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Briana Tia Santiago

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## **ABBREVIATIONS**

ACLANT – Allied Command Atlantic

AWACS – Airborne Warning and Control System

CPG – Comprehensive Political Guidance

EEZ – Exclusive Economic Zone

EU – European Union

GDP – Gross Domestic Product

NATO – North Atlantic Treaty Organization

NDPP – NATO Defense Planning Process

NFO – NATO Force Structure

NFTC – NATO Flying Training in Canada

NRF – NATO Response Force

NSIP – NATO Security Investment Program

SACEUR - Supreme Allied Commander Europe

SPD – Social Democratic Party of Germany

## ABSTRACT

The focus of this research is the imbalanced burden of the North Atlantic Treaty Organization (NATO) and the dilemmas rooted in a minimum national defense spending target. As the world's most powerful military alliance, it encourages its thirty members to increase their national defense spending as a way to balance NATO's burden and take on transboundary risk as a group. In 2014 every member state committed to spend 2% of their national gross domestic product (GDP) on national defense by 2024. Within the academic fields of international relations and economics, this research examines how NATO members' level of adherence to the 2% minimum defense spending commitment impacts political transatlantic relations bilaterally and within NATO as well as the opportunities for alternative burden sharing measures the 2% commitment presents.

This commitment is the center of political discussion regarding NATO's imbalanced burden and the financial contributions of each member state. Due to the many weakness of 2%, it is problematic that it is consistently in the public spotlight. The international publicity the commitment attracts has resulted in increased criticisms, the most prominent being its economic vulnerability, it serving as an indicator of national dedication to the Alliance, and its inability to tend to NATO's shortfalls. This research assesses the substantial weight given to 2% in the form of political influence, especially since many consider it a weak measure.

The theory of defensive realism provides a framework for member state behavior towards burden sharing within NATO's defensive architecture. This theory focuses on self-restraint and not acquiring power beyond what is needed, thus maintaining a balance. The 2% commitment strengthens the Alliance's defensive architecture which lacks a very balanced foundation. The assessment of Allied defense spending data between 2013 and 2020 will help determined how national defense budgets are being allocated, how defense spending figures correspond to a nation's security and defense policy, and their independent adherence to the 2% commitment. In addition, NATO's collected data on Allies will support this research's proposed burden sharing alternatives deducted from the 2% spending target, something that is yet to be officially considered nor discussed publicly.

## ABSTRACT

Der Schwerpunkt dieser Untersuchung liegt auf der unausgewogenen Last der Nordatlantikvertrags-Organisation (NATO) und den Dilemma, das in einem Mindestziel für nationale Verteidigungsausgaben begründet ist. Als das mächtigste Militärbündnis der Welt ermutigt es seine dreißig Mitglieder, ihre nationalen Verteidigungsausgaben zu erhöhen, um die Last der NATO verteilen und grenzüberschreitende Risiken als Gruppe zu entgegentreten. Im Jahr 2014 verpflichtete sich jeder Mitgliedsstaat, bis 2024 2% seines nationalen Bruttoinlandsprodukts (BIP) für die nationale Verteidigung auszugeben. Innerhalb der akademischen Bereiche der internationalen Beziehungen und der Wirtschaftswissenschaften prüft diese Untersuchung, wie sich die Einhaltung der 2%-Mindestverteidigungsausgabenverpflichtung durch die NATO-Mitglieder auf die politischen-transatlantischen Beziehungen auf bilateraler Ebene und innerhalb der NATO auswirkt und welche Möglichkeiten für alternative Maßnahmen der Lastenteilung die 2%-Verpflichtung geboten werden.

Diese Verpflichtung steht im Mittelpunkt der politischen Diskussion über die unausgeglichene Last der NATO und die finanziellen Beiträge der einzelnen Mitgliedsstaaten. Aufgrund der vielen Schwachstellen der 2%-Verpflichtung ist es problematisch, dass sie ständig im Rampenlicht der Öffentlichkeit steht. Die internationale Aufmerksamkeit, die die Verpflichtung auf sich zieht, hat zu verstärkter Kritik geführt, wobei die wichtigsten Punkte ihre wirtschaftliche Anfälligkeit, ihre Funktion als Indikator für das nationale Engagement im Bündnis und ihre Unfähigkeit, die Defizite der NATO zu beheben, sind. In dieser Untersuchung wird das beträchtliche Gewicht, das der 2 %-Marke in Form von politischem Einfluss beigemessen wird, bewertet, zumal viele sie für eine schwache Messgröße halten.

Die Theorie des defensiven Realismus bietet einen Rahmen für das Verhalten der Mitgliedstaaten gegenüber der Lastenteilung innerhalb der Verteidigungsarchitektur der NATO. Im Mittelpunkt dieser Theorie steht die Selbstbeschränkung und der Verzicht auf eine über das erforderliche Maß hinausgehende Machtausweitung, wodurch ein Gleichgewicht gewahrt wird. Die 2 %ige Verpflichtung stärkt die Verteidigungsarchitektur des Bündnisses, der es an einem sehr ausgewogenen Fundament mangelt. Die Auswertung der Daten zu den Verteidigungsausgaben des Bündnisses in den Jahren 2013 bis 2020 wird dazu beitragen, festzustellen, wie die nationalen Verteidigungshaushalte aufgeteilt werden, wie die Zahlen zu den Verteidigungsausgaben

mit der Sicherheits- und Verteidigungspolitik einer Nation korrespondieren und wie unabhängig sie von der 2%-Verpflichtung sind. Darüber hinaus werden die von der NATO gesammelten Daten über die Verbündeten die in dieser Untersuchung vorgeschlagenen Alternativen zur Lastenteilung unterstützen, die von dem 2%-Ausgabenziel abgezogen werden, etwas, das bisher weder offiziell in Betracht gezogen noch öffentlich diskutiert wird.

## INTRODUCTION

The North Atlantic Treaty Organization (NATO), the most successful political-military Alliance in the world (Strategic Concept of Lisbon Summit 2010, Article 38) struggles to balance the capabilities, costs, and responsibilities of all its members. NATO members dispute appropriate forms of burden sharing although the simplicity of spending figures continues to be the dominant measure. Spending figures are considered easier to measure between each member state than the measurement of responsibilities or physical capabilities. National interests result in disagreements on the role NATO should play and the defining of threats facing the Alliance (Cooper and Zycher 1989 p. v). After Russia invaded Crimea in 2014, all NATO Heads of State met to discuss NATO's plan of action. In doing so, they settled on an Alliance-wide minimum defense spending commitment. It entailed 2% of national gross domestic product (GDP) to go towards national defense in order to better balance NATO's burden during a time of agreed upon external threat, the Russian annexation of Crimea. Even though this minimum defense spending target aims to better disperse the burden of NATO and reverse declining defense spending trends, it has escalated the issue of burden sharing and is now the most discussed, but criticized Alliance-wide metric. This research investigates **how adherence to the 2% of GDP minimum defense spending commitment plays a role in political transatlantic relations and how the 2% commitment presents opportunities for alternative burden sharing measures**. Within the academic fields of international relations and economics, this research pays close attention to how member states are positively and negatively impacted as a result of the commitment by way of political dialogue and current security dilemmas. Additionally, in an effort to combat weaknesses of the 2% minimum spending target, NATO processes and reported data are considered as alternative burden sharing measures.

Before 2014, NATO members never signed a commitment to spend an agreed upon amount towards their national defense, even though burden sharing is a foundational pillar of the Alliance. The minimum spending target commits every NATO member to spend 2% of their GDP on national defense by the year 2024 (Wales Summit Declaration 2014, Article 14) in an effort to increase the contributions from European nations as a whole and mitigate the additional responsibility taken on by the United States of America. Without burden sharing, NATO members would not be able to uphold basic commitments established in the NATO Treaty such as collective defense in case of an

armed attack as well as the development and maintenance of both individual and collective capacities (North Atlantic Treaty 1949, Article 4 & 3). It is essential that NATO improves its allotment of responsibilities, costs, and coordination between members to stay influential during the rise of security threats and structural challenges. The main structural challenge being dominating American leadership in a time of weakened European relations. Accountability of NATO's burden is another critical element to maintain the Alliance's respected status, fulfill its duty to combat and deter security threats facing Alliance members and its partners, and most importantly, maintain trust between members.

American President Joseph R. Biden Jr. is now faced with regaining NATO Ally trust due to the tarnishing of transatlantic relations that occurred during the American Presidency of Donald J. Trump. Starting during President Trump's campaign trail in 2016, and continuing into his presidency, President Trump emphasized the need for NATO European Allies to financially contribute more towards their defense and he verbally pressured Allies to do so. The reasoning for sure pressure was because he believed that the U.S. was paying more to protect Europe than Europe was paying to protect themselves (Trump 2019). The 2% minimum spending commitment was the basis for his claims. Although the 2% commitment is highly criticized for being too vague, this research gives examples of how it changed the European mentality on their own defense and how it was used as a verbal political tool to either give praise to Allies who met the target or put pressure on Allies who did not.

After four years of President Trump directly confronting various NATO European Allies about their defense spending figures, bilateral relations became tense. However, Europe has now taken greater initiative to offer more for their defense. The increase contributions come with a shared hope that Europe will rely more on each other as a result of President Trump's pronouncements, which made it difficult for many European nations to trust the United States if a major threat was to strike. The mistrust especially stemmed from the reference to 2% spending as a mandate rather than a guideline and splitting the Alliance because of it, as expressed by former U.S. Navy Admiral and current Dean of the Fletcher School of Law and Diplomacy at Tufts University, James Stavridis in a TIME report (W. J. Hennigan 2018). President Trump even stated in an interview with the New York Times in 2016 that, "if we cannot be properly reimbursed for the tremendous costs of our military protecting other countries, and in many cases the countries I'm talking about are extremely rich[...] yes, I would be absolutely prepared to

tell those countries, ‘Congratulations, you will be defending yourself’” (The New York Times 2016). Trump’s statement resulted in European nations, such as Germany and France, speaking out about being more strategically autonomous rather than being dependent on the non-European Union members. In 2017 German Chancellor Angela Merkel believed that Europeans had to be responsible for their own fate and fight for their future (Giulia 2017). More recently in February 2021, French President Emmanuel Macron gave a speech at the Atlantic Council expressing the importance of European strategic autonomy for the transatlantic relationship and how Europe should invest more in its future. He specifically mentions his decision to increase defense budgets in France, which is the overall goal of President Trump and the 2% commitment all along (Macron 2021).

This research demonstrates that an Alliance-wide commitment can have an immense impact on member states economically and politically. Within the scope of international relations, this research assesses shifts in actual political relationships between Allies and exposes how they interact under the influence of their burden sharing commitment. The adaptation of national defense policies, the degree of multinational military relations, and the impact of national security threats are other essential elements of this research’s approach within the study of international relations. Economically, this research consults with defense spending and investment figures related to national GDP to determine how NATO members progressed financially from 2013 until 2020. NATO has not yet published exact expenditure data from 2020, only estimates. Additionally, economic factors are utilized to determine weaknesses of the 2% minimum spending target and burden sharing alternatives that combat those 2% shortfalls.

Defensive realism is the guiding theory of this research. The theory is framed within the paradigm of structural realism which argues that the international structure or architecture of the international system influences the behavior of states and that balance of power should be ensured to deter states from going to war (Burchill et al. 2009, 21). Defensive realism includes self-restraint and not seeking power beyond what is needed. NATO is an organization with the goal of balancing the anarchic international environment as best as possible by joint commitment to protect each other with self-restraint and self-deterrence. Defensive realism also gives reason as to why the major power and leader of the Alliance, the United States, preserves its security via its defensive strategies with Allies (Lobell 2010, 6652). The 2% spending target strengthens the defensive architecture of NATO and contributes to the theory’s focus on balance. With

the shift from a bipolar to a multipolar environment, third-party powers are gaining more capabilities than ever before (Waltz 1979, 169) and stability amongst them will help promote the balancing of international power.

