

Transatlantic Defense Troubles

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In his last major policy speech as Secretary of Defense, Robert Gates on June 10 made his most
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missions. Before a meeting of the influential Security and Defense Agenda in Brussels, Gates
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predecessor had said four months earlier. Speaking at an event hosted by the Carnegie Endowment
for International Peace on October 5 in Brussels, Panetta recognized the contributions of NATO

Rasmussen did acknowledge that if the precipitating downward trends in European defense budgets continue at the current pace, that it would be difficult to envision how Europe would maintain enough military capability for a similar scenario as in¹¹Libya.

This paper shows how NATO members have been struggling to overcome these problems of decreasing collective capabilities due to declining spending on troops and equipment as well as less than desirable interoperability and specialization. The allied governments clearly recognize these problems, try to address them through collective policy initiatives, and have demonstrated some progress in certain areas. But this article shows how many of their plans to reduce these gaps are uncoordinated and incompletely executed. Many of the recent cuts have been occurring with little coordination among the states. Often a country will announce a reduction without even informing NATO allies in advance, let alone soliciting their views on their¹² plans. The European governments have also been cutting capabilities without making much effort to preserve essential capabilities. The text ends with some recommendations for further progress at least damage limitation. For example, the allies need to ensure that, if they prune essential capabilities, these will remain available with partners³ at least transatlantic ones if not within Europe.

Even so, several independent variables are driving this widening gap in transatlantic defense spending and related problems such as declining European influence in global affairs making it difficult for the commonly prescribed solutions to overcome it. These variables include (X U R S H -ving Global Crisis, limited public support for sustaining defense expenditures at the expense of welfare spending, domestic politics and political processes that make it difficult for leaders to resist these popular sentiments (especially during times of economic crises), and the ability of special interest groups such as defense companies and labor unions to promote inefficient defense industrial practices that allocate large portions of military spending to employment and industrial policy concerns. Nationalism and sovereignty concerns also work against greater defense specialization within the alliance. Finally, the willingness of the United States to pick up the slack and sustain high levels of defense spending (and if necessary bail out allied militaries as in Libya) defense integration reinforces these problems of the sub-optimal allocation of defense resources.

Transatlantic Capability Shortfalls

Although Gates focused on the current NATO missions in Afghanistan and Libya in his Brussels speech, the capabilities shortfall problem spans a range of Alliance issues. The deep defense budget cuts adopted by many NATO members recently, on top of years of insufficient military spending, call into question whether the Alliance can maintain and develop the expanding capabilities called for by the 2010 Strategic Concept, which lists a growing range of security challenges requiring an Allied response. The November 2010 NATO heads-of-state Summit in Lisbon that adopted the Concept also approved a so-called Lisbon package of priority capability needs. These ten critical capabilities³ ranging from missile and cyber defenses to improved protection against improvised explosive devices in Afghanistan.

¹¹ \$ Q G H U V) R J K 5 D V P X V V H Q ` 7 K H \$ W O O L D Q F H L Q \$ X V W H U H 7 L F

(UAVs), which could be used to monitor the EU's external borders and in several civilian applications. She also called for making better use of the European Defense Agency to develop new FRPPRQ SURMHFWV \$VKWRQ IXUWKHU FDOOHG IRU SXUVX dHYHORS LQJ MRLQW GHIHQVH FDSDELQWLHV QRWLQJ WKD move forward on EU-NATO cdR SHUDWLRQ LQ F²⁶U%VHLOJ LPXPD J'HHPHQWH μ0L Pieter De Crem, optimistically noted that the EU was making progress in pursuing collective defense efforts. He specifically cited an agreement signed earlier that month in which Belgium, France, Germany, and the Netherlands agreed to place 200 transport aircraft under a single command. The governments of Spain and Luxembourg are considering joining the²⁷ Copernicus program. He told reporters that the economic crisis could actually prove beneficial to furthering EU defense cooperation. Using ODQJXDJH VLPLODU WR WKDW RI /DG\ \$VKWRQ usity to P VDLG GHYHORS FRRSHUD²⁸When he addressed the FIDES group in the European Parliament, Guy Verhofstadt, even thought the imperative to cut military budgets had now perhaps created the necessary incentives to take the ultimate step. He said DWLQJ D FRPPRQ (XURSHDQ DU million soldiers in Europe, but only 300,000 in the US, and I think that the American army is more HIILFLHQW WKDQ WKH (XURSHDQ IRUFH²⁹Seeking to make this/ D JR position more credible, Verhofstadt noted that the EU would simply be replicating the progress it KDG PDGH LQ WKH GLSORPDWLF UHDOP LQ WKH UHODWHG D which is very important, but we also need the other instruments of a common European defense, a FRPPRQ (XURSHDQ DUP\ μ

