowth of the alliance dragging the United States into conflicts it did not seek. Washington sets the agenda. If it doesn't like what NATO is doing, it should change that agenda.

TODAY'S NATO "CRISIS": POLICY OPTIONS

If the foregoing analysis is right, why does everyone think NATO is in crisis that requires a dramatic policy departure? Why did Secretary of Defense Gates read NATO leaders the riot act in Munich in 2011, warning of the alliance's potential demise? The answer is that analysts, commentators, and political leaders frequently elide the distinction between the NATO commitment's costs to the United States and the gap between US and allied defense efforts. US defense spending accounted for 75 percent of total NATO outlays in 2010, up from 60 percent in 1991. And even though US spending is heading down steeply, so is Europe's, with only four NATO allies currently willing and able to sustain defense commitments at or above the alliance's official target of 2 percent of GDP. The EU's austerity policies will long constrain allied defense efforts, weakening even such relatively capable states as France and Britain more than major cuts in the United States will reduce American capabilities. As unimpressive as some allies' efforts in

Libya were, currently projected defense cuts will render them incapable of even that level of military activity in short order.³³

The gap in military power between the United States and its NATO allies is enormous and likely to grow.³⁴ And it clearly matters. Stronger allies are better than weaker ones. But it matters in assessing the cost of NATO only if the United States maintains high relative defense spending *because* of its commitment to Europe, and, as I've shown above, that is demonstrably not the case. US military spending increased by over 80 percent in the years after 2001, virtually none of which was generated by NATO commitments. On the contrary, the United States continued to draw down forces in Europe, concentrating first on Afghanistan and Iraq and then on East Asia. Far from being a driver of US military efforts, NATO was a reserve on which Washington drew to pursue various global objectives,

If there is a crisis in NATO, then, it is not a matter of costs and risks. Rather it has to do with the fact that the allies' military deficiencies lower their value, and thus lower the net benefits of the alliance to the United States. Even though costs to the United States are small and risks are manageable, the allies' military weakness risks making the alliance a losing proposition for Washington. This was the gist of Secretary of Defense Robert Gates' oft-quoted swansong speech in Brussels.³⁵ Concern about this issue has fed into a vigorous expert debate over what to do about NATO.

Four options emerge. Option 1 is *full scale retrenchment*. As Barry Posen puts it, transform NATO into a political alliance.³⁶ Perhaps with some window for adjustment, the United States would renounce Article 5 of the North Atlantic Treaty, abrogating any military commitment to European security. In this view, US security provision to Europe is "welfare for the rich." Allies can easily provide for their own security through increased spending, reorganization of inefficient military institutions, and pooling of capabilities via the European Union's Common Foreign and Security Policy (CFSP). Revoking Article 5 is just the shock needed to prod complacent allies to get their act together. And if they fail, the downsides would be manageable, given low background threats to European security.

A second option is *NATO-friendly retrenchment*. Announce a limited window during which America would assist the Europeans in developing intrinsic capacity for neighborhood (e.g., Libya, Balkans) operations; restrict the US role to Art. 5 contingencies, a commitment that can be sustained mainly from offshore; hand over ultimate allied command (SACEUR) to Europe at the end of the window.³⁷ Ending the organizational basis for US “leadership” would truly incentivize allies to increase defense cooperation/pooling and spending and finally ramp CFSP into a real capability.

Option 3 is to *muddle-through*, accepting that NATO’s capacity for large-scale expeditionary operations will progressively decline. Continue reductions in permanent presence as currently planned without either renouncing Art. 5 or instigating any reform in the alliance’s organization. Allow alliance to function as institutionalized cooperation shop that reduces transactions costs for ad hoc coalitions of the willing—in which allies have to reckon with probability that the United States will be unwilling in some cases. Realities on the ground in terms of real US deployments and commitments might incentivize some increased allied defense efficiencies a la the France-Britain defense cooperation treaty.³⁸

Doubling-down is the fourth option: the United States and its allies minimize defense cuts, the United States sustains at least current level of military presence in Europe, and NATO continues to be thought of as global or at least wider-neighborhood interventionist alliance.³⁹

CONCLUSION: THE OPTIMALITY OF MUDDLING THROUGH

We will, of course muddle through. This was already the Obama administration’s policy before Russia’s newfound assertiveness, and arguably is compatible with the modal allied response to NATO’s recent experiences in Afghanistan and Libya as well as Ukraine. But if advocates of option 1 (full scale retrenchment) are right about the benign strategic environment and advocates of a deep engagement grand strategy are right about that strategy’s core requirements, then option 3 is not just expedient, it is in fact optimal.