This research is divided into four main chapters to effectively answer the research questions. The questions being: what are the implications of Alliance member adherence to the 2% minimum spending target and what burden sharing alternatives would address the weaknesses of the minimum spending target? The NATO official website and online archives are referenced throughout the research for definitions and facts about the NATO structure, missions, and capabilities. The first chapter defines burden sharing within the framework of NATO and how the task of sharing NATO's burden has evolved since the Alliance's founding. The second chapter presents the establishment of the 2% minimum spending commitment as well as its strengths and weaknesses, particularly in relation to prominent security issues. Chapter three provides the three political implications of the 2% target: elevation of NATO status, usage as a pressuring tool for the United States, and overshadowing contributions from Allies not yet meeting the 2% commitment. Lastly, chapter four includes three burden sharing alternatives: spending maximums and minimums, mission and program participation, and the NATO Defense Planning Process (NDPP) reported figures, which should be given more attention in political dialogue when discussing the betterment of burden sharing within NATO.

## **CHAPTER 1: BURDEN SHARING WITHIN NATO: BACKGROUND**

### **WHAT IS BURDEN SHARING IN NATO?**

The founding of the North Atlantic Treaty Organization manifested itself after World War II when Russian Premier Joseph Stalin was motivated to spread communism throughout a defeated Europe. In February 1945, the Allied powers Heads of state gathered at the Conference of Yalta (Britannica Academic s.v. 2020). The purpose of this meeting was for Prime Minister Winston Churchill, Premier Joseph Stalin, and President Franklin D. Roosevelt to discuss and manage the torn apart continent of Europe. Joseph Stalin did not intend to follow through on his prior agreement of allowing former Nazi controlled eastern European nations and Poland to hold free national elections; Stalin's ultimate goal was to create a sphere of influence in Europe and spread Communism wherever possible (Yost 2014, 3). In the summer of 1945, Stalin attended the Potsdam Conference and stated, "any free elected government would be anti-Soviet and that we cannot permit" (Mosely 1960, 214). With that being said, the Cold War began.

Western European governments worried about the spread of Communism spearheaded by Joseph Stalin. He successfully bombarded nations with Communist propaganda and supported the Communist Party in France and Italy to take power of their national government. Finland, Czechoslovakia, West Germany, Romania, and Poland became Soviet Union territories, and Estonia, Latvia, and Lithuania were annexed (Yost 2014, 3).

The tension between France, the United Kingdom, and the United States against the Soviet Union erupted during the period of the Berlin blockade. On 24 June 1948, the Russians closed all Allied land and sea transportation routes that led into Berlin as well as halted electricity and coal supplies from reaching West Berlin (Tonder 2017, 6). During this time, the three former allied nations came together and completed negotiations of a North Atlantic Treaty, forming the North Atlantic Treaty Organization (NATO). The United States could now provide recovering European nations security and protection within an organization they could participate in themselves.

The NATO Treaty was signed into force on April 4, 1949, by twelve founding members: Belgium, Canada, Denmark, France, Iceland, Italy, Luxembourg, the Netherlands, Norway, Portugal, the United Kingdom, and the United States. The treaty's goal was peace and security for each member in conjunction with every nation sharing a common goal of democracy, the rule of law, and individual liberty for Europe and North

America (North Atlantic Treaty Organization 1949). In order to achieve these new peace and security goals, the North Atlantic Treaty outlines basic processes for peaceful settlement disputes, refrainment from the use of force or threats, crisis management, cooperative security, collective defense, and most importantly, burden sharing.

NATO's core tasks, collective defense, cooperative security, and crisis management (NATO Strategic Concept 2010, Article 4), cannot be fulfilled without balancing the responsibility and costs of the Alliance, better known as burden sharing. Before understanding what burden sharing entails, it is important to understand each core task and what they represent in terms of security and defense for every Allied nation.

NATO Alliance collective defense signifies an attack against one Ally being considered an attack against all Allies (North Atlantic Treaty 1949, Article 5). Article 5 enshrines the commitment to collective defense by stating that, "the Parties agree that an armed attack against one or more of them in Europe or North America shall be considered an attack against them all and consequently they agree that, if such an arm attack occurs...(they) will assist the Party or Parties so attacked..." (North Atlantic Treaty 1949, Article 5). This article is the bedrock of unity amongst NATO members (NATO 2030 Expert Group 2020). Article 5 was invoked for the first time after 9/11, a direct attack on the United States. It was again invoked as a response to the Syrian conflict in 2011 and the Russian annexation of Crimea in Ukraine in 2014.

The strength and effectiveness of cooperative security lie between NATO and its partners. Cooperative security as a core task of the Alliance was introduced in 2010 at the Lisbon Summit. NATO Allied "partners" does not only mean each other, but also other international organizations and third-party nations. NATO describes cooperative security as "a network of security partnerships" as well as an operational language (NATO 2011). Three important elements support the impact of this core task. First, strengthening NATO's partnerships. Second, playing a role in disarmament, arms control, and non-proliferation. Third, prepping interested nations to meet NATO standards to join the Alliance.

NATO utilizes military and political tools to manage crises in and around NATO's diverse security environment. The main goal of crisis management is to have coordinated communication, resources, and a response in the case of an event of negative impact. Crisis management also includes many other actions, such as de-escalation, halting violence, prevention, and controlling a threatened environment. NATO's basic principles of crisis management include supremacy of the North Atlantic Council,

consensus, permanent representation of NATO nations, and political control over the military (Marinov, n.d.). Article 3 and Article 4 of the North Atlantic Treaty officially support this core task by emphasizing collective efforts when security is breached. The importance of nations to maintain and further develop not only individual security capacities but also collective capacities in case of an armed attack is highlighted in Article 3. Article 4 states that “The Parties will consult together whenever...the territorial integrity, political independence or security of any of the Parties is threatened” (North Atlantic Treaty 1949, Article 4). Consultation of Allied members represents trust and the shared burden they carry when threatening security issues arise. NATO has already embarked on complex crisis management missions in the Balkans, Afghanistan, Iraq, and in Africa upon request of the African Union (Yost 2014).

The principle of burden sharing is to allow Allies to contribute and build trust amongst each other in order to act effectively when called upon. It allows the Alliance to be ready to accomplish any task. NATO is a consensus-based organization with the expectation that members will contribute to the Alliance and benefit from it. Sharing the burden of the Alliance promotes doing just that. Burden sharing is defined in a Defense and Security Committee report by Attila Mesterhazy as, “the relative weight of distribution of costs and risks across the Alliance in pursuit of common goals” (Mesterhazy 2018). This weight is not meant to fall on a single member, but rather every member of the Alliance. There are eleven different financial metrics and physical outputs to assess the contributions of each member state. They include the 2% defense expenditure target, 20% expenditure on major equipment (including research and development), percentages of deployable armed forces, land forces, vessels, and airframes, fulfillment of NATO Defense Planning Process (NDPP) requirements, NATO Response Force (NRF) requirements, as well as filled staff positions within both the NATO Force Structure and the NATO Command Structure (Mattelaer 2016). Chapter four of this study will focus on those burden sharing measurements that could be an alternative or supplement 2%.

The funds of NATO come from all thirty members and are centered around common funding, indirect/national, and direct contributions. Common funding is segmented into NATO’s principal budgets: the civil budget (running costs of NATO headquarters), the military budget (the integrated Command Structure costs), and the NATO Security Investment Program (military capabilities) (NATO 2021). Indirect contributions are considered voluntary contributions, such as equipment or troops, with

costs covered by the member state. The entire Alliance is encouraged to engage in direct contributions, meaning to take on the costs of the Alliance collectively. The NATO-wide air defense and command control systems are examples of collective funding initiatives (NATO 2021).

Burden sharing is an important topic of discussion in every NATO Summit, particularly the Wales and Brussels Summits. During the 2014 Wales Summit, the first-ever NATO-wide targets were agreed upon and committed to in the Wales Summit Declaration. In 2018 during the NATO Brussels Summit, its focus was on burden sharing solidarity. The Brussels Summit Declaration acknowledges burden sharing as a foundational aspect of the Alliance stating that “fair burden sharing underpins the Alliance’s cohesion” (NATO Brussels Summit Declaration 2018, Article 3).

### **THE EVOLVING ROLE OF THE UNITED STATES OF AMERICA**

The dilemma of burden sharing has been an ongoing NATO debate since its founding. As previously mentioned, in 1949 the motivation of the United States was to help stabilize European nations after World War II, allowing them to rebuild. The North Atlantic Treaty legally permitted that. There was no other option for recovering European nations but to depend on the United States’ resources and military power, especially in the time of Soviet influence. NATO provided a platform for the U.S. to aid European nations in peacebuilding, but also act collectively to protect them.

NATO has been led by American armed forces members since its founding. The United States was interested in keeping Western European nations nearby as the Soviet Union strived to spread Communism throughout the region. American General Dwight Eisenhower was the first leader of the Alliance, titled the Supreme Allied Commander Europe (SACEUR). The SACEUR was responsible for the new joint military command structure created in 1950 (NATO 2001). Today, the SACEUR is responsible for the planning and execution of NATO operations, as directed by the North Atlantic Council, and has always been a member of the American armed forces (NATO 2018b). In 1952 General Eisenhower became the president of the United States with intentions to continue supporting Western European nations to grow their economies. Former President Truman had laid down the groundwork to provide security and military assistance to European allies. President Eisenhower continued to build upon this groundwork by founding a military assistance program and a mutual defense assistance program. These programs provided infrastructure for military equipment, joint military facilities, development

assistance, defense support assistance, and contingency funds that would be managed by the American president in case of a crisis (Schutt 1995, 7-9). In total, these programs contributed about \$1.4 billion to Europe (Office of the Historian n.d.). Ongoing military assistance programs became a staple of the Eisenhower eight-year administration. Additionally, in 1952 American Vice Admiral Lynde D. McCormick took on the position of Allied Command Atlantic (ACLANT). This leadership position was responsible for managing and protecting the shipping avenues across the Atlantic between North America and its European Allies (NATO 2001).

The American government's push to fund and supply European nations after World War II resulted in the United States' position as the highest financial contributor to the Alliance. Although European economies developed and strengthened throughout the decades, the United States barely wavered in its NATO financial contributions nor its higher defense expenditure rates in terms of GDP compared to other NATO Allies.

Wolkonowski's statistical report of NATO defense expenditures between 1949 and 2017 proves that the United States has historically contributed more than half of its defense expenditure to the Alliance. In one section of his study, he reports every NATO member's defense expenditure (in billion dollars) in ten-year periods. Each period table identifies the share of U.S. expenditure allocated towards NATO. Between 1949 and 1959 the U.S. share in NATO was 74.6%, between 1960 and 1970 the U.S. share was 76.7%, between 1971 and 1981 the U.S. share was 62.5%, between 1982 and 1992 the U.S. share was 59.6%, between 1993 and 2004 the U.S. share was 64.7%, and between 2004 and 2017 the U.S. share in NATO was 67.6%; besides the period between 1982 and 1992, the United States devoted over 60% of its military budget to NATO (Wolkonowski 2018). He also makes note of the significant increase of spending on NATO from all Allies rising from \$16.1 billion to \$271.1 billion.

Before 2014 NATO lacked any specific burden sharing accountabilities. Financial input targets in any category falling under defense expenditure were never agreed upon. Article 3 of the North Atlantic Treaty comes the closest to addressing the burden of NATO by giving responsibility to each NATO member to develop and maintain their individual and collective military capacities (North Atlantic Treaty 1949, Article 3). There aren't any specifications as to what, "maintaining their own individual and collective military capacities" entails. After the implementation of the 2% minimum spending commitment for each member nation in 2014, public attention heightened

around burden sharing within NATO. This discussion was not a new phenomenon, but national governments were forced to pay attention to it.

