CĒPI CIPS
POLICY BRIEF NO. 20 SEPTEMBER 2012

In Search of Smart Defense in the Euro-Atlantic Area

Alexandra Gheciu

At a glance...

- *NATO's recently-articulated vision of 'smart defense' is meant to empower the alliance to respond to contemporary security challenges both efficiently and in a manner compatible with the budgetary difficulties of its member states.*
- *The principles underpinning the NATO vision of smart defense are a logical adaptation to 21st century realities.*
- *However, their implementation is likely to be more challenging than NATO allies have suggested.*

Not surprisingly, thinking about defense in the Euro-Atlantic area has, in recent years, been shaped by economic constraints. "How can we do as much as we currently do—or maybe even more—with fewer resources?" has been the question haunting policy-makers on both sides of the Atlantic. At its recent summit in Chicago, NATO put forward a vision of 21st century defense that is meant to empower the alliance to respond efficiently to contemporary security challenges, yet do so in a manner that acknowledges the budgetary difficulties of virtually all its member states. The leitmotif employed in Chicago was 'smart defense'. What, then, is that smart defense, and what might it mean in practice? I argue here that while the principles underpinning the vision of smart defense can be seen as a logical adaptation to the realities of the 21st century, their implementation is likely to be more challenging than NATO allies have suggested.

Moving Towards 'Smart Defense'

The 2012 NATO Summit, held in Chicago on May 20 and 21, was supposed to provide strategic direction to the alliance on the basis of an updated assessment of the security environment for and by its members. With the persisting economic crisis in mind, NATO has also set out to implement a number of reforms to the alliance's command structure, its headquarters and its agencies. This approach, intended to improve efficiency on smaller budgets, is also applied to the development of NATO's defense capabilities—as reflected in the concept of smart defense. Smart defense implies a more effective pooling and sharing of assets and capabilities among member states. According to NATO's Secretary General, Anders Fogh Rasmussen,

Centre for International Policy Studies
University of Ottawa
uOttawa
L'Université canadienne
Canada's university

it is the best recipe for addressing the twin challenges that are increasingly important within the alliance: compensating for severe national defense cuts made by most member states, and urgently finding ways to lessen the European member states' military dependence on the U.S.. According to the Obama Administration, NATO's smart defense initiatives will ensure that in an era of constrained military budgets, the transatlantic military alliance acts as a 'force multiplier' that avoids duplication or wasted expenditure.

Indeed, the Summit Declaration on Defence Capabilities encourages allies to undertake multinational projects aimed at better protection of the allied forces, better surveillance and better training.[1] These projects are expected to deliver improved operational effectiveness, economies of scale, and closer connections between the forces of various member states.

One could easily argue that the case for better coordination among the allies has never been stronger. Suffice it to mention the budget cuts that have affected the militaries on both sides of the Atlantic. Even the U.S., by far the most significant military contributor to NATO, is facing difficult choices, given that it must make more than $400 billion of Congress-mandated cuts from planned expenditure over the next ten years (and perhaps even more, if failures to make cuts in other areas lead to 'sequestration' of the Pentagon's budget). Such cuts, however, follow a long period of significant growth in spending in the aftermath of the 9/11 attacks.

The situation of the European allies is even more difficult. In Europe, the trend to lower defense spending is longer established. Europe's share of NATO military spending has fallen to approximately 21% (compared to roughly 34% at the end of the Cold War). And, as fiscal austerity becomes the norm, defense budgets will likely continue to be first in the line of fire. To make matters worse, European allies are also plagued by the problem of old military equipment ill-suited for today's actual or potential security challenges. The defense challenges facing European states are not new: their armed forces are mostly characterised by low levels of deployable troops, and there is a tendency to allocate too much of the (dwindling) resources to personnel costs and too little to equipment procurement, research and development.

In the past, these problems and weaknesses were largely masked by the fact that the U.S. almost always took the lead in combat operations, filling European capability gaps. Even in the Libya campaign, when the U.S. adopted a supporting role, its capabilities were vital to the success of the campaign. True, European allies—or, to be more specific, those allies that decided to support the campaign—provided the majority of assets for the operation in terms of combat aircraft and ships; but they were nonetheless relying heavily on the U.S. in some important areas. For instance, NATO's European members lacked surveillance aircraft, and had too few analysts to interpret intelligence, identify targets and guide aircraft. In addition, European states had insufficient air-to-air refuelling tankers and ran low on some precision munitions for fighter jets.

