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# Beyond 2%— NATO Partners, Institutions & Burden Management

Concepts, Risks & Models



Anessa L. Kimball

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Anessa L. Kimball

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Partners,  
Institutions & Burden  
Management

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*To the versions of me who did not believe this was possible.*

## ACKNOWLEDGMENTS

/Those who know me confirm I am not deterred once passionate about a puzzle or convinced by an argument./ This project on NATO burden sharing, bargaining, and enlargement ruminated since post-cold war enlargement debates appeared on NATO agendas in the late 1990s. In 1998, the threads of the arguments in this research began while Kimball represented Kent State University in the Defense Planning Group at the National Model NATO Simulation, Howard University, Washington, DC. In Ohio, the Lyman Lemnitzer Center for NATO and EU studies at KSU was where their study of NATO began with an undergraduate specialization in North Atlantic Security Studies benefiting from a course by Lawrence Kaplan, renowned historian, at that time in his 60s and living in Washington, DC. They met last when Kimball interned at the Atlantic Council of the US in spring 2000 reminiscing about a shared intellectual passion for NATO. Kimball spent weekends that term at the US Library of Congress reading and listening to De Gaulle's speeches on defense 'commitments' to NATO and the 'cultural policy of grandeur' as a guiding doctrine for foreign policy. Those efforts culminated in an interdisciplinary Honor's BA in International Relations. Their BA thesis was approved by faculty affiliated with political science, French, and history in 2000. Said research attracted support for graduate studies and Kimball completed M.A. and Ph.D. studies at SUNY Binghamton under the mentorship of D. Clark (2006). Training at SUNY-Binghamton in the department of political science focused on the fundamentals of

quantitative and formal institutional analysis of IR and comparative politics. Kimball's publications appear at this intersection. Prof. Kimball was hired as regular faculty, assistant professor, in the department of political science, at l'Université Laval June 2006; since June 2021 Kimball is a full professor.

This book was not possible without the support of the Canadian Defense and Security Network and, particularly, Professor S. Saideman whose counsel and comments were essential. Professor S. Vucetic offered suggestions and data. Professor A. Lanoszka sent insightful comments on a selected chapter. Earlier versions were presented at the Canadian Political Science Association annual meetings, 2021 & 2022, as well as the 2021 & 2022 Canadian Defence Economics & Security Workshop and the American University Transatlantic Policy Center's 2022 annual NATO Conference; comments made by discussants and participants improved multiple parts of the project. I thank the team of graduate students supporting data collection and more—F. Chaves Correa, E. Douguet and M. Philaire. C. Picard provided invaluable effort in the literature compilation, manuscript copyediting, as well as supporting my sanity. L. Birch, N. Gadway, B. Sprague, A. Merlin and C. D'Angelo reminded me to never give up. MEM benefited from the intense writing period resulting in newly granted independence to explore our corner of the city with friends and learned to cook several meals as a means to survive while I wrote. I am grateful for a well-established collaborative co-parenting environment with CEM. I invested money and time in this proposal starting March 2021 retreating from Québec city to write with a view of beautiful Lac-Etchemin. Over several weekend retreats to the same chalet, the core of the proposal came together. It was submitted in November 2021. Finally, I started a book-length project due to social pressure from the 'idea one cannot be promoted to full professor on articles and chapters.' I thank myself for requesting and obtaining full professorship retroactively before signing a book contract at the end of April 2022. Those not otherwise mentioned supporting my promotion with letters include: B. Falk, S. Bell, C. Leprince, B. Toubol and P. Colautti along with L. Brisson and V. Joseph from SPUL. To the next step towards impossible obtentions, a solo-authored book on NATO defense burdens; a call for action to contemporize burden research and allocation contributions.



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# LIST OF POLICY POP OUT

1. Complexity and burden sharing: member risks and threats.
2. Measuring NATO partner burdens: Beyond 2%.
3. Theoretical perspectives on collective (defense & security) burden sharing.
4. Support for the risk management model of institutional burden sharing.