### **THE TRANSATLANTIC DILEMMA OF BURDEN SHARING**

The debate of unbalanced burden sharing within NATO continues to escalate for three main reasons. Firstly, the overwhelming American contributions since 1949. Secondly, the diversity of the threats affecting the Alliance and thirdly, the lack of specific burden sharing guidelines. Due to these imbalances, critics are paying more attention to those NATO Allies reaping the benefits of the Alliance without contributing their fair share.

Due to the large influx of American military aid and support since the founding of the Alliance, European nations have lacked a strong enough initiative to increase their contributions and capabilities, especially if that is not a national priority. Since the 1970s, American politicians have suggested that the United States is spending too much on Europe's defense and that Europe should be contributing significantly more. In 1971 the Senator majority leader Mike Mansfield from Montana proposed reducing American troops in Europe by half. At the time there were about 215,000 U.S. troops in West Germany, 45,000 in the Mediterranean, and the remaining were in Turkey, Italy, the United Kingdom, and Spain; by reducing the U.S. troop total to 150,000 the United States would have saved about \$1.5 billion (Szulc 1971). President Nixon later denounced this idea by saying, "our direct and large-scale involvement in Europe is the essential ingredient of the cohesion of the West..." (93rd Congress First Session 1974, 155). More recently, former American Presidents George W. Bush, Barrack Obama, and Donald J. Trump also expressed the need for Europe to take more responsibility for their continental security and to increase their defense spending.

For all members of the Alliance to effectively mitigate the weight of costs and risks, NATO members must identify and agree on security challenges and emerging threats affecting the Alliance (Mesterhazy 2018, 4-6). These threats are now more diverse than ever before and burden sharing is, therefore, more complex. Threats and challenges directly affect certain nations while not being a priority for others. It often occurs that Ally's national security interests are not aligned. The Alliance was able to easily unite against Communism and the Soviet Union in 1949. Today, security threats are not as clear. There is not just one pressing challenge, but multiple complex

challenges, as Secretary General Stoltenberg stated in his speech at the New Ideas for #NATO2030 event for Young Leaders (“New Ideas for NATO 2030 - YouTube” 2021)

The lack of burden sharing guidelines, at least ones discussed publicly, are foundational strains on the Alliance. The North Atlantic Treaty fails to specify expectations of individual nation contributions or of burden sharing in general. The treaty rather underlines the importance of maintaining and developing independent military capacities (North Atlantic Treaty 1949, Article 3) to be able to defend each other. Guidelines can be in various forms, such as quotas, numerical targets, research, investment expenditure targets, or even personnel. It wasn't until 2014 that the first Alliance-wide burden sharing commitment was publicly introduced, the 2% commitment. Without clear explanations, it is difficult to compare if one country is pulling its weight or if another is going above and beyond. It is certainly positive that the Wales Summit Declaration enacts a NATO-wide agreed-upon metric, but this target itself has sparked debates worldwide.

## **CHAPTER 2: THE 2% COMMITMENT**

### **ESTABLISHMENT OF THE 2% COMMITMENT**

The 2% of GDP defense spending commitment was officially introduced in the Wales Summit Declaration of 2014, but the grounds for this first-ever burden sharing guideline were paved on 8 June 2006. A NATO Defense Minister meeting was held on this date to discuss and reverse declining NATO member defense spending. NATO spokesman James Appathurai spoke at a press briefing to share the objectives of this Defense Minister meeting. He stated that approval of ministerial guidance was met, which added more detail to the Comprehensive Political Guidance Protocol (CPG) (Appathurai 2006). The CPG is, “a high-level guidance document which provides a framework and political direction for NATO’s counting transformation, setting out, for the next ten to fifteen years... an agreed vision and priorities for NATO’s ongoing transformation”(Savereux 2007). It serves as an additional benchmark for NATO member compliance and commitment to the NATO Force Structure (NFO). This is also known as the placement of NATO headquarters, and national and multinational forces on either a temporary or permanent basis (NATO 2018b). Appathurai also mentions during this press meeting that a 2% of GDP defense expenditure target was committed to by all Allies. He clarifies that this is not a non-negotiable requirement, but rather a goal each NATO member will strive towards. Even though this statement may be true, no such guideline was published within the CPG, nor within the 2006 Riga Summit Declaration. The Riga Summit Declaration does encourage Allies with decreasing spending in real terms to reverse the trend but does specify by what increment; it also emphasizes the need for improved capabilities of the Alliance via a commitment to sufficient resources (Riga Summit Declaration 2006, Article 26 and 15).

In response to the Russian invasion of Crimea in September 2014, the NATO Summit of Heads of State and Government took place in Wales to reaffirm their commitment to the Alliance and strategize a plan of action moving forward. The Alliance suspended all manners of cooperation with Russia and it was of high priority to discuss the rising security challenges in the Middle East and Northern Africa. The aggressive behavior in Ukraine directly opposed the visionary principles of NATO: democracy, peace, and a free whole Europe. The new objectives of the Alliance were laid out in the Wales Summit Declaration of 2014. This declaration restated and reaffirmed dedication to the core tasks of the Alliance established in the 2010 Strategic Concept: collective

defense, crisis management, and cooperative security (Wales Summit Declaration 2014, Article 3). Other discussed topics of the Summit included: NATO readiness, investing in capabilities to combat any unexpected challenge, deterrence, enhancing partnerships, reaffirming commitments to NATO's Open Door Policy, and the bilateral relationship between Russia and Ukraine.

The Wales Summit Declaration is one of the most prominent declarations because it legitimizes the first-ever specific burden sharing guideline. It also restructured the NRF. Due to increasing Russian military aggression, the Alliance prioritized strengthening their NATO capability targets and addressing NATO's capability shortfalls (Wales Summit Declaration 2014, Article 14). To accomplish this goal, it was essential to increase defense expenditure Alliance-wide within a feasible timeframe. There was also an urgency to strengthen the defense industry not only within the Alliance but specifically in Europe in coordination with the North Atlantic Council (Wales Summit Declaration 2014, Article 14). Efficient burden sharing and coordination would equip the Alliance to be prepared for security challenges and strengthen European nations' defense and security as a whole (Wales Summit Declaration 2014, Article 5). In Article 14 of the declaration, two financial targets and two readiness obligations are defined. The objective of these targets is for NATO members to reach or maintain a minimum amount of defense expenditure by the year 2024.

Defense expenditure incorporates the diverse range of costs needed to facilitate the multitude of functions an armed force requires. NATO defines defense expenditure as payments made by a national government, specifically to meet the needs of its armed forces, of its Allies, or of the Alliance (NATO 2020a, 15). NATO defense expenditure is divided into four categories: personnel, operations & maintenance and other expenditures, infrastructure, and major equipment including research and development. Overall, this involves armed land, marine, and air forces, as well as joint formations (administration, special operations forces, medical service, logistic command, space command, cyber command, or "other" forces, such as the ministry of interior troops, and national police forces); personnel expenditure usually accounts for salaries and pension payments made directly by the government to active military, retired military, civilian employees, military components of a mixed civilian-military, and civilian employees (NATO 2020a, 15). Operations & maintenance spending includes costs for peacekeeping and humanitarian operations but also ammunition and explosives (excluding nuclear), petroleum products, spare parts, and rents (NATO 2020a, 16). Major equipment can be but is not limited to

costs associated with inspections of equipment, equipment destruction, electronic and communications equipment, upfront purchases of equipment such as missile systems, nuclear weapons, aircraft, artillery, combat vehicles, and engineering equipment (NATO 2020a, 16). Direct contributions to NATO are managed through trust funds and are made via common funding or joint funding (NATO 2021). NATO does not account for war damage payments and spending on civil defense in the defense expenditure data from 16 March 2021.

The first agreed upon financial commitment is a spending minimum of 2% of GDP on national defense. Those nations already spending 2% of GDP on defense on 5 September 2014 are encouraged to continue doing so. Those nations spending below the 2% target are instructed to, “halt any decline in defense expenditure; aim to increase defense expenditure in real terms as GDP grows; (and) aim to move towards the 2% guideline within a decade” (Wales Summit Declaration 2014, Article 14).

The second financial aim in Article 14 is for Allies to allocate 20% of their defense expenditure towards major equipment, which includes research and development. The NATO members already meeting this requirement as of 5 September 2014 were again encouraged to maintain it. Those NATO members spending below 20% of their defense budgets on major equipment, research, and development, agreed to meet this target within a decade (Wales Summit Declaration 2014, Article 14). The impact of the 20% target will be discussed in chapter five as an alternative measure for balancing NATO’s burden.

The most observed and debated burden sharing commitment of the two targets is the general 2% minimum of GDP spend on defense. Its goal is to better balance the costs and responsibilities of NATO by reversing declining defense budgets and effectively allocating funds (Wales Summit Declaration 2014, Article 14). The declaration states, “our overall security and defense depends both on how much we spend and how we spend it,” and that money should be funneled towards meeting prioritized capabilities (Wales Summit Declaration 2014 Article 14).

### **WEAKNESS AND STRENGTHS OF THE 2% COMMITMENT**

The establishment of the 2% GDP minimum spending commitment was momentous for the Alliance but has been met with heavy criticism from politicians, military personnel, and national leaders that this research accounts for. As of 2014, every NATO member was now committed to spending 2% of their own GDP on defense by the

year 2024. Finally, a clear objective had been set in terms of burden sharing but even this managed to divide the Alliance more than unite it. The target's weaknesses, including being a distraction from other important contributions, lack of credibility, vagueness, and susceptibility to economic vulnerability, became topics of tension and debate for Allies.

The focus on input rather than output is considered the most valid criticism of the 2% target by Attila Mesterhazy, a vice president of the NATO Parliamentary Assembly elected in 2019. When asked how much a nation contributes to NATO and how dedicated it is to NATO's capabilities, financial input figures are currently the quickest answers to these questions. In Mesterhazy's Defense and Security Committee report, he argues that attention should be on a nation's capabilities and contributions that most effectively reinforce NATO's deterrence and collective defense goals (Mesterhazy 2018, 5). Although finances do sustain NATO, strategy, equipment, and manpower physically strengthen the Alliance. Mesterhazy emphasizes that large financial input alone does not protect NATO nations. Therefore, less focus should be put on the input number itself, but rather on the output quality and acquisition of capabilities improving Allied security.

A common criticism of the 2% commitment is the vagueness of the term "defense expenditure." It does not specify what Allies should spend on but rather allows for spending in any of NATO's four categories previously mentioned: personnel, operations & maintenance and other expenditures, infrastructure, and major equipment including related research and development (NATO 2020a). For example, there is no differentiation between increased defense spending on military pensions and the construction of a new bridge. There is also no separation of defense spending allocated for national projects or infrastructure built to benefit civilians. As long as the percentage of defense expenditure in relation to a nation's GDP increases, steps are being made to fulfill the 2% burden sharing minimum spending target. To further complicate the measures of the commitment, GDP does not have a consistent measure. For example, GDP measures can vary slightly between the International Monetary Bank, the World Bank, and independent national measures (Mesterhazy 2018, 4).

In addition to the vagueness of spending 2% of GDP on defense, increased spending in any of the four defense expenditure categories does not translate to contributions towards NATO efforts and needs. Numerous NATO members, such as France, Turkey, the United Kingdom, and the United States undergo simultaneous military missions worldwide unrelated to transatlantic commitments. In contrast, Estonia rarely embarks on military action without support or guidance from NATO. This creates

the dilemma that increased spending in any category directed towards missions unrelated to NATO commitments is still deemed as defense spending, contributing to the NATO 2% minimum spending commitment, but not actually to NATO itself. Although increased spending in any of the four categories does strengthen the security of individual nations, it is debatable if such spending effectively elevates NATO's capabilities, which is an objective of the 2014 Wales Summit Declaration.