Strategic Environment: NATO is only in crisis if the North Atlantic area faces critical threats that require robust high-end military intervention capabilities from the European allies. But it is hard to argue with the basic claim of advocates of grand strategic retrenchment: security threats to the wealthy, powerful and institutionally robust states of the North Atlantic area are extremely low by any historical comparative standard. Vladimir Putin's Russia now boasts a more coherent and functional state that wields a much more effective military tool than it had for most of the post-Cold War period. Russia's actions in Georgia and Ukraine show that where the balance of interests favor it, Moscow can exploit its proximity to call the west's bluff about further eastward expansion. But using military power to coerce NATO is a different kettle of fish. There, Russia faces the same tight local balancing constraint the Soviet Union confronted in the Cold War. More bellicosity generates painful pushback in the form of sanctions, lost cooperation, and enhanced allied military efforts. By the autumn of 2015, Russian assertiveness had pushed Finland and Sweden more seriously than ever to consider joining NATO.

It follows that the "crisis" created by the growing gap in US and allied military capacity is really no crisis at all. Or, perhaps more accurately, it is a crisis only for a particular, liberal-global vision for NATO rather than a down-to-earth vision focused on the North Atlantic.⁴⁰ Declining allied defense commitments portend a reduced capacity to intervene *early* (e.g. long before any real security threat is manifest) and at extremely *low human cost* to allied military personnel in *optional* operations like Libya, justified mainly on human rights grounds, or exceedingly conjectural threats emerging from various sorts of instability. Because the threats are low, wealthy North Atlantic countries do not want to risk serious casualties to address them, hence they substitute expensive technology. This creates the impression of dire deficits in defense provision. Europe's effort to mimic the United States in this regard is what creates the false impression that capable states like the United Kingdom or France risk becoming military pygmies when they pare defense outlays to under 2 percent of their economies. They only seem such when the United States is the reference point. Having stronger allies is better than the alternative, but that fact that European allies' defense cuts may reduce the attractiveness of

military responses to humanitarian operations or conjectural security threats is hardly a real crisis for American national security.

A further, critical implication of this assessment of the strategic environment is rarely noted: it is entirely inconsistent with shock therapy's assumption about the lack of serious threats to European security that calling the United States' Article 5 commitment into question will cause European governments step up and create more military capacity via increased spending or cooperation. On the contrary, a relatively benign security setting is arguably more conducive to allowing narrow national perspectives to trump EU-wide initiatives and to continued minimalist defense efforts than the status quo of US leadership. America's NATO allies make up nearly a fifth of global military spending. Britain is the fourth biggest military spender in the world, with France close behind (after another US ally, Japan) as sixth. Germany, Italy, Turkey, and Canada all rank among the world's 15 biggest spenders.⁴¹ Very secure states like Norway and Canada purchase sophisticated weaponry from the US military industrial complex and order their soldiers into battle in America's wars in far off lands. Why? A major reason is the alliance with the United States—it is the existence of the overseas hegemon and the perceived need to retain access to it and standing with it that drive much of this behavior.⁴²

Options 1 and 2 are based on the assumption that the international system generates strong pressures for European states to do one or all of three very costly things: ramp up spending on defense; reform entrenched domestic defense practices and institutions; and set aside national prerogatives to generate genuine supra-national military defense and decision making at the EU level. Take away Uncle Sam's "welfare for the rich" and the logic of anarchy will somehow force this outcome. It cannot be ruled out that there is something special about Europe that would cause it to act in this collectively martial way without the US umbrella. But that expectation is inconsistent with most of what we know about international politics and with the lived experience of the EU's ESDP and CFSP. Governments just don't do extremely expensive and politically costly things without a major prod of some sort. The problem is that there is neither a compelling external security incentive nor a European hegemon to help solve

the collective action problem. Germany may play this role in economics, but it is not going to do so in security.⁴³ The likelihood that a US revocation of Article 5 would spur France and Britain to set aside national feeling and unite defense efforts—and that middle powers from Poland to Turkey would acquiesce—is exceedingly low. Indeed, the downward trend in European defense spending has continued despite the continuing decline in American military forces in Europe and despite increasingly loud calls for retrenchment.

