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The relevance of heterogeneous clubs in explaining contemporary NATO politics

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This article expands the logic of the club goods theory as a framework for studying North Atlantic Treaty Organization (NATO) politics and argues that NATO should be approached as a heterogeneous club that incorporates several different groups of allies with relatively similar characteristics. The successful decision-making in this club depends exclusively on the capacity of the allies to reach consensus. If the member states agree on a decision, it is usually optimal, while the lack of willingness to accommodate the diverging positions of the allies stimulates solutions outside of the club which for the most part are sub-optimal. The relevance of this model is illustrated with two cases: the negotiations within NATO preceding Operation ‘Iraqi Freedom’ in 2003 and the decision to start the NATO Training Mission in Iraq in 2004.

Keywords: NATO; alliances; collective goods; heterogeneous clubs

Introduction

On 1 April 2009 Albania and Croatia became the 27th and 28th members of the North Atlantic Treaty Organization (NATO).¹ Thus, two decades after the end of the Cold War NATO incorporated 12 new members, while also committing to keep its door open and provide further assistance to other nations ‘in implementing needed reforms’ as they progress towards full membership into the alliance.² The Alliance has gone through rapid growth in size at a time in which its main purpose and its specific missions have become less clear. In such an environment, it is important to study how NATO makes decisions in a format that includes more members and less uniformity with regard to its new missions and overall role in international security.

As NATO celebrates its 60th anniversary, scholars of international relations have raised pertinent concerns about its management in the twenty-first century. How can an expanded alliance that has taken on new missions and capabilities function effectively if consensus remains the core decision-making procedure? NATO’s growing heterogeneity has led to shifting alignments and formation of various ‘empowering coalitions within the Alliance’ whose goal is to increase optimality and streamline the efficiency of NATO’s decision-making process. This article introduces the club goods theory which explains the functioning and management of heterogeneous clubs like NATO, and argues that the formation of various intra-alliance groups or coalitions does not enhance the efficiency of NATO’s decision-making. Instead, the logic of heterogeneous clubs indicates that in order to increase the optimality of the decisions made by the member-states, these clubs need to

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become involved in advanced bargaining and reach across the different groups of allies within the club. If NATO wants to play a more central role in international security all of its allies need to become actively engaged in an intensified dialogue and show flexibility in accommodating their differences.

The heterogeneous clubs framework is especially useful because it suggests a more accurate appreciation of how NATO's decision-making works and provides a thorough analysis of its sustainability and relevance in the future. This theory incorporates the logic of intergovernmental bargaining among bigger and smaller allies on various aspects of collective defence and illustrates the constraints that they face due to their size, identity and influence within the club.³ It explains why despite NATO's increasing involvement in peacekeeping and crisis management missions far from the borders of its allies after the end of the Cold War, it is unrealistic to expect that the member-states will reach a consensus to transform the Alliance into a comprehensive security management institution. In order to advance these arguments, the article is organised as follows: First, the theoretical foundations of the collective goods theory and their re-evaluation by the club goods approach are introduced. Second, the article presents evidence in support of NATO's growing heterogeneity after the end of the Cold War. Third, the relevance of the proposed theoretical framework is tested against two cases of decision-making within NATO. The first case deals with the negotiations among the allies on NATO's contingency planning in 2003 to protect Turkey during the War in Iraq. The second case surveys the decision of the allies to initiate the NATO Training Mission in Iraq (NTM-I) in 2004.

The collective goods model in alliance literature

There are at least three main groups of explanations in international relations literature about the functioning and management of contemporary NATO politics: structural, communal and organisational. The first group attributes NATO's success or failure with the distribution of power in the international system.⁴ From the US perspective the Alliance is seen as a tool to manage the imbalance in the North Atlantic Area that locks America into a hegemonic role in Europe.⁵ On the European side, theorists and policy makers emphasise NATO's role in preserving the transatlantic link as an alternative to the Europeanist approach that favours integrated and autonomous European security and defence aimed at consolidating Europe as a single independent centre of power.⁶ The communal approach attributes NATO's role in international politics to the importance of trans-national or internal settings such as the establishment of pacific or security communities in Europe. In this framework, NATO was seen as a bulwark against Communism during the Cold War, while today the Alliance is approached as a tool to perpetuate the democratic peace or establish instruments for compliance of its member-states.⁷ Lastly, the organisational perspective attributes NATO's success to various general and specific assets that it has developed as an institution of international security during the 60 years of its existence.⁸ All three groups of explanations present somewhat incomplete or potentially confusing arguments about NATO's future, whereas the collective goods model suggests a parsimonious and yet accurate approach that has been under-researched by the scholars of international alliances.