Few expect the EU to seek a common European army, but whether the Union can achieve even the more limited proposals to pool defense assets and significantly expand their collective defense procurement efforts is questionable. At Ghent, the ministers asked the European Defense Agency to evaluate how the EU states could enhance their military cooperation and report back at a formal meeting of defense ministers in December³¹Since its creation in 2004, the Agency has proved unable to promote the bloc's collective defense capabilities, largely due to its miniscule budget of 1/2 PLOOLRQ ³² 7 KPLQSLGHQVH PLQLVWHUV KDYH FRQVHQ

broad range of 21st-century security challenges. The fourth BCT will be removed in 2015, when Pentagon planners anticipate a reduced demand for U.S. ground forces in the European region. The remaining three BCTs in Europe after 2015 will consist of a Heavy, Stryker, and Airborne BCT. The Pentagon noted that these BCTs will be complemented by other U.S. capability enhancements, including the forward deployment of U.S. Navy Aegis ships to conduct BMD missions, land-based missile defense systems in Poland and Romania as part of the European Phased Adaptive Approach, forward-stationing of special operations aircraft, and a new permanent aviation detachment in Poland. These efforts were strengthened in October with the international agreement to base Aegis-equipped ships at Rota, Spain, about 60 miles northwest of Gibraltar.

In early June 2011, the Center for Strategic and International Studies (CSIS) released a report titled "European Armies: A State of High Readiness?" The report found that European governments have devoted sufficient resources to keep their deployed forces in a state of high readiness. Often this has required special funding mechanisms such as supplementary budgets. However, as the size of most European national armed forces has decreased more rapidly than their governments have cut defense spending, the result has been that spending on the remaining military personnel has increased for the average individual soldier. The combined effect of these two trends is a general per capita increase in spending and extra resources flowing to select deployed units. This means that some of their forces, particularly those regularly sent to Afghanistan, have received adequate training and equipment to develop the expeditionary capabilities needed by NATO and the EU for sustained post-conflict stabilization operations.

Unfortunately, these few military units represent the exception. For the most part, European governments have kept their other non-deployed forces at lower readiness levels. In addition, they have deferred many of their defense procurement and modernization programs. These funding and capability shortfalls have created major problems in unit readiness levels. In the current Libyan campaign, many European militaries have experienced major shortages in precision-guided munitions and other essential equipment, ordnance, and other capabilities. The United States, which had been eager to limit its resource allocations to the Libyan War to prioritize the Afghanistan and Iraq conflicts, felt compelled to fill these gaps by supplying almost all of the aerial refueling and

Multi-Mission) program, developed in part due to recognition of impending and future budget cuts and potential European naval shipbuilding consolidation.⁴⁸

⁵¹ The best hope for keeping transatlantic capabilities somewhat in harmony would be greater defense specialization on select military acquisitions by country, increased multinational cooperation in procuring and using military capabilities, and a commitment by NATO governments to concentrate their remaining resources on developing smaller, more expeditionary-capable forces. These steps ZRXOG EHVW HQ collective capabilities will more closely match the sum of its individual PHPEHUVutions RQWULE