Jan Techau, former director of Carnegie Europe, believes that pegging NATO's burden sharing spending target to a nation's GDP is an economic concern for every Ally. The Wales Declaration has the objective to increase defense spending via increased national GDPs, but does it consider a shrinking GDP? By having a fluctuating target, 2% is vulnerable to the instability of some national economies; this moving target also secretly offers nations a backdoor approach to give the appearance that they increased their defense spending (Techau 2015, 12-13). Techau gives an example of how defense spending in a contracting economy can falsely be interpreted as increased or sufficient defense spending. If the absolute value of a nation's defense spending stays the same within a shrinking economy, the result would be an increased spend on defense although spending on defense itself did not increase. It could also happen that a nation spends less money on defense within a contracting economy and meets the 2% commitment when actually spending less than the previous year.

Another economic concern of the 2% minimum spend goal addressed by Jan Techau is that it does not measure spending in its real value (Techau 2015, 1). Real value is defined as the nominal value adjusted for inflation, which then that value is measured in terms of another item (Ganti 2021). Assessing 2% targets as a real value against GDP would determine if an increase in defense spending is accredited to actual absolute value growth or to inflation over time.

Lastly, the 2% commitment is considered a distraction from addressing the capability shortfalls and capability targets mentioned as objectives in the 2014 Wales Summit Declaration. The Declaration explicitly states that the security and defense of NATO nations depend on both how funds are spent and how much is spent. The international media and NATO populations have paid close attention to annual changes in defense expenditure and not as much attention to how these budgets are being allocated to support NATO's needs. The 2% target remains the dominant burden sharing measuring tool used by NATO and Allied leaders, even though these weaknesses have been established.

The 2% minimum defense expenditure commitment has been successful in reversing declining defense spending figures. The objective of the commitment is that Allies increase their national defense spending. The introduction of 2% has resulted in every nation below the 2% of GDP level as of September 2014 to increase their spending by 2019, except for Albania and Croatia. Both Greece and the United Kingdom were spending above 2% in 2014 and also increased their defense expenditure as a share of GDP. Not every nation has yet accomplished spending 2%, but they have all progressed towards the goal.

The commitment benefits from its simplicity. As previously discussed, 2% is labeled vague. At the same time, its straightforwardness makes it an easy-to-use measuring stick when comparing each nation's defense budgets, regardless of what exactly the defense budget accounts for. By considering the entire defense budget, differences in spending by nation become less relevant and the focus is simply on how much that ally spends on their defense and security.

### **PROMINENT SECURITY ISSUES PERTAINING TO THE 2% COMMITMENT**

Individual allied progress of the 2% commitment is interconnected with national political action towards external threats and domestic politics. The following four examples of prominent security issues present realistic channels of military spending and how they impact the 2% commitment. A defensive realist would consider each example as NATO member efforts to maintain a power balance in order to secure their state and safeguard the status quo (Waltz 1979, 126). The smaller, less powerful nations strive to become stronger; Turkey equips themselves in any way possible to also gain power and balance against their perceived national threats, Greece is looking to safeguard their international recognized territory and Germany is aware of the consequences of an imbalanced power structure and does not want to contribute to any imbalance. The framework of defensive realism lends itself to why national interests and balancing of national threats will persevere ahead of an Alliance-wide spending target with the mission to strengthen the group as a whole.

#### **RUSSIAN AGGRESSION**

Russian aggression is the cause for an imbalance in defense spending amongst NATO nations. Within a decade, Russia has increased aggression and assertiveness in its foreign policy under Russian President Vladimir Putin. This has caused some Allied

nations impacted by Russia's actions to build up their military strength and depend more on NATO than others. Secretary General Jens Stoltenberg and other Allied leaders have identified Russia's behavior as a security threat to the Alliance but still many nations are pressured to spend more for national reasons (NATO 2030 Expert Group 2020, 25-26). During a discussion with U.S. Secretary of State Antony Blinken, he states that Russia is responsible for aggressive actions in the NATO neighborhood but also for actions against Allies in cyberspace (Blinken and Stoltenberg 2021). Other threats including air and space violations, cyber-attacks, submarine infiltrations, and arctic initiatives. These threats are of high concern for the NATO nations on the eastern part of the Alliance.

Russia is known for undermining democratic processes and unwantedly interfering in the politics of sovereign states. Nations such as Poland, Lithuania, Latvia, and Estonia rely heavily on NATO's support for their national security. After the Russian annexation of Crimea in 2014, these nations increased defense spending and prepared themselves for any possible Russian aggression directed towards them (NATO 2020a). They also have all spent more than 2% of their GDP on their defense and security. These threatened Alliance members have increased their security investments and NATO has also increased their support and investments in these countries. It is clear why these nations have easily met the 2% commitment and that their increase in spending pertains to their national security being threatened. Each nation wants to arm itself accordingly which has resulted in surpassing the 2% minimum spend.

#### *PURCHASING OF RUSSIAN S-400 MISSILE DEFENSE SYSTEM*

Turkey, a long-time NATO Ally and the second-largest military in the Alliance, was independently conversing with Russia about purchasing weapons. Any purchase of major equipment is calculated into total defense expenditure. Initially, Turkey was interested in purchasing the American Patriot defense system. In July 2019 BBC News reported a shipment of the Russian S-400 missile defense system that was delivered to Turkey instead (Marcus 2019). Turkey had also sent military members to Russia to begin S-400 missile training. This Russian missile system is incompatible with the NATO defense system and eliminated Turkey from purchasing 100 warplanes from the NATO F-35 program (Marcus 2019). According to CNBC, this 2017 deal to receive the Russian S-400 defense system was worth approximately \$2.5 billion (Macias 2020). This is a direct conflict of burden sharing because the \$2.5 billion is calculated into the defense expenditure of Turkey and therefore this expenditure will be considered progress towards

the 2% commitment. Meanwhile, Allies condemn Turkey's purchase of the Russian S-400 as well as the close strategic defense links developing between Russia and Turkey. In this case, increased defense spending is seen as positive in terms of the 2% spending goal, but it does not benefit any capabilities of the Alliance, it negatively impacts them.

### THE MEDITERRANEAN CONFLICT

The dispute over natural gas rights in the Mediterranean Sea has been a source of increased military spending for both Greece and Turkey. Gas found in the eastern Mediterranean Sea has the potential to bring economic growth to the surrounding nations: Egypt, Israel, Greece, Cyprus, Lebanon, Turkey, and Palestine. It also reduces dependence on imported Russian gas supplies. European nations have been heavily involved with surveying this part of the Mediterranean (Bowlus 2020). An intense dispute between Turkey and Greece erupted in 2018 when an Italian gas company found a rich gas field close to the island of Cyprus. The Cyprus island itself is divided between Greek Cypriot and Turkish Cypriot communities. Both nations being NATO members have threatened military action against each other to claim territorial sea rights off the coast of Cyprus. These territorial sea rights refer to exclusive economic zones (EEZ) which are defined as an area beyond and adjacent to the territorial sea, subject to the specific legal regime of the coastal State having sovereign rights for the purpose of exploration, exploiting, and conserving natural gas (the United Nations 1995). Greece, Egypt, Lebanon, and the Republic of Cyprus are all signatories of the United Nations Convention on the Law of the Sea in 1958. This UN agreement determines one way to calculate an EEZ, meanwhile Turkey is not a signatory and has its own EEZ calculation.

Greece and Turkey have conflicting points of view on Greek territorial waters, ownership of certain islands and isles, EEZ calculations, and the ongoing divide of Cyprus. In comparison to Turkey's strong military, Greece is significantly smaller. For this reason, Greece is in need of security investments and NATO's support to confront Turkey. Turkey is amicable with Russia and allowed Russia to perform live-fire naval exercises in the eastern Mediterranean in September 2020 (Arab News 2020). This of course only elevated the tension in the region. Turkey has vowed to defend their territory against Greece and of course to do this, more spending on defense is necessary. Greece must stand up to increased Turkish military presence in this area. In terms of spending 2% of GDP on defense, both nations have significantly increased spending, but in this case,

increased spending is going towards an internal conflict and not NATO-wide external threats.

### GERMAN NATIONAL HESITATION TO SPEND MORE ON DEFENSE

As the strongest economy of Europe, Germany has been pressed to financially contribute more to NATO vis-à-vis Germany's own national security. Since 2014 Germans have debated the necessity for increased military spending in consideration of the country's history during World War II. After the Cold War, politicians from all German political parties cut defense spending. According to survey results in 2019 from the Center for Military History and Social Sciences, Germans view themselves as anti-militarists, anti-Atlantists, and multilateralists; they do not believe that military spending is effective or a morally suitable resource for foreign affairs (Steinbrecher, Graf, and Biehl 2019). That is not to say that Germany isn't concerned with their security or their allies, but rather it is much more difficult to acquire support from German citizens to increase their national budget for defense. Germany also endured international pressure from former American President Donald J. Trump to significantly increase its spending. As of 2019, Germany is not spending 2% of its GDP on defense (NATO 2020a). However, out of all nations paying for their defense in the Euro currency, Germany is expected to spend the most in 2020 with €51,610 million (NATO 2020a).

## **CHAPTER 3: POLITICAL IMPLICATIONS OF THE 2% COMMITMENT**

There are unapparent and unexpected political implications felt across NATO because of the long-term 2% commitment. These implications include the elevation of member status within NATO, the usage as an American political pressuring tool, and the ability to overshadow contributions by nations not yet meeting the commitment. This chapter will demonstrate these three implications via five applicable NATO nation cases. Defensive realism lends itself well as a framework to the competition generated from the 2% commitment within the NATO structure. Since defensive realism is concerned with the balance of threats to maintain a balance of power, it makes sense that the mission to better balance NATO's threats has resulted in political debate, frustration, and division amongst members. The commitment is strengthening NATO's defensive architecture but in an inconsistent way.

### **POLITICAL IMPLICATION 1: ELEVATION OF MEMBER STATUS WITHIN NATO**

#### **POLAND**

The first political implication of the 2% defense spending commitment is the stamp of approval and achievement national armed forces receive if they meet it. This approval generates increased dependability of militaries, especially from non-traditional leaders of the Alliance. Such nations have become leaders of burden sharing by swiftly allocating more of their national budget to security and defense. Adherence to 2% has enabled militaries, such as Poland and Estonia, to receive significant financial and infrastructure investments and overall support from NATO. Their achievement is reiterated within the Alliance and directly to other Allies, regardless of the manner 2% was achieved. It is more important if 2% spending is met and maintained.

Poland is one of the top defense spenders of NATO and has consistently spent, if not more, close to 2% since 2014. The nation's armed forces consist of an army, navy, air force, and special forces totaling about 99,000 troops, 39% being of deployable forces (NATO n.d.). Historically, Poland has had a turbulent relationship with Russia, giving it a reason to invest more in its military and prioritize national security and defense against Russian aggression. In 2014, the year of the Wales Summit, Poland spent 1.86% of their GDP on defense. By 2015, they had already reached 2% by spending 2.22% on defense.

Although Poland's defense expenditure did not remain above 2% for the next four years, they maintained payments above 1.86% of GDP. In 2016, 2017, 2018, and 2019 their spending equaled 1.99%, 1.89%, 2.02% and 1.98% respectively (NATO 2020a).

According to the International Trade Administration, Poland allocated 2.1% of 2019 GDP towards their 2020 defense budget (United States Department of Commerce n.d.). Overall Poland increased their defense spending by 12.9% between the years 2014 and 2020.

The Polish government has upheld its commitment to maintaining a 2% defense expenditure level since 2015. On 27 May 2015, Polish President Bronislaw Komorowski signed a legal action to increase Polish military spending in order to reach NATO's 2% spending commitment. The purpose of this amendment was to maintain defense-related spending at the 2% level of the previous year's GDP. It also consisted of a ten-year planning period and a four-year development program cycle to align the Polish armed forces with the requests and requirements of NATO (Palowski 2015). The Polish government also announced its commitment to increasing defense spending to 2.5% of GDP by 2030.