Mancur Olson, a pioneer of the research on collective goods, argues that each group, whether large or small, 'works for some collective benefit that by its very nature will benefit all of the members of the group in question'.⁹ Although all of the members of a group or organisation have a common interest in obtaining this collective benefit, they have no common interest in paying the cost of providing the good. Since military alliances are first and foremost defensive in their nature, their core purpose is to deter potential aggressors. Therefore, alliances are created to provide their members with collective defence, which is a pure public good.

Generally, the literature on international cooperation distinguishes between two major characteristics of international goods provided as a result of interaction among nations: non-rivalry and non-excludability. Goods are non-rival when their unit can be consumed by someone 'without detracting, in the slightest from the consumption opportunities still available to others from the same unit'.¹⁰ Examples of such goods are sunsets, unobstructed views or pollution-control devices. Those goods whose benefits can be withheld by the owner or provider at a certain cost for the others display excludable benefits. Alternatively, benefits that are available to all once the good is provided are termed non-excludable. Usually most of the goods are excludable, such as territory, oil, clothes, food, etc. Private goods exhibit both rivalry and excludability, such as territory or natural resources, whereas public goods exhibit neither rivalry, nor excludability, such as the access to radio waves, oxygen or public parks.¹¹ There is also a third category of goods with mixed characteristics. Depending on whether they are excludable and whether they exhibit rivalry, these are called coordination goods and common property resources.¹² They are between the two extremes of purely private and purely public goods and provide partially rival or partially excludable benefits as shown in Table 1 below.¹³

Scholars of international relations agree that collective security is an example of a purely public good, whereby the international community has at its availability a 'self-enforcing international mechanism or body that automatically reacts by rejecting and immediately renouncing an aggression in the international system'.¹⁴ In essence, it is a 'pact against war', signed by all states in the international community. The collective security mechanisms are directed towards 'no predetermined or clearly defined enemy, nor can it operate on the basis of a predetermined coalition'.¹⁵ In fact, the history of the League of Nations offers examples from the inter-war period where the ideas of collective security have been implemented in regulating various territorial disputes such as the plebiscite in Upper Silesia in 1921, the border dispute between Greece and Bulgaria in 1925, and the 1935 referendum in Saarland. Thus, these ideas assume that security is a public good, provided not only to the members of a certain region, alliance or international organisation but to all states in the international system.

Table 1. Types of international goods

	<i>Rivalry</i>	<i>Non-rivalry</i>
<i>Excludability</i>	Private goods	Impure public goods: coordination goods
<i>Non-excludability</i>	Impure public goods: common property resources	Public goods

The collective goods model assumes that the same logic applies to international alliances that are constrained in their membership and territorial scope. Based on this assumption, the model makes several distinctive observations about alliance management. First, this approach is consistent with the logic of inter-governmental bargaining where the decision of every state to allocate certain resources to military alliances or any other international body is determined by what that nation's government conceives to be in its best national interest. Second, in the case of NATO the model found a positive and statistically significant relationship between the size of the members in terms of Gross National Product (GNP) and the percentage of their GNP that they allocate for defence.¹⁶ As a result, smaller states tend to rely on bigger states for their defence, while bigger states always pay a disproportionately larger share. In other words, the size of the members determines their behaviour in the alliance. However, in order to avoid a disproportionate sharing of the burden, larger states initiate and convince their smaller allies to accept different institutional agreements that regulate the contribution of the individual members. These agreements vary from the coordination of allied efforts to the sharing of certain costs on a percentage basis. In the absence of any institutional arrangements, the tendency towards disproportional burden-sharing is actually stronger.¹⁷