Unfortunately, pessimists can point to enduring obstacles to enhanced European defense industrial coherence, and wonder if progress will come soon, or prove sufficiently widespread, to have much of an impact on their military capabilities. Industrial policy concerns such as sustaining domestic employment as well as a natural national reluctance to rely on other countries for important military capabilities typically exert much more influence on NATO or EU spending than collective security considerations. For this reason, proposals to extend NATO- or EU-wide defense procurement have never made much progress. NATO defense investment continues to be diluted across an excessive number of projects, with the most important military powers seeking to sustain national aviation, shipbuilding, and other high-technology sectors (valued for their stimulus to economic development as well as the skilled jobs they produce) despite the resulting duplication, inefficiencies, and insufficient economies of scale.⁵⁰ For example, the European tradition of relying on state run or majority state led defense contractors such as Navantia in Spain and DCNS in France highlights a hurdle in the move towards a cohesive European defense industry. Even in European countries with large aggregate defense budgets, such as Germany and Spain, spending is not optimized to manpower and maintenance rather than researching, developing or procuring new weapon systems.⁵¹

7KH NH\ TXHVWLRQ LV ZKHWKHU (XURSH·V PRVW LPSRUWD United Kingdom, France, and Germany represent about 65 percent of all defense expenditure in Europe and 88 percent of all military research and development in Europe. Most other allies can only make sma3

participate in foreign combat missions. Currently, only some 10,000 German soldiers can easily be equipped with all the modern equipment the additional forces would need. In this regard, former German Defense Minister Guttenberg has noted that the democratic nature of EU military policy constrains both defense spending and the actual use of national or collective armed forces on military missions. Like many EU militaries, the Bundeswehr is a parliamentary force answerable to the German legislature. Within the EU, not only do all 27-member governments need to support a collective effort, but also, public opposition to foreign military adventures, have to endorse every foreign mission.⁶¹

The Way Ahead

European defense cuts are threatening core NATO military capabilities and deepening fears of the number of essentially free riders. Public preferences and a stringent budgetary climate are leading European members to reduce the size, quality, and funding of their armed forces. The recent Libyan intervention independently and increased the dependence on the capabilities of the United States.

Many European members have inefficiently organized armed forces. A lack of specialization and interoperability across states prevents them from working together effectively. There is no lack of intelligent proposals, but thus far an element of political inertia and perhaps national pride has hindered substantive integration. Some argue that the current deep crisis offers an impetus to much-needed reform and integration. Belgium, Denmark, and Norway were able to provide valuable contributions during the recent Libyan War thanks to their intelligent use of limited resources.

There are several examples of how NATO countries have been able to develop the dynamic and flexible forces the Alliance needs to address emerging threats rather than legacy forces that suck up funds but provide relatively little defense capability. Belgium, Canada, Denmark, and Norway have all been able to make important contributions to the NATO operation in Libya despite their limited defense spending because they have concentrated their resources on developing expeditionary capabilities such as strike aircraft.

There are several additional ways in which NATO could help overcome these budgetary problems. NATO can save money collectively by reducing the size and rationalizing the management of the various command structures. More effective and flexible structures are specifically by making these structures more easily deployable outside the Euro-Atlantic area. At the summit, NATO committed to adopting a new, streamlined Command Structure, which should reduce costs by 35%.⁶² Such a move will decrease the number of

⁶¹ "Germany: Not All Soldiers Can Be Equipped," DW World, September 6, 2010, <<http://www.dw-world.de/dw/article/0,,5979046,00.html>>.

⁶² "NATO Summit: New Command Structure," DW World, September 24, 2010, <<http://www.dw-world.de/dw/article/0,,6043477,00.html>>.

⁶³ "NATO Summit: New Command Structure," DW World, September 24, 2010, <http://www.nato.int/cps/en/natolive/official_texts_68828.htm>.

high-end headquarters from eleven to seven, and reduce military personnel by about one-third.⁶⁴ The number of NATO agencies is set to fall from fourteen to three in a similar effort to achieve greater efficiency.⁶⁵