For the European allies, however, the problem is that the message conveyed by Washington is increasingly clear: the U.S. is no longer prepared to be the alliance's military backstop. Instead, the idea is to develop common military systems and defense products. As President Obama put it: "In these difficult economic times, we can work together and pool our resources. NATO is a force multiplier, and the initiatives we will endorse today will allow each of our nations to accomplish what none of us could achieve alone."[2]

It is in this context that the concept of smart defense acquired particular importance. NATO Secretary General Anders Fogh Rasmussen pledged in Chicago that alliance leaders had approved "a robust package" of more than

1 *Summit Declaration on Defence Capabilities: Toward NATO Forces 2020* , May 20, 2012; available at: http://www.nato.int/cps/en/natolive/official_texts_87594.htm?mode=pressrelease.

2 Cheryl Pellerin, American Forces Press Service, "Obama: NATO Summit Reaffirms Commitment to Collective Security", May 21, 2012, available on the Official Page of the U.S. Army, at: http://www.army.mil/article/80178/Obama__NATO_summit_reaffirms_commitment_to_collective_security/

20 multinational projects to provide the capabilities needed by the alliance at an affordable price.

Implementing Smart Defense: Questions and Challenges

The theory of smart defense might make perfect sense in the age of austerity—particularly among states that, as allied leaders never tire of mentioning, share the same liberal-democratic values and the same commitment to long-term regional and international peace and stability. The problem is that its implementation is likely to be significantly more complicated than its proponents suggest.

True, some of the most powerful European members of NATO have already taken important steps towards this form of smart defense. Most prominently, the UK and France have recently embarked on a systematic programme of defense cooperation. In November 2010, UK Prime Minister David Cameron and then French President Nicolas Sarkozy announced their intention to sign a Defense and Security Co-operation Treaty aimed at enhancing bilateral defense collaboration between the two countries. This initiative was intended to create the potential for the British and French defense industries to work together in areas such as unmanned aerial vehicles or drones, equipment for nuclear submarines and military satellites. The allies also pledged to work towards a "single European prime contractor" to develop a series of new missiles. Furthermore, France and Britain agreed to set up a joint force numbering around 9,000 soldiers with air and sea support, which could assemble as needed to take part in NATO, European Union, United Nations or bilateral operations.

The agreements signed in London in 2010 were born out of several factors. To begin with, both states need to make significant savings in defense expenditure, given that their defense budgets are facing serious shortfalls. In addition to budget cuts, there are several factors that help explain why Paris and London have chosen this particular partnership. Above all, it is worth recalling that both the UK and France are keen to preserve their status as countries with the capacity to play significant roles in the area of international security, and both are more willing than many other European states to contemplate the deployment of military force as a tool of international statecraft. Both, however, are suffering from a declining ability to intervene effectively in military conflicts. At the same time, it is important to recall that, under President Sarkozy, France came closer to NATO than it had been in many decades. Thus, following the election of Nicolas Sarkozy, Paris began a rapprochement with NATO that culminated in the 2009 decision to bring France back into the alliance's integrated military structures. Under these circumstances, defense cooperation between the two nations seemed like a perfectly logical solution to many policy-makers and analysts in both London and Paris.

A few months after the above-mentioned Anglo-French agreements were signed, the UK and France became key players within the mission in Libya, seemingly demonstrating that Paris and London can still play leading roles in the international arena. At present, Anglo-French cooperation still seems, to many in both capitals, a smart way of pooling resources so that both states can spend less on defense without having to sacrifice too much in terms of capabilities. As long as the two states continue to share foreign policies and security practices, this proposition is true.

Nevertheless, one unanswered question persists: should this form of cooperation become much deeper, what would happen in a situation in which France and the UK disagreed over whether and how to use their shared resources? Suffice it to mention the case of the Iraq war (in which the UK played an active role, but which was opposed by Paris) to understand that France and the UK, like many other NATO states, do not always agree on the best way to use military capabilities in a crisis.

In essence, the smart defense approach rests on a couple of assumptions that could be more difficult to apply in practice than one might think. An approach that focuses on specialization and cooperation as

ways to make up defense shortfalls introduces new challenges and new complications into foreign policy and strategic decision-making. In order for smart defense to work smoothly, it would require even more consensus than is currently necessary. If highly specialized countries disagree with their allies over particular missions, it might take only one or two countries to undermine any chances of success by withholding their equipment and personnel.

Furthermore, what would happen if allied leaders were to start disagreeing over the relative importance of joint defense projects in the era of austerity? There are already signs that harmony is not universal in this area. To take just one example: in 2007, seventeen countries signed onto a project known as Alliance Ground Surveillance (AGS), which foresees the purchase of five drones from the U.S. at a total price of approximately 1 billion euros. Since then, however, four of those allies have backed out after defense budgets were slashed back home, making the project much more expensive for those countries that (for the time being, at least) remain committed to this project.