# ACRONYMS

(S)ACT	(Supreme) Allied Command Transformation
ASEAN	Association of Southeast Asian Nations
COE	Centre of Excellence
DSA	(US bilateral) Defense and Security Agreements
EFP	Enhanced Forward Presence
EU	European Union
FN	Framework Nation (COE)
GDP	Gross Domestic Product
HQ	Headquarters
II	International Institution
IO	International Organization
IR	International Relations
ISAF	International Security Assistance Force
JAPCC	Joint Air Power Competence COE
JCBRN	Joint Chemical, Biological, Radiological, Nuclear Defense COE
KFOR	Kosovo Force
MC	Military Committee
MILMED	Military Medicine COE
MOU	Memorandum of Understanding
MP	Middle Power
NATO	North Atlantic Treaty Organization
NOJ	Notice of Joining (COE)
OSCE	Organization for Security and Cooperation in Europe
PFP	Partnership For Peace
POW	Program of Work (COE)
PR	Public Relations

RIT	Rational Institutional Theory
SC	Steering Committee (COE)
STRATCOM	Strategic Communications COE
UK	United Kingdom of Great Britain and Northern Ireland
UN	United Nations
US	United States



## Introduction

NATO's next round of enlargement to Finland and Sweden, the sixth, is unlike previous post-cold war rounds; negotiation was shorter, accession approvals from partners are expected in less than 6 months (half the average), and this is in the midst of a Russian war in Ukraine. To answer the question why? One must examine national politics, shifting security risks, and political will.

Public support for NATO accession, and the added security of NATO's 'Article V' mutual defense clause, has skyrocketed in both countries since Russia's invasion of Ukraine; recent polls indicate support at 76% in Finland and 59% in Sweden. U.S. officials from the Departments of State and Defense concur with Finnish and Swedish assertions that the two countries would be 'security providers,' strengthening NATO's defense posture in the Baltic region in particular. Finland is expected to *exceed NATO's 2% GDP defense spending target in 2022*, and Sweden has *committed to meet the 2% goal* as soon as possible.—Updated 14 July 2022 (Archik et al., 2022)

This book is not about Finland and Sweden entering NATO; however, their impending entry supports the arguments herein. First, NATO burden sharing research lacks multiple measures about shifting security risks to partners as the alliance expanded geographically. It also does

not consider how security threats diversified in the post-cold war era. Second, in the late 1990s, NATO enlargement was ‘sold’ to publics to reduce burdens on all partners; one study rejects said claim employing NATO civilian budget share data comparisons (Kimball, 2019). Enlargement considered security risks to the alliance and partners while trying to avoid political risks. This was done by bundling the riskiest states in the 2004 round to distribute externalities across the alliance with some underwriting by US defense and security agreements (Kimball, 2021b). Those agreements provided information about the defense ‘quality’ of entrants and facilitated enlargement because a majority of post-cold war entrants did not meet the 2% target, but were admitted. Third, since 2003, NATO Centres of Excellence (COE) are a way partners share alliance transformation burdens to meet future defense and security needs. The observation so few studies examine risks to partners and the alliance alongside the observed paucity of research considering how NATO developed extra-club institutions, i.e., COE, at zero cost to itself, to reduce future uncertainties, taken together are a call for modernizing associated research programs. The result is a research gap where risks and threats lack multiple measures, the geostrategic and political risks of enlargement remain absent from models and impending enlargement ensures negotiations on burdens are forthcoming—this is a moment to revisit 2% (Becker, 2017; Dvorak & Pernica, 2021; Oma, 2012) and go beyond.

Cooperation, the emergence of institutions and collaboration are tools states use to reduce uncertainty about the future (i.e., create mutual expectations about future behavior). States, as partners in NATO, have internal political constraints and differing defense and security capacities to contribute to the club’s core goods. The risk management model of burden sharing accounts for shifting territorial threats to the club, and partners, due to enlargement along with increasing risks to cohesion from diversity in capacities and practices to integrate operationally. Burden sharing beyond a military spending target includes the complexity of the institutions’ partners support to make NATO function daily as well as in its deployed operations. This book offers multiple approaches and theoretical perspectives examining burden sharing in three ways: military spending, participation in a new NATO operation and the establishment, elaboration, and participation by partners in NATO Centres of Excellence. The quantitative models offer two periods of study from 1949 to present and from 1993, i.e., the creation of the Partnership for Peace. The book advances our understanding of burden sharing through added

measures, new modeling specifications and institutional analysis while comparing the effects of factors from a risk management perspective. It makes the case for reconceptualizing and reconsidering burdens and allocations to the Atlantic Alliance; this is when new partners are in accession and NATO is in a defensive posture with multiple members perceiving increased threats from Russia.