Three consequences follow from this analysis. First, doubling down is unlikely—because Americans won't pay for it—and neither form of retrenchment will work—because Europeans won't pay the political or economic costs even if the United States steps aside. Second, major changes to the current benign macro-security environment are likely to occur only after substantial strategic warning, and therefore projected low costs and risks for US security provision will likely remain adequate. And third, there is no net security benefit to the United States of administering a shock to NATO via even more dramatic reductions in presence or commitment. Indeed, there are serious expected costs in terms of lost security cooperation and even less capable and inter-operable allies. With militarily capable allies like NATO and ROK, a major benefit of presence is security cooperation (joint training, planning, etc.) that is difficult or impossible to replicate with rotational deployments. According to a recent comprehensive RAND study, the US presence in NATO is getting near the floor of deployed personnel needed to sustain security cooperation at current level.⁴⁴

Now, let's consider how this vision of NATO aligns with American grand strategy. The US grand strategy of deep engagement is essentially about three objectives: managing the external environment to reduce near- and long-term threats to US national security; promoting a liberal economic order to expand the global economy and maximize domestic prosperity; and creating, sustaining, and revising the global institutional order to secure necessary interstate cooperation on terms favorable to US interests.⁴⁵

NATO's declining capability for large-scale optional expeditionary operations to address conjectural security threats or humanitarian ideals does little to impede this grand strategy. The

Obama administration's policy pronouncements and military deployments do not in any way represent a change away from deep engagement. They reflect a refocus on the strategy's core. For that core, NATO retains value as an institutional framework for:

- coordinating transatlantic security cooperation;
- maintaining key infrastructure and lines of communications to sustain a US-led containment strategy in the greater Middle East;
- reducing inefficient duplication of defense efforts among allies, preventing full renationalization of security;
- and hedging against the emergence of a more threatening Russia or the appearance of a new, serious security threat.

The retrenchment options (one and two) put these benefits at risk. Full retrenchment does so because it is obviously inconsistent with deep engagement. "NATO friendly" retrenchment does so because it confuses secondary aims with the grand strategy's core aims. It is willing to trade US leadership of the alliance for ephemeral and likely unattainable gains in indigenous European capability. Doubling down on NATO makes the same mistake of viewing optional capacities as essential, and magnifies it by ultimately imposing its costs on the US taxpayer as it has no answer to the "free rider" problem aside from exhortation.

If the United States engineers a dramatic shift in its grand strategy to a strong version of restraint that devalues the capacity to mount light footprint military operations around Eurasia as well as the incipient "coalition in waiting" represented by NATO, then the alliance would cease to make sense. But if, as is likely, it pares the deep engagement strategy to its core objectives, then muddling though, with no new grand bargains, no grand "rebooting" the alliance, no sudden new infusion of defense dollars and euros, and no "post-American" NATO, emerges as the optimal choice. In other words, the transatlantic bargain should contain three parts: NATO should continue to guarantee territorial defense; external operations in Europe's neighborhood where the US has no interest should fall under the EU or individual European allies (e.g., France

in Mali, Central African Republic); and NATO should only engage beyond Europe's borders when the United States wishes to be involved.

¹ Available at "Strategic Concepts," http://www.nato.int/cps/en/natolive/topics_56626.htm.

² Paragraph 4 (a) of the Concept, concerning collective defense, states that "NATO members will always assist each other against attack, in accordance with Article 5 of the Washington Treaty. That commitment remains firm and binding. NATO will deter and defend against any threat of aggression, and against emerging security challenges where they threaten the fundamental security of individual Allies or the Alliance as a whole." In a speech on the Concept, Secretary of State Clinton argued that cyber- and energy-security threats should fall under Article V. See <http://www.acus.org/event/hillary-clinton-future-nato/transcript>

³ Colleen McCain Nelson, "Obama Pledges NATO Backing for Baltic Allies," *Wall Street Journal* Sept. 3, 2014.