Thinking about Smart Defense in a Broader Perspective

The concept of smart defense is linked to several other changes that are expected to enhance the security of the Euro-Atlantic community by turning NATO into a more efficient institution that is better able to respond to contemporary security challenges in spite of the constraints in which it is operating.
One of the key initiatives designed to enhance the ability of NATO to address new security problems concerns missile defense. At their Chicago summit, NATO heads of state and government declared that the Alliance had achieved an interim ballistic missile defense (BMD) capability. According to NATO officials and supporters of this programme in member states, the missile defense capability project is one the most important achievements in NATO's post-Cold War history. Its merits, allied officials have argued, go far beyond the technical aspects of a very unique and complex defense system.

First and foremost, the argument goes, the BMD capability proves the viability of the transatlantic link, based on the principles of indivisibility of Allied security and NATO solidarity. In addition, it proves the relevance of the Alliance as a credible political and military organization capable of reacting in a timely manner and defending its populations, territories, and forces from emerging new threats. It took less than two years since the November 2010 Lisbon Summit to deploy the first stage of this capability, one directly relevant to NATO's core task of collective defense. Supporters of the BMD insist that this capability is important because it equips the allies to address effectively one of the most significant dangers in the contemporary period: the threat of a missile attack by a 'rogue' state (read Iran).

NATO's leaders emphasized their determination to complete the full coverage of all Allies, providing the necessary flexibility through voluntary national contributions, including nationally funded interceptors and sensors, hosting arrangements, and the expansion of the existing Allied Active Layered Theater Ballistic Missile Defense (ALTBMD) capability.

Yet it is not entirely clear that the new missile programme truly represents an effective step towards smart defense. On the political side, the implementation of the missile initiative has caused considerable friction with Russia, which has long regarded this project—together with the process of NATO enlargement—as a threat to Russian national interests. Moscow has consistently signalled its fundamental opposition to the scheme, and several Russian generals have gone so far as to threaten to deploy nuclear-capable missiles against NATO missile defense sites in Romania and Poland. Apparently, Moscow's concern is that this form of strategic defense has the potential to undermine the deterrent value of Russia's own nuclear arsenal.

It could be argued that Moscow's concerns are misplaced, and that the particular missile defense system built by NATO simply cannot undermine Russia's nuclear deterrent. This is not the place for an

extended discussion about the relationship between NATO's military projects and Russian perceptions of the threat posed by those projects. What matters in this context is that those perceptions are powerful and could easily have tangible consequences in terms of the policies and practices pursued by Moscow in the field of security.

In Chicago, NATO's leaders left the door open for further talks with Russia. They expressed support for ongoing efforts to determine possible synergies between NATO and Russian missile defense systems, including the establishment of a joint NATO-Russia Missile Data Fusion Center and a joint Planning Operations Center.

It remains to be seen if Russia will take advantage of this opportunity. Currently, however, the missile project has been a source of serious tension with Russia, and has made it very difficult to 'reset' the button of the Moscow-Washington relationship (which was one of the main objectives stated at the Lisbon Summit two years ago). This is particularly problematic in the present context because there are many areas (most notably, perhaps, Afghanistan) where both the NATO allies and Russia could greatly benefit from enhanced mutual trust, better coordination and collaboration.

There is at least one other fundamental problem with the new missile defense programme: namely, its military value is far less clear than its proponents would like us to think. Recently, a report by the Pentagon's Defense Science Board (DSB) has criticized this missile defense project.[3] The report, which confirms what several independent scientists and engineers have long argued, concludes that a dedicated adversary could easily outsmart the defense system by using inexpensive countermeasures such as decoy warheads. In short, the missile defense absorbs significant financial resources in an age of austerity, worsens tensions with Russia and threatens to generate incentives for other states to up their ballistic-missile stockpiles—while probably lacking the military value promised by its proponents. With these political and military factors taken into account, it becomes very unclear whether the missile defense initiative contributes to the smart defense of the NATO allies and their partners.

3 See Yousaf Butt, "Debunking the Missile-Defense Myth", *The National Interest*, May 7, 2012

Towards a Global Alliance?

In recognition of the fact that security challenges in a globalized world cannot be contained within particular regions, another Euro-Atlantic priority in recent years has been to enhance NATO's global partnerships. This priority has been reaffirmed at the Chicago Summit, where the NATO Secretary General has again emphasized the importance of working with partners from all over the world, and has placed special emphasis on cooperation agreements with Australia and New Zealand.

This emphasis on partnerships is indeed a smart step if NATO is to be able to operate effectively in future operations—particularly if those operations continue to be 'out-of-area' missions, and particularly if (as has happened in the recent past) some allies are either unwilling or unable to make meaningful contributions. After all, in missions such as the ones in Afghanistan and Libya partners such as Australia, New Zealand—or, for that matter, countries like Sweden and Finland—often contributed more resources and were willing to take more risks than many of NATO's member states. In the coming year, NATO should certainly focus on nurturing those partnerships. It might be helpful to redesign the Partnership for Peace (formed in 1993) in order to expand NATO's ability to work with many different partners, even those beyond Europe. It would also be helpful to invest more energy and material resources into partnerships between NATO and other international institutions, including non-governmental organizations that are likely to play key roles in future NATO missions (especially if those missions involve some form of post-conflict stabilization/reconstruction).