## EXPLAINING ARRANGEMENTS AMONG SOVEREIGN STATES PROVIDING COLLECTIVE GOODS

Institutional arrangements contracted among sovereign states producing collective goods are the subject of theoretical and empirical study by political scientists, economists, legal scholars and historians. Traditional international relations (hereafter, IR) theories seek to understand why institutions emerge, their design and the characteristics shaping their tenure. Differences over the perception of relative (i.e., individual) versus absolute (i.e., total) gains in the context of the underlying strategic game constrained realism and liberalism to concentrate on institutional emergence and tenure in cooperative or conflictual strategic environments (Kimball, ). Realists anticipate alliances endure as long as states receive benefits exceeding costs indicating a perception of relative gains. Liberals will cooperate for absolute gains, a smaller amount. Others suggest cooperation emerged due to intergovernmental social historical forces under favorable leadership conditions (Moravcsik, 1997). Finally, social theorists shifted focus to factors such as the convergence or divergence of identities (Wendt, 1992; Zehfuss, 2001) explaining international cooperation. However, realism, liberalism, constructivism and other approaches cannot explain how states allocate/bargain over burdens across time, due to a focus on ‘if states cooperate.’ If states cooperate, then most theories are silent on ‘how it be designed.’

Cooperation contract designers must solve fundamental problems about paying for and distributing collective goods within the institution. When institutions provide semi-private goods, club arrangements arise forcing partners pay a ‘fee’ to participate and receive the good at a better level of access or quality. Despite the emergence of clubs providing public goods (Sandler & Hartley, 2001), partners facing different threats may not perceive all threats equally salient and/or face capacity constraints influencing allocations; partner differences produce frictions within the club affecting cohesion. This occurs from a failure to distinguish partner

threats from club threats influencing national decisions about resource allocations. Finally, IR approaches differ on the management of diverse risks while sharing burdens across differently capable partners. Institutional/delegation arguments on how institutions reduce risks, influence burdens, and manage strategic problems contribute an improved model for studying burden sharing, whereas power-based theories focus on the tools deployed by stronger partners to obtain leadership and manage risks (bilaterally). The *risk management model* proposes NATO mitigates risks to the club and then to partner security while producing collective goods. As a result, club risks are considered alongside those arising from internal environments for partners. This link is essential because decisions on contributing to NATO operations and defense spending are taken at the national level. The US reduced uncertainty about states through contracting defense and security agreements, this facilitated enlargement; its relationship with spending is examined herein. This book aligns itself to contribute a risk management burden sharing model examining new factors along with classic measures while making data available for future study.

## NATO—STUDYING THE BURDEN OF PROVIDING COLLECTIVE GOODS FOR A CLUB

With seven decades of existence, NATO burden sharing has attracted substantial research (Hartley & Sandler, 1999). NATO burden analysis is organized along three dimensions according to a study of 153 *articles* published from 1966 to 2020 (Bogers et al., 2020). The first category, accounting for 99 of the articles (65%), examined the distribution of burdens across partners, 42 articles studied determinants of behavior (28%), whereas only 5% examine how partner allocations are merged to produce the overall level of the good for consumption (Bogers et al., 2020). They identified the emergence of waves of scholarship starting with Sandler's (1977) joint-product model which underwent renewed interest at the end of the cold war (Bogers et al., 2020). Interest in the second paradigm, that is the determinants of state burden sharing behavior, emerged with Kupchan (1988) and underwent a revival with studies of mission mandates and burdens (Saideman & Auerswald, 2012). Finally, economists, Hirshleifer (1983) and then Sandler and Hartley (2001), explored the last paradigm (i.e., how contributions aggregate to provide the collective defense good) accounting for the smallest percent.