Poland is considered an ally that leads by example in burden sharing because of its annual contribution to defense. In 2016 NATO Secretary General Stoltenberg and Polish President Andrzej Duda hosted the Warsaw Summit on 8 July and 9 July 2016. The purpose of the summit was to make decisions regarding the future of Europe's security. NATO labeled security threats included Russian military build-up from the Barents Sea to the Baltic Sea, the Mediterranean conflict, missions in the Middle East and Northern Africa, the rise of terrorist groups, cyberattacks, and management of one of the largest refugee and migrant crisis Europe has endured since World War II (North Atlantic Treaty Organization 2014). In preparation for the Summit, Secretary General Stoltenberg and Polish President Duda met for a joint press conference on 30 May 2016 to publicly discuss the planning and importance of the Warsaw Summit. During this meeting, Secretary General Stoltenberg stated, "Poland is also leading by example on defense spending... You devote 2% of your GDP to defense. And you are making significant investments in new capabilities... All of this shows Poland's leadership and commitment to NATO" (Stoltenberg and Duda 2016). The Secretary General also reiterated this at the end of his speech at the Summit's Experts' Forum. He said, "Poland has led by example. Spending more, and spending better" and that "we expect a real increase of 3% in defense spending among European Allies and Canada" (Stoltenberg 2016). Poland was one of

five NATO allies to meet the minimum spend of 2% of their GDP, as stated in Article 34 of the Warsaw Summit Communiqué (North Atlantic Treaty Organization 2016).

Poland received similar praise and attention in March 2019 when Secretary General Stoltenberg visited Polish President Duda in Poland. The Secretary General thanks Poland for their significant defense spending. He states, “You (Poland) are leading by example, you allocate 2% of GDP to defense” and continues to say that it is important that Allies invest more in the uncertain security environment in the same way Poland did; their contributions help better balance NATO’s burden, says Secretary General Stoltenberg (Stoltenberg and Duda 2019). On 4 June 2019 when Polish President Duda visits NATO Headquarters in Brussels, Secretary General Stoltenberg again commends Poland for their commitment to 2% spending on defense. Secretary General Stoltenberg also speaks about NATO’s increasingly prominent footprint in Poland.

As Poland increases its defense spending, NATO has invested more in Poland. Not only in 2015 does the Polish government nationally declare their commitment to defense spending, but in 2017, the ruling party of Poland, known as the Law and Justice Party, does the same. The party intended to raise defense funds to modernize the military and increase its size even though Poland was already a NATO top spender. Two years later, Poland was the beneficiary of NATO’s largest investment of the last 30 years. Approximately \$260 million was invested in Powidz, Poland to construct a storage facility for American combat vehicles. Poland welcomed such an investment with open arms due to the benefit of having American war equipment in place on their territory in case of Russian aggression or confrontation. The storage site would have 650,000 square feet of space, a vehicle maintenance facility, and a supportive facility (Stoltenberg and Duda 2019). Poland is a top beneficiary of the NATO Security Investment Program (NSIP). The NSIP established ten investment programs in Poland, including the modernization of its airports, fuel depots, naval bases, and in 2019, a missile base site (Polish Ministry of National Defense n.d.) During the Polish President Duda’s visit to Brussels in June 2019, Secretary General Stoltenberg reconfirms NATO’s commitment to Poland’s security. He discusses the key facilities and the multinational battlegroup based in Poland, as well as it being the host for NATO training and exercises. Exercises include Exercise Noble Jump in 2019 and Exercise Brilliant Jump in 2020, both testing deployability of NATO’s Very Readiness Joint Task Force. Secretary General Stoltenberg says, “All this shows that Poland is strongly committed to NATO and that NATO is strongly committed to Poland’s security” (Stoltenberg 2019).

Poland's commitment to 2% of defense spending since 2015 has certainly contributed to its leadership position, investments, and praise by the Alliance. In March 2021, Polish Defense Minister Marius Błaszczak agrees with this point by stating, "after 22 years of NATO membership, Poland has become one of its leaders and a country creating trends in security policy" (Błaszczak 2021). He also notes that Poland's 2% of GDP spending is one of the reasons why they are at the forefront of the Alliance and why they have militarily and defensively progressed within NATO in a relatively short time (Błaszczak 2021). The 2% commitment has enabled Poland to significantly benefit from NATO's support and receive praise, bringing both Poland and NATO closer together militarily.

### ESTONIA

Estonia is another NATO nation with an armed force of about 230,000 (Republic of Estonia Defence Forces 2016) that has received significant investments and praise from the Alliance because of its adherence to the 2% commitment. Since 2015 Estonia has consistently spent over 2% of national GDP on defense. In 2015 they spent 2.01%; 2016, 2.05%; 2017, 2.01%; 2018, 2.01%; 2019, 2.03% (NATO 2020a) and in 2020 NATO the International Center for Defense and Security estimated that Estonia would spend about 2.11% on defense (Hurt 2019). In 2021 Estonia plans to spend about 2.29% of its projected GDP on defense (Republic of Estonia Ministry of Defence 2021).

Estonia has an efficient national defense spending plan for 2021 reestablishing its commitment to defense and security. As mentioned, this plan allocates about 2.29% of their predicted GDP to defense spending, totaling about €645.5 million. Of this €645.5 million, about €10 million will be spent on hosting allies and €20 million on defense investments to strengthen military capabilities and acquiring new equipment (Republic of Estonia Ministry of Defence n.d.). A differentiating prerequisite of Estonia's proposed defense budget for 2021 is that personnel costs will remain unchanged from 2020. Since 2017 Estonia has aimed to cap costs for personnel within the Estonian Ministry of Defense by 2026. Payroll and administration expenses are not to exceed one-third of the total defense expenditure (Republic of Estonia Ministry of Defence n.d.). According to NATO's estimated defense budget figures, Estonia was predicted to spend 34.33% of its total defense expenditure on personnel, one of the lowest percentages of the Alliance. Nations with similar populations like North Macedonia, Slovenia, and Montenegro were

predicted to spend above 60% of their total defense expenditure on personnel, 62.65%, 66.53%, and 65.28% respectively (NATO 2020a).

Similar to Poland, Estonia has received many acknowledgments by Secretary General Stoltenberg for its adherence to the 2% commitment. This achievement is a usual talking point when the Secretary General is making a public statement about Estonia. In December 2016 during a joint press meeting with Secretary General Stoltenberg and President of the Republic of Estonia Kersti Kaljulaid, the Secretary General expresses his appreciation for Estonia being a nation spending 2% of GDP on defense. He discusses the changing security environment, and says, “You lead by example by spending 2% of GDP on defense so we are grateful for that” (Stoltenberg and Kaljulaid 2016). He continues to compare balancing NATO’s burden to strengthening the transatlantic relationship.

In preparation for the NATO 2019 London Summit, Secretary General Stoltenberg and Estonian Prime Minister Jüri Ratas met for a joint press meeting on 27 May 2019. Estonia is praised for its many contributions to NATO, such as its multinational battlegroup in Tapa and their contributions in Afghanistan. Secretary General Stoltenberg once again says that, “Estonia leads by example by spending actually more than 2% on defense, 2% of GDP” (Stoltenberg and Ratas 2019). He even says that their leadership position in spending helps him convince the other Allies to spend as they do and to follow the example Estonia sets. In a less formal meeting on 13 May 2020 between Secretary General Stoltenberg and Estonian Prime Minister Jüri Ratas regarding the COVID-19 crisis, Secretary General Stoltenberg draws quick attention to Estonia’s consistent defense investments (Stoltenberg 2020).

Although Secretary General Stoltenberg does acknowledge that Estonia actively invests in modern capabilities and is an Alliance leader in cyber defense, it would be more impactful to recognize how exactly Estonia has achieved 2% spending, what exactly they do and what they do not spend 2% on. Estonia is a small nation but has efficiently achieved its national expenditure goals without much attention on how it was done. The country can certainly pride itself on meeting the 2% target and as suggested by the Secretary General, can also lead by example for the rest of the Alliance to do the same. When comments are made on Estonia’s successful spending, it is usually based on the sheer fact of meeting 2% rather than why their 2% spending is efficient.

According to the published financial activity of the NSIP, NATO allocated significantly more funding towards Estonia between 2017 and 2019 even though it is one of the smallest nations in the Alliance and not always the nation financially contributing

the most. The comparison is between Estonia's high defense spending and NATO's noticeably high amount of investment in Estonia. Within the financial activity report of the NSIP from 31 December 2018, there is a table titled "Annual Contribution by Host Nation represented in KEUR (thousands of euros)". Annual contributions are defined as contributions for the reimbursement of prefinanced and completed projects. Estonia's annual contribution funds equaled 26,561 KEUR in 2017, 145,961 KEUR in 2018 (NATO 2018) and 522,260 KEUR in 2019 (NATO 2019b). In 2017 Estonia received 4,301 KEUR which was more than Albania, Bulgaria, Canada, Croatia, Czech Republic, France, Iceland, Latvia, Lithuania, Luxembourg, Montenegro, Romania, Slovakia, Slovenia, Spain, and the United Kingdom. Meanwhile, Estonia paid 432 KEUR, totaling more than the amount Albania, Iceland, and Montenegro paid. Similarly in 2018, Estonia received 6,106 KEUR, which was more than the amount given to Albania, Bulgaria, Canada, Croatia, the Czech Republic, Denmark, France, Iceland, Latvia, Lithuania, Luxembourg, Montenegro, Slovakia, Slovenia, and Spain but had only paid 677 KEUR which was more than the amount Albania, Iceland, and Montenegro paid (NATO 2018a). In 2019 Estonia received 18,976 KEUR, summing to more than the amount every other country received except for the United States and the United Kingdom. Estonia only paid 566 KEUR in 2019, which was only more than the Allies Albania, Iceland, and Montenegro (NATO 2019b). It is clear that every year Estonia receives more funding than the nations of Albania, Iceland, and Montenegro because Estonia is paying more in contributions than they are. For all the other listed nations, Estonia receives more funding although Estonia is not paying more.

Another investment Estonia received at a high yearly rate from NATO was authorized funds in 2018 and 2019. Estonia receives these funds via the NSIP and can be found under the table "Readiness Action Plan: Cumulative Financial Activity by Host Nation". Authorized funds are defined as the maximum amount of funds a host nation is allowed to spend in a year. In 2018 Estonia was granted 39,526 KEUR, the fourth-highest authorized funds of the nine listed host nations. The total amount of authorized funds in 2018 equaled 317,924 KEUR (NATO 2018a). In 2019, Estonia was granted 39,567 KEUR, the third most authorized funds of the nine listed host nations. The total amount of authorized funds in 2019 equaled 530,096 KEUR (NATO 2019b). The eight other host nations include Bulgaria, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, and the United States.

As discussed, Estonia is frequently accredited for being a top defense spender and is therefore well funded and supported by the Alliance. Estonia has been labeled a leader of burden sharing, similar to Poland. Estonia's commitment to defense spending is usually mentioned by Secretary General Stoltenberg during public speeches regarding the nation. Estonia has not only made sure to efficiently increase spending but has also taken official steps to maintain its high levels of spending throughout the upcoming years.

## **POLITICAL IMPLICATION 2: AN AMERICAN POLITICAL PRESSURING TOOL**

During former American President Donald J. Trump's presidential campaign and his term as president, he frequently said that NATO Allies must spend more on their defense. Such statements enabled the 2% commitment to become a mechanism to pressure Allies to increase their defense spending. This research labels this idea as a political pressuring tool utilized by the United States. As previously discussed, the United States has been the biggest spender on defense and the largest contributor to NATO since its founding. President Trump often referred to the significant military support America continuously put into its European Allies and in comparison, how much European nations were benefiting from it. In 2016, campaigning Donald Trump said in an interview that NATO was costing America too much money, that "we're paying disproportionately," and that he wanted Europe, "...to put some up also" (Freisleben 2017). During this time, transatlantic foreign policy was focused on Russian aggression and military buildup on its western border. President Trump frequently reminded NATO Allies of the Alliance-wide commitment to spend 2% of GDP on defense. The commitment provided him with a reason to confront Allies and a basis for his request. However, he was not the first American president to comment on the burden sharing of NATO nor the first to ask Europeans to spend more.