At the end of the day, however, under the present circumstances it is not clear to what extent any

partners with which NATO might collaborate can help the alliance remain relevant. True, countries such as Australia, Japan, South Korea, and New Zealand, as well as European partners, can make noticeable contributions to global or regional missions. Partnerships with other international institutions could help NATO gain important knowledge, skills, economic resources as well as legitimacy, particularly in areas where the West is distrusted. Nevertheless, as long as NATO has no clear strategy and no clear definition of its future role, the value of any conceivable partnership can only be limited at best.

And this leads us to a deeper problem, which is likely to make it difficult for the alliance to provide smart defense in the coming months and years. Not only do member states have substantially different capabilities, but they also have increasingly different visions of the nature and role of NATO, linked to diverging images of the security environment in the 21st century. For some of the newer member states (i.e. the Baltic states and most Central/East European countries), NATO remains—and should remain—primarily a collective defense organization, protecting them against possible attacks from an inimical power. (In private discussions, if not in public statements, the name of that enemy is Russia—particularly after the war in Georgia). For others, including the U.S., the prevailing image of the security environment is one marked by uncertainty and the increasingly prominent role of non-state actors such as terrorist networks, which may or may not operate with the support of certain states. Such factors make it necessary to have security actors (including NATO) capable of operating anywhere in the world and effectively taking on non-conventional challenges. Organizations focused on conventional collective defense cannot be of much use in this context.

At the Chicago Summit, as on many previous occasions, it was impossible for the allies to agree on a broad vision regarding NATO's future role, since any discussion on this fundamental issue would have revealed deep differences and would probably have put further pressure on an already strained alliance. Under those circumstances, the allies arguably did the best they could to move toward smarter defense. The changes launched or reaffirmed in Chicago do have some potential to contribute to a smarter Euro-Atlantic defense.

Yet the problem that the allies did not address is a deeply political one. No amount of resource-pooling, no missile defense system and no regional or global partnership would make much difference in a crisis if the NATO allies were to disagree fundamentally over the nature and extent of the threat, and over the proper role of NATO in that crisis. Should such a situation arise, measures taken in the name of smart defense could quickly become irrelevant. And given the persisting divergences in the allies' understanding of the current purpose of NATO, it is not difficult to imagine how such a situation could arise—particularly in the context of crises that do not pose a direct threat to the territory or people of one or more member states.

The problem is compounded by the fact that NATO operates by consensus, which means that it would be enough for one member state to oppose a particular mission in order for NATO to run the risk of becoming paralyzed. True, there have been some recent calls by analysts and some policy-makers from allied states (most notably the UK) to reform NATO's decision-making procedures in order to enable the allies to act effectively even in the absence of a consensus. But that type of institutional reform is likely to be seen as unacceptable by most member states, at least for the time being.

That is why if we are to truly move towards smarter defense, the allies must seek agreement on a set of priorities for the Euro-Atlantic alliance. The assumption that should guide their search for consensus is that NATO is probably going to have to do less with less. Under these circumstances, the question 'what is NATO for?' needs urgent attention, and must receive an answer less ambiguous than the

one given over the past few years. Only when that question has been answered can the allies really move towards 'smarter defense', including by setting up arrangements designed to facilitate the pooling of resources in support of those priorities. Otherwise, there is real danger that the alliance is not going to be able to do much in any area. This would be a real problem in the Euro-Atlantic region, particularly in a situation in which there is no other multilateral actor that could replace NATO (which is the case for the foreseeable future).

Admittedly, discussions on this topic are bound to be difficult, given the divergences among the allies. But no matter how difficult such discussions might be at this stage, it would be far worse to try to answer this fundamental question if and when another major crisis erupts and the allies find themselves paralysed by their inability to agree on the question of whether that is the kind of crisis in which NATO should be involved. Such a situation could easily escalate into the kind of 'near-death' experience the alliance went through during the war in Iraq. And it may not be easy—or even possible—for it to recover from yet another 'near-death' crisis.

Alexandra Gheciu is an Associate Professor at the Graduate School of Public and International Affairs, and Associate Director of the Centre for International Policy Studies.

CÉPI Centre d'études EN POLITIQUES INTERNATIONALES
CIPS Centre for INTERNATIONAL POLICY STUDIES

Centre for International Policy Studies
University of Ottawa
55 Laurier Avenue East, Room 3170
Ottawa, Ontario, Canada K1N 6N5

cepi-cips@uOttawa.ca
cips.uottawa.ca