⁴ Wales Summit Declaration⁴ Sept, 2014, http://www.nato.int/cps/en/natohq/official_texts_112964.htm

⁵ Trachtenberg, *A Constructed Peace*.

⁶ See, e.g., Sten Rynning, "Germany is More than Europe can Handle: NATO as Europe's Pacifier," Research Paper No. 96 (Sept. 2013) NATO Defense College, Rome.

⁷ According to one 2009 cable released by Wikileaks: "Russia has limited capability for joint operations with air forces, continues to rely on aging and obsolete equipment, lacks all-weather capability and strategic transportation means, ... has an officer corps lacking flexibility, and has a manpower shortage."

http://wikileaks.org/gifiles/docs/1719069_fwd-military-fwd-os-russia-nato-mil-wikileaks-nato.html.

⁸ See Jim Nichol, "Russian Military Reform and Defense Policy" Congressional Research Service Report for Congress 7-5700 (August 27, 2011); www.crs.gov

⁹ Timothy Thomas, Russia's Military Strategy and Ukraine: Indirect, Asymmetric—and Putin-Led. *Journal of Slavic Military Studies*, vol. 25 (2015).

(<http://fmso.leavenworth.army.mil/documents/Putin%27sRussia/Russia%E2%80%99s%20Military%20Strategy%20and%20Ukraine%20article%20slavic%20mil%20studies.pdf>)

¹⁰ See Paul Bernstein, et al., *Putin's Russia and US Defense Strategy* Workshop Report, Lawrence Livermore National Laboratory, 19-20 August 2015 (LLNL-PROC-678215) at

<https://cgsr.llnl.gov/content/assets/docs/RussiaWorkshopReport.pdf>

¹¹ See, e.g., CSIS – An Assessment of Russian Defense Capabilities and Security Strategy

<http://csis.org/event/assessment-russian-defense-capabilities-and-security-strategy>; and Heritage Foundation – Threats to the Homeland: Europe (Chapter)

<http://index.heritage.org/military/2015/chapter/threats/europe/>

¹² Jim Nichol, "Russian Political, Economic, and Security Issues and US Interests," Congressional Research Service Report for Congress 7-5700 (April 29, 2013). www.crs.gov. See also International Institute for Strategic Studies, *Military Balance 2014*, pp. 161-62. (<http://www.iiss.org/en/publications/military-s-balance>), Kofman, Michael and

Matthew Rojansky. (April 2015). A Closer Look at Russia's "Hybrid War." Washington DC: Wilson Center.

(<https://www.wilsoncenter.org/sites/default/files/7-KENNAN%20CABLE-ROJANSKY%20KOFMAN.pdf>); Keir, Giles and Andrew Monaghan. (2014). *Russian Military Transformation—Goal in Sight?* Carlisle, PA: US Army War College, Strategic Studies Institute.

(<http://www.strategicstudiesinstitute.army.mil/pubs/display.cfm?pubID=1196>)

¹³ Barry Posen, “Ukraine: Part of America's ‘Vital Interests?’” *National Interest* May 12 2014, <http://nationalinterest.org/feature/ukraine-part-americas-vital-interests-10443>.

¹⁴ *Military Balance 2014*, pp. 161–62. (<http://www.iiss.org/en/publications/military-s-balance>)

¹⁵ Bernstein, et al, *Putin's Russia* p. 8.

¹⁶ “US Embassy Cables: US Plans to Defend Eastern Europe against Russia,” *The Guardian*, Monday 6 December 2010. <http://www.theguardian.com/world/us-embassy-cables-documents/244966>. A somewhat dated RAND study estimates that NATO's contingency plans for defending the Baltics were in fact credible with existing capabilities, under the (to my mind unrealistic) assumption that Russia would refrain from covert destabilizing operations.