American President George W. Bush and President Barack Obama both advised European nations to spend more on their defense to keep up with security threats of the 21<sup>st</sup> century. During the NATO 2008 Bucharest Summit, President George W. Bush states that he will, "encourage our European partners to increase their defense investments to support both NATO and European Union (EU) operations" and that if the European nations invest more, they too will be, "stronger and more capable when we deploy together" (Bush 2008). On 3 June 2014, President Obama and Polish President Bronislaw Komorowski met at a joint press conference. In President Obama's speech, he

emphasized the importance of collective defense and carrying its burden together. He acknowledges the differences in capabilities between nations but does say that “every NATO member has to do its fair share” (Obama 2014). The president states that the United States is proud to bear its large share of the defense burden and concludes his speech by saying, “but we can’t do it alone. And we’re going to need to make sure everybody who is a member of NATO has full membership...then that means that they’ve also got to make a contribution that is commensurate with full membership” (Obama 2014). Three months after this speech, the pledge of every NATO Ally to spend 2% of their national GDP on defense by 2024 was established.

The 2% spending target exposed NATO members that were spending that amount of their GDP on defense, those who were working towards that amount, and those who had stagnant spending figures. As a simple finite number, the metric became President Trump’s most important criteria to determine if a nation was paying its fair share to the Alliance or not (Trump 2018). What exactly nations spent their defense on was not as important as the total amount they spent. President Trump used this 2% metric to his advantage as a political tool when discussing the imbalanced NATO burden. He referenced Allies’ annual defense expenditure total and pressured them to pay more verbally, in writing, in private, and in public. In regards to defense spending as a percentage of GDP, President Trump notoriously singled out Germany, but also Belgium, Spain, and France. For this reason, President Trump’s emphasis on pure spending was met with friction from European leaders such as French President Emmanuel Macron.

### GERMANY

Germany has one of the strongest economies in Europe and globally but was consistently criticized by the Trump administration for its low spending on national defense. The Bundeswehr, also known as the German military, consists of approximately 260,000 personnel (Bundeswehr 2021). The Bundeswehr can be considered one of the stronger militaries in Europe but not one that is financially contributing much to its security given the size of its economy and European influence (NATO 2020a). As of December 2020, Germany had the fourth highest nominal GDP of \$3.86 trillion, behind Japan, China, and the United States; Germany also holds a 4.4% share of the whole global economy (Silver 2020). When analyzing their expenditure on national defense within NATO, Germany lags. In 2014 and 2015 Germany spent 1.19% of its national GDP on defense. Every year after, they slightly increased their expenditure: 1.20% in 2016, 1.23%

in 2017, 1.25% in 2018, 1.36% in 2019, and were estimated to spend about 1.56% by 2020 (NATO 2020a). Germany has always struggled to unite its citizens on allocating more of its national budget to defense because of the country's militaristic past. In 2017, the chancellor candidate of the Social Democratic Party of Germany (SPD) Martin Schultz strongly opposed nearly doubling Germany's defense expenditure. He argued that if Germany was to hit the 2% spending target by 2024, the nation would increase their budget by more than €70 billion, almost double of what they paid in 2017 (Werkhäuser 2017). Although Germany has shown steady increases in its defense spending since 2015, the nation was verbally scolded by President Trump until the end of his presidency. The Financial Times even called Germany, "Trump's European Punchbag" (Chazan 2018).

The Trump administration singled out Germany's low percentage of defense expenditure on multiple occasions which has tarnished relations between the long-standing allies. In 2018, NATO Secretary General Stoltenberg and President Trump met in the Cabinet Room of the White House. During this meeting, President Trump thanks the seven NATO Allies that have met their 2% defense expenditure commitment. The nations included Poland, Romania, Estonia, Latvia, Lithuania, Greece, and the United Kingdom. He commends them for meeting the target in a timely matter and says that all the other nations that have not will "be dealt with" (Stoltenberg and Trump 2018). He then provokes Germany by saying, "Germany must demonstrate leadership in the Alliance by addressing its longstanding shortfall in defense contributions" (Stoltenberg and Trump 2018). President Trump refers to Germany as a "very big beneficiary" of NATO to better stress his point of Germany's lack of spending. During this meeting, the American president also hints that 2% is a low spending target and should actually be increased to 4%. In December 2019 when Secretary General Stoltenberg visits the President at the White House, President Trump restates his idea of increasing spending to 4% of GDP. He continues to critique Germany's defense efforts by belittling their spending percentages and saying, "Germany is paying 1 to 1.2 percent – at max, 1.2 percent of a much smaller GDP" (Stoltenberg and Trump 2018).

Earlier in April 2019 at the NATO Engages event in Washington D.C., former American Vice President Michael R. Pence harshly calls out Germany for its failure to reach the 2% spending commitment. Vice President Pence says, "NATO is a mutual defense pact, not a unilateral security agreement" and mentions that there are NATO members that have met this commitment, but others that have not, "Germany is chief among them" (Sen 2019). Vice President Pence uses exact percentages to illustrate his

point by saying, “after great prodding, it agreed to spend only 1.5 percent of its GDP on defense by 2024, but the draft budget for 2019 just presented to German Parliament actually falls short of even that commitment, promising only 1.3 percent” (Sen 2019).

In June 2020, Germany was not spending 2% of GDP on defense prompting President Trump to reduce the number of American troops in Germany. There was about 38,605 U.S. military personnel in Germany at the time (Deutsche Welle News 2020). President Trump’s goal was to reduce this number to 25,000. The plan was to move about 6,400 soldiers back to the United States and relocate about 5,600 to other European nations, including Poland (Seligman 2020). He announced that Germany was costing the United States a lot of money in NATO and also trade wise, “they’ve cost the United States hundreds of billions of dollars over the years on trade, so we get hurt on trade and we get hurt on NATO” (BBC News 2020). While speaking to the press, President Trump calls Germany a “delinquent” and that, “they haven’t paid their NATO fees, they’re way off, they’ve been off for years...” (Trump 2020). The president referred to Germany as a “delinquent” more than once. This comment was widely covered by the international press and the inquiry to remove American troops shook the NATO Alliance. President Trump’s point of view was that the United States was financially and physically doing more for Germany and their neighbors than the strongest economic country in Europe was. “They’re there (the American military) to protect Europe. They’re there to protect Germany, right? And Germany is supposed to pay for it. Germany’s not paying for it. We don’t want to be suckers anymore” (Seligman 2020). A counterargument to President Trump’s remarks after announcing the reduction of American troops was that these troops were not just there to protect Germany, but to protect Europe. The American troops in Germany are a foundational part of the longstanding military partnership between both NATO Allies. Emily Haber, the current German Ambassador to the United States spoke out against President Trump’s decision at an event hosted by the Council on Foreign Relations saying, “U.S. troops...are not there to defend Germany. They are there to defend the trans-Atlantic security. They are also there to project American power in Africa, in Asia” (Deutsche Welle News 2020). Overall, the plan to reduce American troops in Germany heightened tension between the United States and European Allies. Germany’s failure to spend 2% of GDP on defense expenditure fueled President Trump’s plan and he justified his actions with legitimate defense expenditure figures. Once American President Joseph R. Biden came into office in January 2020, he froze President

Trump's troop reduction plan in Germany and ordered the Pentagon to review the matter before any significant changes are implemented.

It is indisputable that President Trump's rhetoric and actions towards Germany since 2016 were harsh, but it cannot be overlooked that Germany is now paying more towards its defense than ever before. That is not to say Germany has not been contributing to NATO efforts all along, but in terms of their financial input towards national defense, it is the highest yet. In 2018 Germany spent about €42.12 billion on their defense and in 2019 spent about €46.93 billion, an increase of 10.8% (NATO 2020a). In February 2021, Germany reported a defense expenditure budget plan of €53 billion. This is a 3.2% increase from the €51.4 billion spent in 2020 (Carter 2021). The 2% spending commitment has given Germany a concrete target and gave President Trump a platform to confront the country for not yet meeting this commitment. Germany prominently contributes to NATO in other ways but is now closer to spending 2% of GDP on its defense.

### SPAIN & BELGIUM

Two weeks before the 2018 NATO Summit in Brussels, President Trump wrote letters to nine NATO Heads of State reminding them of their 2% defense spending commitment made in 2014. These letters were not released to the public but have been commented on by various recipients. On 2 July 2018, the New York Times reported that these letters sent by President Trump suggested to the recipient nations that their efforts are not enough, even after more than a year of President Trump's public and private complaints (Davis 2018).

Spain's military is comprised of about 121,600 military personnel (Gobierno De España n.d.) and has the sixth-largest population in NATO behind Germany, Turkey, the United Kingdom, France, and Italy (Eurostat 2020). Spain has almost spent 1% of its GDP consistently on defense expenditure between 2014 and 2019 (NATO 2020a). In February 2017 the White House released a statement about President Trump and Spanish Prime Minister Mariano Rajoy's phone call. The White House's perspective of the call is that it reaffirmed both nations' strong partnership and mutual interests. It was also noted that President Trump emphasized the importance of balancing the burden of NATO (The White House: Office of the Press Secretary 2014). Meanwhile, the Spanish government's press release regarding the call did not reference President Trump's reminder of defense spending (Herszenhorn 2017). Later in 2017, the Spanish government wrote a letter to

Secretary General Stoltenberg illustrating their plan to reach €18 billion by 2024, although that total expenditure would not be equivalent to 2% of Spain's GDP. Defense expenditure of €18 billion would equate to a 71.1% increase from its 2017 spending of €10.52 billion (which was 0.91% of their GDP) (NATO 2020a). The letter also established 2028 as being the earliest Spain could reach the 2% target.

The letter President Trump sent to the Spanish government in June 2018 before the NATO Brussels Summit was to the new Prime Minister at the time Pedro Sánchez. President Trump intended to remind the current Prime Minister of the previous Prime Minister's commitment, considering NATO's burden was set to be a main topic at the Summit. Similar to Germany, President Trump has made public comments about Spain needing to increase their very low share of GDP allocated for defense spending, and that it is unfair to the United States. Spain has increased their spending budget and according to NATO's 2020 estimates, Spain should surpass 1% and reach 1.17% of GDP on defense expenditure in 2020 (NATO 2020a).

President Trump put direct pressure on Belgium to contribute more to their defense as one of the lowest spending Allies in terms of defense expenditure as of 2017. During a meeting with Belgian King Philippe, Queen Mathilde, and Belgian Prime Minister Charles Michel in Brussels, he reminded them of their "responsibility" to share NATO's burden and pay 2% of their GDP towards defense (Trump et al. 2017). President Trump used the 2% commitment as the basis of his argument to push the nation into paying more. Belgium has a smaller population than Spain and has spent less than Spain on defense. Starting in 2014 Belgium only spent .97% of GDP on defense (NATO 2020a). Within the next five years, their defense expenditure as a share of GDP decreased. President Trump was dissatisfied with their low spending trend, the lowest percentage as a share of GDP being 0.88% in 2017 (NATO 2020a).

Belgian Prime Minister Charles Michel was another recipient of President Trump's letter, encouraging him to increase Belgium's defense spending. Prime Minister Michel told reporters outside of an EU summit that he is "not very impressed by this type of letter," (Deutsche Welle News 2018) and he makes reference to the commitment Allies made during the Wales Summit in 2014. As mentioned in the Establishment of the 2% Commitment chapter of this research, Article 14 of the Wales Summit Declaration calls for "a halt of decreasing defense budgets" (Wales Summit Declaration 2014). The Belgian Prime Minister draws attention to this point by saying, "Belgium has halted the

systemic fall in defense spending and takes part in a lot of military operations” (Deutsche Welle News 2018).