The authors point out research fails to account for **multiple theoretical perspectives and omits intra-alliance factors and space remains to contribute to the third paradigm qualitatively and quantitatively with alternative measures** (Bogers et al., 2020). This book contributes on all points to scholarship.

As a research program, *Beyond 2%* expands NATO burden analysis through a decomposition of the political, financial, social and defense burdens partners take on for the institution. The emphasis of a 2% GDP on military spending for partners serving as a proxy defense capability indicator to the alliance does not reflect how said goal reduces risk should Article V be invoked through attack (2% is a political target). Considering defense burdens multi-dimensionally explains why some overcontribute to NATO and why burden sharing arguments cause friction when there are 30 diverse partners with differing threats and risks. In creating a burden management model focusing on risks to partners, *Beyond 2%* explores the weaknesses of major theories regarding alliance burdens. It argues partner risks and threats are essential to understanding how burdens are distributed across a set of overlapping institutions within NATO's structure. The research takes on the complexity of burdens in NATO while focusing on aspects other than the '2%' including political, social and military, along with economic burdens—presenting a balanced synthesis of the complex concept while identifying measures. Burden is measured across multiple categories: economic ('2%' of GDP on military spending); military (fixed assets, personnel versus mission deployments); political (civilian contributions to leadership, HQ management)<sup>1</sup>; and social (leading missions, training partners, educating defense personnel at NATO Defense College in Rome, COE). NATO partners differ in their sensitivities to defense and security risks due to geography, capabilities and threats affecting willingness to shoulder the different burdens associated with collective defense. The delegation of power internally regarding defense policy and allocations differs across partners with individual constraints. Those differences influence partner decisions concerning defense budget allocations (recalling the distance between what a partner allocates at home and the club 'target' is called the compliance gap concerning 2% [Heinen-Bogers, 2022, p. 13]) and contributions to alliance operations; both are examined.

The management of uncertainty associated with risks and threats differs across partners having divergent perspectives on shouldering all of NATO burdens. A nuanced view of burden sharing explains why Canada remains



unhappy with criticisms of its under 2% contribution, since it omits mission activities to which it overcontributes compared to allies with larger militaries (Kimball, 2019). A nuanced analysis demonstrates states collaborate to manage the strategic problems of defense credibility and uncertainty about the future state of the world differently within NATO due to threat perceptions and institutional opportunities. Powerful partners may be defense underwriters for newer partners (and through arms transfers); but one state dominates defense and security agreements bilaterally, the US (Kavanagh, 2014). This project presents a set of factors that influence military spending accounting for the role of the US as a defense endorser. An external endorser reduces uncertainty and moves the equilibrium closer to an actor's preferred position in Milner's (1997) model of Congress as an endorser of US executive agreements. In NATO, the US serves the role of endorser reducing uncertainty through contracting bilateral defense and security agreements (DSA) with partners, and, as such, it may leverage its position with partners having more agreements despite consensus rules at NATO.

This research serves as the foundation for a model of risk management burden sharing accounting for how risks and partner heterogeneity affect the acceptance of burdens other than '*the 2%*' target. It presents new data, examines threat perception and improves on research considering the effects of NATO Centres of Excellence (COE) and enlargement on burdens. This book offers several methods studying two quantitative measures (one used in the literature and another original) with a comparative case study of COE mobilizing rational institutionalist and constructivist approaches.

It explores why theories do not examine institutional burden management across different partners. Classic approaches are anchored, historically, in perceptions of gains or losses, as well as the aggregation of contributions (Morrow, 1991; Sandler, 2004). Simply, the 2% minimum threshold does not account for partner diversity and must be revised, as a club target for a credible defense partner (Becker, 2017; Dvorak & Pernica, 2021; Oma, 2012; Zyla, 2018). The complexity of burden sharing is opened to aspects beyond military expenditures.

Most research excludes risk management and partner distinctions combined with incomplete theoretical approaches resulting in a snapshot of burden management due to a limited time period/event examined. As a result, a unique discourse, a gambling double down behavior emerged from those seeking to confirm overcontributions (Canada,