“Assuring Access in Key Strategic Regions” www.rand.org/pubs/monographs/2004/RAND_MG112.pdf

¹⁷ Julian E. Barnes And Gordon Lubold, “US Military Officials Aim to Bolster Troop Presence in Europe,” *Wall Street Journal* 8 Nov. 2015.

¹⁸ Figures are averages for 2010–13. Carl Ek. “NATO Common Fund Burdensharing,” Background and Current Issues,” Congressional Research Service 7-5700 February 2012.

¹⁹ “Total Military Personnel and Dependent End Strength By Service, Regional Area, and Country”. United States Department of Defense. December 31, 2012. http://www.defense.gov/faq/pis/mil_strength.html. Donna Miles, “Force Changes in Europe to Preserve Strategic Edge” American Forces Press Service, May 7 2012, <http://www.defense.gov/news/newsarticle.aspx?id=116221>.

²⁰ See GAO-10-745R Defense Planning at <http://www.gao.gov/new.items/d10745r.pdf>; and CB Options for Changing the Army's Overseas Basing” May 2004 at

<http://www.cbo.gov/doc.cfm?index=5415&ctype=0&sequence=1> The 1.6 billion estimate is thus net of the initial cost increase. My thanks to Cindy Williams for pointers on this issue.

²¹ These grand strategic options are parsed in Robert J. Art, *A Grand Strategy for America* (Ithaca: Cornell University Press, 2003).

²² The Task Force on a Sustainable Defense Budget estimated that decommissioning one-third the US troops stationed in Europe and Asia would save \$80 billion over a ten-year period. But that was in 2010, and the commitment has already been downsized in the years since. See *Debt, Deficits, and Defense A Way Forward* June 2010 at <http://www.comw.org/pda/fulltext/1006SDTFreport.pdf>. On the strategic option of truly “coming home” see Eugene Gholz, Daryl G. Press, and Harvey M. Sapolsky, “Come Home, America: The Strategy of Restraint in the Face of Temptation,” *International Security*, Vol. 21, No. 4 (Spring 1997), pp. 5–48;

²³ Williams, “Preserving National Strength in a Period of Fiscal Restraint.”

²⁴ “Coalition in waiting” is the phrase used by NATO Deputy Director Gen. Alexander Vershbow. See Paul D. Shikman, “The NATO Problem: Ukraine Edition,” *US News & World Report* May 20, 2014.

<http://www.usnews.com/news/articles/2014/05/20/natos-very-existence-to-blame-for-ukraine-violence-ukrainian-pol-says>

²⁵ See TongFi Kim, “Why Alliances Entangle but Seldom Entrap States,” *Security Studies*, 20 (3).

²⁶ On socialization, see, especially, Alexandra Gheciu, *NATO in the “New Europe”: The Politics of International Socialization After the Cold War* (Palo Alto: Stanford University Press, 2005).

²⁷ I write this as someone who opposed NATO expansion and expected it to generate much higher costs than it ultimately did. For a retrospective analysis, see W. C. Wohlforth “Policy Evaluation After Paradigm-Shattering Events: How Well do the Experts Do?” in Melvyn Leffler and Jeffrey Legro, eds., *In Uncertain Times: American Foreign Policy after the Berlin Wall and 9/11* (Cornell University Press, 2011)

²⁸ A circumstantial case can be made that close relations with the United States and talk of NATO membership may have emboldened Georgia in the run up to its five day war with Russia in 2008. Needless to say, the fact that NATO was under no obligation to defend Georgia is likely to have figured in Moscow’s response. See Ronald Asmus, *A Little War that Shook the World: Georgia, Russia, and the Future of the West* (Palgrave 2010).

²⁹ The main issue that comes up in journalistic accounts is humanitarianism. See, e.g., Michael Lewis, “Obama’s Way,” *Vanity Fair* October 2012.