On 4 February 2021 during a NATO press conference, Belgian Prime Minister Alexander De Croo was questioned about the new American Biden administration and if Belgium could now “relax” in terms of defense payments. Knowing that President Trump was no longer in office, there would be less demand and pressure on NATO Heads of State. Were nations going to continue their upwards trends on defense spending, or alter their budget plans not having pressure from the American President. Nations, such as Belgium, would most likely not be singled out as occurred in the last four years. Prime Minister De Croo says although there have been difficulties during the last four years, the United States and Europe are now working more together than before. He acknowledges that Belgium does need to play a better and bigger role in the Alliance. “We have to play our role. We have to play our role as the Secretary General said, in continuing our increases in military spending and I think Belgium has over the years made it very clear, the investments that we will be doing and that is not being questioned” (Deutsche Welle News 2018). He also touches upon the idea of European autonomy and the importance of European nations taking responsibility to not be dependent on other countries, most likely a jab at the United States (Deutsche Welle News 2018). According to NATO calculations, Belgium is predicted to break 1% spending of GDP on defense by spending about 1.07% on defense expenditure in 2020 (NATO 2020a).

In short, the 2% commitment enabled the Trump administration to easily identify which nations were on track to meeting this goal. Even though the basis for President Trump’s pressure was valid, his adamancy and public persistence put many leaders in the spotlight. On 17 May 2018, Secretary General Stoltenberg thanks President Trump for his persistence and leadership in the White House Cabinet Room. He says that “I would like to thank you for your leadership, and it has real impact – it is impacting allies because all allies are now increasing defense spending; they’re adding billions to their budgets” (Stoltenberg and Trump 2018). Secretary General Stoltenberg attributes President Trump’s direct statements towards NATO Allies as having a major impact on the increased defense expenditures. Although President Trump rarely mentioned that the 2% spending commitment was to be achieved by the year 2024, national governments made changes to their budgets. Secretary General Stoltenberg again commends President Trump by saying, “Your leadership on defense spending has really helped to make a difference...” (Stoltenberg and Trump 2018).

### **POLITICAL IMPLICATION 3: OVERSHADOWING OF ALLIED CONTRIBUTIONS**

The 2% commitment has overshadowed burden sharing efforts made by the Allies not yet spending 2% of their GDP on national defense. As previously discussed, the commitment is always addressed with discussing progress towards balancing NATO's burden. With a spotlight on this commitment, attention has easily diverged from other capabilities, efforts, involvement, and leadership positions nations contribute to. Canada's contributions towards the in NATO Alliance in comparison to its defense spending totals are used as an example of this implication.

#### **CANADA**

Canada is one of NATO's founding members and considers itself as one of the most engaged, agile, deployable, and responsive armed forces within the Alliance (Government of Canada 2021b). Canada takes pride in contributing to every NATO mission since its founding (Stoltenberg and Trump 2018). As of September 2020, Canada's population is 38,0005,238 (Statistics Canada Demography Division 2020). Their armed forces employ about 23,000 full-time soldiers in the regular force and about 19,000 part-time soldiers in the reserve force (Government of Canada 2021a). In terms of defense spending, the nation has not yet surpassed 1.5% of GDP on defense but has steadily increased that percentage since 2015. In 2015, Canada reached 1.20% spending; 2016, 1.16%; 2017, 1.44%; 2018, 1.31% (NATO 2020a).

During a joint press conference with the United States and Canada on 3 December 2019, President Trump was asked to comment multiple times on Canada's current defense spending percentage by reporters. Questions ranged from climate change, the Chinese multinational communications and services company Huawei, and the impeachment of President Trump but six questions regarding defense spending, specifically 2% were posed out of fifteen total questions directed to the president. The press wanted to know if President Trump was, "happy with Canadian defense spending as it is right now," and if he considered Canada a "delinquent" for not yet meeting the 2% mark (Trudeau and Trump 2019), referencing his comments directed at Germany. President Trump focused his answers on the "acceptability" of the amount Canada was spending and indicating that even though they are spending below 2%, Canada's defense expenditure was increasing; He also categorizes Canada as, "slightly delinquent" because they are not, "way below 1 percent." (Trudeau and Trump 2019). Amid the posed

questions, President Trump asks Canadian Prime Minister Justin Trudeau, “Where are you at? What is your number?” continuing to quickly bicker over a half percentage difference; After this moment of light being shed on the 1.4% of GDP Canada spent on defense, Prime Minister Trudeau brings attention to the other contributions Canada makes to NATO as well as their military dependability (Trudeau and Trump 2019). If it wasn’t for Prime Minister Trudeau defending Canada by mentioning its NATO contributions unrelated to its exact share of GDP spending, the multitude of ways Canada strengthens and supports the Alliance would have been overlooked.

Canada reaffirmed its commitment to the Alliance by publishing a new national defense policy titled “Strong, Secure and Engaged.” The plan is considered one of their most ambitious and is extremely transparent. It entails long-term funding commitments to enhance Canadian capabilities in conjunction with their Allies. The military objective of “Strong, Secure and Engaged” is to ensure the Canadian armed forces are properly equipped and return home safely from missions; it commits to enhancing interoperability between Allies in their new security environment (National Defence: Canadian Armed Forces 2017, 11). Regarding defense spending, the plan commits to increasing expenditure to 1.4% of GDP by 2024-2025 (National Defence: Canadian Armed Forces 2017, 46). Although Canada at the time was ranked as fifteenth top spender of defense expenditure, Ambassador Buck, the head of Canada’s national delegation to NATO, said that if you look at the country as spending on defense as GDP per capita, Canada is ranked sixth (Canadian House of Commons 2018a, 6). As of June 2018, Canada was the sixth-largest financial contributor amongst other NATO members to NATO’s common-funded budgets. They provided approximately 6.6% to the common-funded budgets (Fuhr 2018, 48).

The “Strong, Secure and Engaged” defense policy touches upon a common issue amongst Allies: accurate defense spending reporting. Due to NATO’s specific criteria as to what they consider defense spending, Canada admitted to having underreported their defense expenditure total. Canada did not report defense spending incurred by other government departments. After the Canadian government consulted with NATO about the intricacies of their defense spending reports, Canada adjusted their calculations appropriately (National Defence: Canadian Armed Forces 2017, 46). Canada ensures that they will continuously consult with NATO about accurate defense spending calculations so that their total expenditure will reflect NATO’s expectations.

The extent of Canada's contributions to NATO is not often discussed publicly. Canada contributes to NATO in a multitude of ways including flying training, leadership, mission participation, and cooperation with Allies and partner nations. The NATO Flying Training in Canada (NFTC) was founded in 2000 and is managed by the Canadian government. It works in conjunction with the Canadian civilian aerospace industry and provides NATO aviators with world-class pilot training. Training includes training aircrafts, classroom instruction, and flight simulators for NATO pilots. Pilots from Denmark, Hungary, Italy, and the United Kingdom have trained there (Fuhr 2018, 49). As of February 2018, Canada rejoined NATO's Airborne Warning and Control System (AWACS) program reaffirming their commitment to the Alliance after leaving in 2011 for financial reasons.

As Ambassador Buck stated, Canada has been involved in every NATO mission, operation, or activity since its founding (Canadian House of Commons 2018a, 7). Leadership positions are one way they have accomplished that. Within the "Strong, Secure, and Engaged" defense policy, Canada prioritizes pursuing leadership roles within the Alliance as well interoperability to foster seamless cooperation. In 2016, Canada embarks on a large leadership role in NATO's Forward Presence in Central and Eastern Europe. Canada acted as a framework nation for the multinational battlegroup in Latvia and contributed personnel and equipment (National Defence: Canadian Armed Forces 2017, 83). Other missions Canada has had leadership positions on are mission REASSURANCE, KOBOLD, UNIFIER, and IMPACT (Fuhr 2018, 55).

Ukraine has received military assistance from Canada, not as a NATO ally, but as a partner to the NATO Alliance. Canada has contributed to Ukraine's goal of achieving full military interoperability with NATO by 2020, known as mission UNIFIER. Lieutenant-General Hainse commends the Canadian Armed Force for helping build military capability in Ukraine as an important NATO partner (Canadian House of Commons 2018a, 3). Through operation IMPACT, Canada provides training, advice, and assistance to Iraqi security forces along with many other services such as medical support. Canada joined this Global Coalition Against Daesh in 2014, three years before NATO joined in 2017.

The Canadian contribution to NATO cannot be doubted and certainly deserves more attention. The metric of 2% spending is a poor representation of Canadian dedication to the Alliance. Former Minister of National Defense and Former Administer of Foreign Affairs Hon. William C. Graham makes this clear in his opening statement to

the Standing Committee on National Defense. He says that he is not a fan of 2% because “GDP goes up and goes down. These things move around. People can game the system. Accounting wise, there are all sorts of issues” (Canadian House of Commons 2018c, 2). Mr. Robert McRae, former Canadian Ambassador and Permanent Representative to the North Atlantic Treaty Organization acknowledges the many global discussions surrounding the 2% expenditure target. He says that “2% is fine, but it doesn’t guarantee the quality of defense, nor does it guarantee the commitment on the part of every ally to a collective defense...Many countries that meet 2% would have a hard time leaving their own home territory to provide that assistance to another country” (Canadian House of Commons 2018b, 2). These statements indicate Canada’s belief that they contribute more to the Alliance than some Allies that are meeting the 2% commitment.

## **CHAPTER 4: ALTERNATIVES TO THE 2% COMMITMENT**

The 2% commitment is the most discussed burden sharing metric although other NATO metrics and statistics can provide a better representation of Allied contributions to NATO. Such metrics would better assess progress made towards balancing NATO's burden. The 2% commitment was founded to reverse declining Allied defense budgets, which it has successfully done. It also intended to make effective use of these increased funds and balance the responsibility and costs of the Alliance (Wales Summit Declaration 2014, Article 14). As previously discussed, this metric is not representative of effective spending nor the balancing of NATO's responsibility. It is also a poor indicator of a nation's commitment to the Alliance and its readiness and strength as a national military. However, NATO could better utilize maximum and minimum spending targets within certain categories of defense spending, mission and program participation rates, and the NATO defense planning process biennial survey to determine a nation's allocation of funds, physical and technical contributions, as well as readily available capabilities within the Alliance. Allies are spending more on defense than ever before, which the 2% commitment promotes, but alternative metrics of equal importance would expose capability and Alliance gaps. All alternatives presented are based on data, processes, and expectations that already exist within the Alliance.

### **SPENDING MAXIMUMS AND MINIMUMS**

The 2014 Wales Summit Declaration established a targeted financial commitment minimum, 20% of defense spending to go towards major equipment, research, and development (Wales Summit Declaration 2014). There were seven NATO nations out of twenty-nine that met this target in 2014 (excluding Iceland); Only five years later in 2019, nine nations joined that list, totaling to sixteen Allies spending 20% or more of their defense expenditure on equipment, including research and development (NATO 2020a). When considering the 2020 estimated percentages for this category, Denmark, Italy, and Montenegro are expected to also surpass the 20% target. That would result in only ten NATO nations not yet spending 20% and nineteen that are.

In comparison to the 2% target, only Greece, the United Kingdom, and the United States met that target when it was established in 2014 (NATO 2020a). Five years later in 2019, four additional Allies spent 2% of GDP on defense, a total of seven out of twenty-nine countries (excluding Iceland); when again considering the 2020 estimated

percentages of defense expenditure, France, Norway, Poland, and Romania pass the 2% target (NATO 2020a). This totals to an estimated eighteen nations out of twenty-nine (excluding Iceland) not meeting their 2% commitment. This comparative example represents that the more targeted goal was more manageable and fulfilled quicker than the broader one. It also has the added benefit of influencing an element of national defense that is beneficial to the Alliance as a whole, equipment and research. NATO could set maximum spending goals, or caps, on specific elements of the defense budget to capitalize on its priorities. Since national governments have already set specific budget balancing goals (maximum and minimum spending goals) for themselves, they could easily fit in and be adjusted to meet NATO's desired levels.

