Burden Sharing and Collective Penny Pinching within NATO

The Implementation of Smart Defence

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Introduction

Smart Defence, a relatively new (but not the first) initiative aiming to enhance NATO's collective defence capabilities seems driven by the lasting impact of the fiscal crisis on members' defence budget; the United States' de-prioritization of NATO with the Asian pivot; and an engaged NATO Secretary General that is promoting the concept at every turn. While the economic crisis alone gave analysts cause to anticipate new cooperation problems in the alliance, the coexistence of NATO and ESDP as crisis management institutions can be seen as an additional and parallel challenge to streamlining the development of European defence capabilities, if the US takes a step back.

It's within this context that the 2012 NATO Summit was held in Chicago. The summit was intended to provide strategic direction to the alliance, while providing an updated assessment of the security environment for and by its members. With the economic climate in mind, NATO also furthered a number of reforms to the alliance's command structure, its headquarters, and agencies. This rationalisation process is meant to improve efficiency on leaner budgets. This approach is also applied to the development of NATO's defence capabilities more specifically, with the concept of Smart Defence, which implies the

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prioritisation of alliance capabilities under conditions of fiscal austerity, without undermining NATO's ability to respond to threats. It entails multinational coordination, as allies will be asked to do more with less. To this end, 22 Smart Defence initiatives were tabled in Chicago to enlist the participation of member states and a handful of partners. The list of these multinational smart defence projects has since grown to 31.

This article focuses on the impact of Smart Defence on allied defence capabilities. It raises an interesting Civil-Military Relations *problematique* linked to willingness of society to spend more on defence in tough economic times, but also, the extent to which these allocations should be influenced by alliance demands.[2] The aim is to show how the concept of Smart Defence is being implemented by individual member states, which attempt to reconcile alliance requirements with national priorities. It proposes a preliminary framework to compare 6 countries that have been the most active in NATO: the US, the UK, France, Germany, Italy and Canada. What this comparison reveals is that, while these countries pay lip service to the concept of Smart Defence, not all states have participated and invested in NATO-led initiatives to the same extent. The article offers potential explanations for this variation in the implementation of Smart Defence and presents recent preliminary evidence that demonstrates the caution exercised by these states.

What Is Smart Defence?

While the concept of 'smart defence' seems to have many different meanings and interpretations, the term was coined by NATO Secretary General Anders Fogh Rasmussen at the 2011 Munich Security Conference: "I want to highlight the importance of what I call Smart Defence – how NATO can help nations to build greater security with fewer resources but more coordination and coherence, so that together we can avoid the financial crisis from becoming a security crisis".[3] He gave the concept some visibility by penning an impact piece in Foreign Affairs, where he addressed the capability gap between Europe and the US, a gap that has widened since the end of the Cold War: "By the end of the Cold War, in 1991, defense expenditures in European coun-

[2] Peter D. Feaver outlines the problematique underpinning research in CMR, see 'Civil-Military Relations,' *Annual Review of Political Science* 2 (1999), 211-241.

[3] Anders Fogh Rasmussen, 'Building Security in an Age of Austerity,' at the Munich Security Conference, 4 February 2011, Online: www.nato.int (accessed 5 August 2013).

tries represented almost 34 percent of NATO's total, with the United States and Canada covering the remaining 66 percent. Since then, the share of NATO's security burden shouldered by European countries has fallen to 21 percent."[4] In terms of the NATO vocabulary, Smart Defence has been articulated around three core pillars: 1) Prioritization, meaning that national defence capability priorities should be closely matched with NATO's; 2) Specialization, which entails that budget cuts leading to changes in defence capabilities should be coordinated with NATO allies to avoid capability gaps; 3) Cooperation, which refers to deeper defence cooperation to reach economies of scale when developing certain capabilities that not all member states can afford.[5]

To date, Smart Defence plans have focused on streamlining civilian and military headquarters by cutting staff, HQ budget and consolidating NATO agencies. The Smart Defence initiative also aims to bring coherence in terms of collective defence priorities in an era of declining budgets. In true NATO form, projects and reforms proposed under the banner of Smart Defence are consistent with the Strategic Concept. While there was no mention of Smart Defence at the 2010 Lisbon Summit, there was a lot of emphasis on reform and transformation where NATO resources are to:

> Ensure the maximum coherence in defence planning, to reduce unnecessary duplication, and to focus our capability development on modern requirements; Develop and operate capabilities jointly, for reasons of cost-effectiveness and as a manifestation of solidarity; Preserve and strengthen the common capabilities, standards, structures and funding that bind us together; Engage in a process of continual reform, to streamline structures, improvise working methods and maximise efficiency.[6]

How does NATO identify defence planning priorities? Since 2009, NATO has streamlined its defence planning process, which suggests that the implementation of programs launched under the banner of Smart Defence could benefit from a clearer plan of action. In a nutshell, the NATO defence planning process (NDPP) is overseen by the Defence Policy and Planning Committee (DPPC) which is responsible for providing assessments on individual and

4 Anders Fogh Rasmussen, 'NATO After Libya: The Atlantic Alliance in Austere Times,' *Foreign Affairs* (July/August 2011).
5 NATO, 'Smart Defence,' Online: www.nato.int (accessed 1 August 2013).
6 NATO, 'Active Engagement, Modern Defence: Strategic Concept for the Defence and Security of the Members of the North Atlantic Treaty Organization' (Lisbon: 19-20 November 2010), 33-34.