³⁰ Casualties as of 2010 calculated from: Hannah Fischer, *US Military Casualty Statistics: Operation New Dawn, Operation Iraqi Freedom, and Operation Enduring Freedom* (Washington, D.C.: Congressional Research Service (CRS), 2010). Costs are actual budget outlays (not estimated total cost) as of 2011, calculated from: Stephen Daggett, *Costs of Major US Wars* (Washington, D.C.: CRS, June 2010); Jeremiah Gertler, *Operation Odyssey Dawn (Libya): Background and Issues for Congress* (Washington, D.C.: CRS, March 2011); and Nina Serafino, *Military Contingency Funding for Bosnia, Southwest Asia, and Other Operations: Questions and Answers* (Washington, D.C.: CRS, 1999), <http://stuff.mit.edu/afs/sipb/contrib/wikileaks-crs/wikileaks-crs-reports/98-823.pdf>.

³¹ Data from Beckley, *The Unipolar Era*.

³² Steven Erlanger, “Shrinking Europe Military Spending Stirs Concern.” *New York Times* April 22, 2013

³³ F. Stephen Larrabee, et al., *NATO and the Challenges of Austerity* Santa Monica, Ca.: RAND National Defense Research Institute, 2012.

³⁴ There are multiple caveats that weaken the case for free-riding—US and European commitments to NATO are near their historical averages, some trends point to a decreasing gap, many European contributions fall outside of defense budgets, etc.—but my main point here is that the alliance’s value is not strictly dependent on the burden sharing debate. See Jordan Becker and Edmund Malesky, “Pillar or Pole? The Effect of Strategic Culture on Burden Sharing and NATO’s Future,” (October 1, 2013). Available at SSRN: <http://ssrn.com/abstract=2333290> or <http://dx.doi.org/10.2139/ssrn.2333290>

³⁵ “The Security and Defense Agenda (Future of NATO)” Secretary of Defense Robert M. Gates, Brussels, Belgium, Friday, June 10, 2011. <http://www.defense.gov/Speeches/Speech.aspx?SpeechID=1581>

³⁶ Barry M. Posen “Pull Back,” *Foreign Affairs* January-February 2013. For similar analyses, see Andrew Bacevich, “Let Europe Be Europe,” *Foreign Policy* (March/April 2010) and David C. Ellis, “US Grand Strategy Following the G.W. Bush Presidency,” *International Studies Perspectives* 10/4 (November, 2009).

³⁷ See, Sarwar Kashmeri, *NATO 2.0: Reboot or Delete?* (Washington, DC: Potomac Books, 2011); Sean Kay, “A New Kind of NATO,” http://walt.foreignpolicy.com/posts/2012/01/11/a_new_kind_of_nato

³⁸ The analysis most closely reflecting this view (though its author would reject the name I’ve given it) is Sten Rynning, *NATO In Afghanistan: The Liberal Disconnect* (Stanford University Press, 2012).

³⁹ See, e.g., Luke Coffey, “2014 NATO Summit: Laying the Groundwork Now,” Heritage Foundation Issue Brief #4603 <http://www.heritage.org/research/reports/2013/10/2014-nato-summit-laying-the-groundwork-now>. Earlier analyses in this vein include James Goldgeier, *The Future of NATO* (New York: Council on Foreign Relations, 2010); and Ivo Daalder and James Goldgeier, “Global NATO,” *Foreign Affairs* September/October 2006; and

⁴⁰ See Rynning, *NATO In Afghanistan*

⁴¹ SIPRI military expenditures data base, <http://www.sipri.org/>

⁴² On the Norway case, see Nina Græger, “From ‘forces for good’ to ‘forces for status’? Status-seeking for small states: The case of Norway,,” in Iver B. Neumann and Benjamin de Carvalho, eds., *Small-State Status Seeking* (Routledge: forthcoming 2014).

⁴³ See Sten Rynning, “Germany is More than Europe can Handle: NATO as Europe’s Pacifier,” Research Paper No. 96 (Sept. 2013) NATO Defense College, Rome.

⁴⁴ Michael J. Lostumbo, et al., “Overseas Basing of US Military Forces: An Assessment of Relative Costs and Strategic Benefits” (Santa Monica, CA: RAND 2013).

⁴⁵ For more, see, . S.G. Brooks, G. J. Ikenberry. And W.C. Wohlforth “Don’t Come Home, America: The Case Against Retrenchment,” *International Security* 37/3 (Winter 2012-13): 7-51