Estonia is an example of a nation that has set a national cap on personnel expenditure. They established that payroll expenses and administration salaries of the ministry of defense should not surpass one-third of the defense budget (Republic of Estonia Ministry of Defence n.d.). Estonia is now a NATO member with one of the most balanced defense budgets and lowest spenders on personnel as a percentage of their overall defense expenditure.

It is part of Bulgaria's national plan to have a balanced budget by setting a ratio goal for their defense spending, similar to maximum and minimum spending targets. Instead of capping exact expenditure amounts, they are establishing goals for the proportion of spend with different categories of defense spending. The ratio is 60:20:20 for personnel costs, operating costs, and capital spending by the year 2024 (Republic of Bulgaria 2017, 5). Even though the division of expenditure isn't identical to NATO's, Bulgaria already has budget structuring goals for themselves that NATO could capitalize on. NATO could work in conjunction with nationally set goals to more effectively allocate spending in the areas needed by the Alliance.

### **MISSION AND PROGRAM PARTICIPATION**

Participation levels within NATO's worldwide missions could be an alternative burden sharing metric to assess member physical participation within the Alliance. NATO has active missions in Afghanistan, the African Union, Iraq, Kosovo, the Mediterranean Sea, and air policing missions in the eastern part of the NATO neighborhood. Each region consists of functional and operational groups working to support, manage and protect the areas of conflict. Such groups can consist of but are not limited to Allied Command Operations, air, maritime, and land Joint Force Commands,

transformation commands, surveillance groups as well as agencies (NATO 2020b). Both NATO and national ministries of defense account for the amount of personnel physically contributing to these various groups. A publicly shared calculation could determine the percentage of an Allied armed force actively participating in NATO-led missions, groups, and programs. NATO has this information available, but if not, national armed forces certainly do. These multinational missions not only symbolize the unity and strength of the Alliance, but also contribute to NATO's core of collective defense, crisis management, and cooperative security in real time (NATO Strategic Concept 2010, Article 4). Examples of such groups are NATO's Airborne Warning and Control System (AWACS) Program and the Allied Joint Force Command Naples (JFC Naples).

The NATO AWACS program consists of military and civilian staff comprised of seventeen NATO Allies. Of these seventeen nations, fifteen provide military personnel to the base located in Geilenkirchen, Germany (Airborne Early Warning and Control Force n.d.). The participants of this group work together to accomplish a range of air battle management tasks including, air surveillance management, airspace management, air policing, combat search and rescue, threat broadcasting, and force marshaling (Airborne Early Warning and Control Force n.d.). Major-General Derek Joyce of Canada believes that the AWACS program helps better the cohesion of the Alliance. He said, "The center of gravity of NATO is coming together as an alliance, as alliance cohesion, and this is one additional contributor to that cohesion, having all members of NATO contributing to this program" (Canadian House of Commons 2018d, 15). The AJF Naples prepares and conducts military operations with the mission to preserve the peace, security, and territorial integrity of the NATO nations and their partners (JFC Naples n.d.). It is based out of Naples, Italy, and has operations in Kosovo and the African Union. The official JFC Naples website states that twenty-two NATO members are contributing to the crisis management operations of this command (JFC Naples n.d.). It does not list the participating nations, but it gives reason to believe that NATO has this information readily available.

Of course, it is not expected that every member participates in all missions and programs. NATO could provide each nation with its own personalized NATO expectation or target percentage of participants. It could then publish the fulfillment of such an expectation, helping to give a better idea of the member state's contribution to the missions of the Alliance. These statistics on Allies' participation would provide insight on

how much of the physical burden an Ally undertakes in sustaining NATO's goal of balanced burden sharing.

### **NATO DEFENSE PLANNING PROCESS (NDPP)**

The NDPP sets military capability and force goals for individual NATO Allies and tracks progress made towards these goals. The process sets qualitative and quantitative targets and objectives. Such targets and objectives are meant to operate within the framework of Allied national defense policies (NATO 2018c). For the Alliance to function as efficiently as possible for its missions, the NDPP aims to, "facilitate timely identification, development, and delivery of the necessary range of forces that are interoperable and adequately prepared, equipped, trained and supported" (NATO 2018c). The process runs on a four-year cycle and is completed in five steps. The first step establishes political guidance; the second determines requirements; the third apportions requirements and sets targets; the fourth facilitates implementations; the fifth step reviews the results. The review of results determines to what degree a NATO member meets the objectives and capability targets, also known as the qualitative and quantitative targets determined in step two. Every two years Allies are asked to complete a Defense Planning Capability Survey to determine progress made towards their NATO capability targets (NATO 2018c). Public attention to the results of each biennial survey would be a valuable burden sharing metric in calculating how much of NATO's burden each member bears.

The fulfillment of NDPP targets and objectives are represented in percentages calculated by the NDPP and distributed to each NATO member. The Netherlands is an example of an Ally that has published its percentage results. The Dutch Ministry of Defense published their defense plan in titled "Defense Vision for 2035" online. Their national capability objectives for the future are outlined within this defense plan. One objective is to meet the NDPP targets considering their performance at the end of the 2020 cycle was barely satisfactory. In 2020 the Netherlands met 28.9% of their quantitative targets in full, 62.2% in part, and 8.9% of targets were not met at all. Regarding qualitative targets, 48.8% were not met in full, 44.9% were met in part, and 6.3% of their targets were not met at all (Dutch Ministry of Defence 2020). Although the specifics of what each quantitative and qualitative target entail are not discussed, such results show that the Netherlands could have a stronger performance in meeting NATO

imposed targets, but also that there is only a small portion of both the quantitative and qualitative goals that they do not meet at all.

## CONCLUSION

NATO remains the most powerful military alliance in the world, consisting of six of the highest fifteen defense spenders worldwide: the United States, the United Kingdom, Canada, Germany, Italy, and France (Lopes da Silva, Tian, and Marks 2021). NATO Allies have access to numerous military capabilities, personnel, security, and surveillance intel, as well as support and protection if attacked. For these reasons, a balanced burden of NATO is more essential than ever before. As the global security environment advances and becomes more equipped so must NATO. This research highlights that the simple 2% minimum spending commitment has attracted international attention and has had a tremendous impact on the Alliance, specifically on bilateral Allied relationships. The commitment has created a division amongst NATO nations, has been used to pressure Allies to pay more towards defense and has diverted attention to other important burden sharing components. A highly discussed topic is the 2% target's weakness, which is clearly demonstrated when looking at security issues of Russian aggression, Turkey's purchasing of Russian missiles, the conflict in the Mediterranean, and Germany's hesitation on increasing defense budgets. This research uses the commitments weaknesses to present alternative measures of burden sharing that are already incorporated into the NATO framework.

Based on different nations' individual adherence to the 2% target, this research poses three significant implications. The commitment enabled nontraditional leading nations, such as Poland and Estonia, to benefit more from the Alliance simply because of their quick adherence to the 2% commitment. They were both labeled leaders and exemplified by Secretary General Stoltenberg. This implication can incorporate Lithuania, as it too is a smaller nation that was quick to spend 2% on its defense. The 2% commitment was also utilized as a political pressuring tool by former American President Donald J. Trump and Vice President Michael R. Pence. As a tool, it successfully inverted the declining defense spending trend observed amongst Canada and European Allies, although it did come with the cost of tarnished relations. Between 2013 and 2016 defense expenditure as a share of GDP for Europe and Canada decreased by about 2.04% (1.47% decreased to 1.44%) (NATO 2020a). Meanwhile during the time of President Trump's influence, spanning from 2016 during his campaign trail and ending in 2020, Europe and Canada's defense expenditure as a share of GDP increased by about 20.14% according to NATO estimates (1.44% increased to 1.73%) (NATO 2020a). President Trump benefited

from the simplicity of defense spending figures in terms of GDP, allowing him to consistently remind Allies they were not paying enough. In 2018, Secretary General Stoltenberg thanked President Trump for his leadership in regards to burden sharing by acknowledging the increase of defense budgets by billions of dollars (Stoltenberg and Trump 2018). Lastly, the 2% commitment was successful in generating international attention to a foundational issue of NATO, however that attention resulted in the overshadowing of Allies' contributions who have not met the 2% target. This research focuses on the contributions Canada has made to the Alliance, including leadership positions, participation rates, and the Canadian NFTC Program that has hosted a long list of Allied military members. NATO Allies such as the Netherlands and Luxembourg can also be considered for this implication as nations with contributions that are often overlooked.

The research acknowledges the valid weakness of the 2% commitment while focusing on how its shortfalls can be used as a guide for employing better burden sharing measures. The commitment made by NATO Heads of State is a minimum spending amount for overall defense spending, as well as a 20% minimum spend on major equipment and research together. This study concludes that such a commitment did achieve its goal and all members were successful in increasing spending in both categories. According to NATO's estimates from 2019, in 2020, nineteen nations out of all twenty-nine will have met the 20% commitment (NATO 2020a). Moving forward, NATO could use maximum and minimum targets to specify categories that the Alliance needs more financial support in and where excess spending would not be beneficial. These targets would help Allies allocate defense budgets more efficiently in accordance with national military interests, in addition to NATO's interests. Secondly, NATO has deployed programs and missions around the globe and keeps a record of national participation in each. Canada for example has participated in all NATO missions and programs. NATO would have a fuller picture of individual nation contributions to the Alliance if the same level of attention was given to participation rates as given to the 2% minimum spending target. Of course, participation rates should be scaled to national military size. Lastly, the NDPP survey distributed to Allies every two years determines how many of NATO's expectations of a particular nation are met. The Dutch Ministry of Defense published their results (Dutch Ministry of Defence 2020), meaning that such information is not confidential and that every nation is fully aware of their shortfalls and successes in terms of contributing exactly to the areas NATO has asked them to. Focusing

on such survey results could be a major factor in measuring Ally contributions and progress in achieving NATO's strategically set goals.

NATO's long-standing success as an Alliance can be attributed to its adaptability and its forward-thinking mentality. For its 70<sup>th</sup> anniversary, NATO published its plan titled "NATO: Ready for the Future, Adapting the Alliance," to prepare for what it calls, "the most complex and unpredictable security environment since the Cold War" (North Atlantic Treaty Organization 2019, 1). The plan includes a detailed proposal to strengthen NATO's international defense posture, maintain stability, fight against terrorism, and modernize the alliance internally. Later in 2020, the Alliance outlined its future goals and commitments in its NATO 2030 initiative. This report provides detailed ways to strengthen the Alliance politically, reinforce unity amongst Alliance members as well as increase interoperability and coordination between them (NATO 2030 Expert Group 2020). It points out that a better balance needs to be established between the burden the United States takes on to protect its European Allies and the number of defense contributions European nations are willing to make. The 2% minimum spending target has at times diluted the importance of a unified Alliance and has also made it clear that contributions are not equal. Addressing NATO's imbalanced burden in the Wales Summit Declaration was an essential stepping stone for the Alliance. This research seeks to contribute to the discussion of burden sharing within NATO and rather than strictly criticizing the 2% commitment, learning how to impose better measuring tools from it. It hopes to underline how impactful a NATO-wide commitment can be, regardless of how simple it may seem. For that reason, this study encourages continued cooperation between Alliance members rather than division and for NATO to work towards more burden sharing commitments that will ultimately, in time, better balance NATO's dynamic burden.

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## **PLEDGE OF HONESTY**

*On my honor as a student of the Diplomatische Akademie Wien, I submit this work in good faith and pledge that I have neither given nor received unauthorized assistance on it.*

*Briane Santiago*