Nonetheless, these observations do not imply that there are irreconcilable differences among the allies and that fairly considerable divergences of purpose among them would automatically destroy the alliance. While in some cases limited disagreements among members may have a negative impact on alliance politics, in other cases the differences among the allies may actually increase the effectiveness of the alliance. An example of this is the Operation 'Allied Force' in Yugoslavia in 1999, where major differences among the contributing NATO countries over the approach to air war, the sharing of sensitive information and the introduction of ground forces considerably strained the alliance and highlighted key differences in the perspectives of the United States and its European allies. Nevertheless, the awareness that alliance unity was at stake in Kosovo helped motivate members to work together because there was an awareness that NATO's credibility was at stake. After the operation was completed the alliance identified several major areas that required efforts for enhanced cooperation such as improved command structures, new defence capabilities initiative, an improved consultation process and a more flexible system for operational decisions.¹⁸

Collective goods theory offers several explanations for why this is the case. First, alliances are not burden-free for small states. Often when the great powers act, the small states have fewer available options to choose from. Therefore, they are more likely to cooperate, especially in areas that these nations may not have previously considered. Second, the presence of small and big states in an alliance may present economies of scale. Organisations in general strive for a larger membership because they provide certain benefits that should increase proportionately as membership increases. In other words, the admission of new allies expands the range of the collective good because the new members reduce the marginal costs for defence. The production of special types of weapon systems is a good example in this respect. Third, alliances are involved in situations that contain a strong element of irreversibility, i.e. once states join an alliance it is much harder to leave it or step back on its commitments. An example of this tendency is the dynamic of US defence spending. Albeit it was not always on a continuous upward trajectory, during the Cold War

Washington usually spent about 4% of its Gross Domestic Product (GDP) on defence. Despite some fluctuations that can be attributed to various domestic factors, the United States could not afford to fall below this critical threshold due to the Soviet threat and had a very limited capacity to convince the European allies that they needed to contribute more to the allied efforts.¹⁹ Fourth, alliances can offset the effect of the free rider problem or 'the exploitation of the big by the small' because they provide not only collective, but also purely national, non-collective benefits to the nations that maintain them. However, the main conceptual problem of the collective goods model is that it does not draw any analytical distinction between collective defence and collective security and, therefore, undervalues the private or impure public features provided by alliances such as NATO. The club goods theory offers an important corollary to this model.

Club goods theory

Richard Cornes and Todd Sandler championed the club goods theory as an alternative approach to studying international goods. They define clubs as voluntary groups 'deriving mutual benefit from sharing one or more of the following: production costs, the members' characteristics or a good characterized by excludable benefits'.²⁰ Clubs have several important characteristics: 'excludability' (i.e. clubs discriminate between members and non-members), voluntarism and sharing a certain type of good. Therefore, members choose to join certain clubs because, as rational actors, they anticipate certain benefits from this membership. Thus, the utility jointly derived from membership and the consumption of other goods for each of the members must exceed the utility associated with non-membership status. For example, in the case of NATO the members expect that the benefits of membership outweigh the costs associated with it.

Clubs incorporate the idea of sharing. They may share the use of impure public goods or the enjoyment of the desirable attributes of the members. Whether this is a golf club membership, access to the clubhouse or collective defence, club members inevitably need to share some sort of club facilities or goods. Therefore, the idea of sharing resources and access to goods results in competition over the access to these goods. Because in most of the occasions these resources are limited, the competition results in rivalry for club benefits, causing detraction in the quality of the services already received.²¹ A classic example of such rivalry among nations includes the control of territory, especially if it has valuable natural resources or fishing whales in the open seas. Usually club members share partially rival public goods that are also excludable such as recreational facilities, tennis clubs, swimming pools, and highways. International security is a good example of an excludable good characterised with rivalry, whereby 'the overriding goal of each state is to maximise its share of world power, which means gaining power at the expense of other states'.²² Alliances, on the other hand, illustrate a specific form of rivalry where states compete over maximising the benefits from collective defence, but also engage minimally in burden-sharing to avoid any unnecessary costs. Therefore, by definition alliances provide impure public goods or goods with mixed characteristics such as collective defence.

The club goods framework holds that there is a direct relationship between the size of the membership and the ratio between costs and benefits. As membership

expands, both costs and benefits arise which leads to crowding. Costs involve increased congestion due to a higher number of members, while benefits result from cost reductions due to economies of scale that lower the expenses associated with the club good. By adding a cost offset to the benefits derived from expanding the club size, crowding ultimately leads to finite memberships. In other words, every club has a certain capacity until it becomes congested. Congestion is a situation wherein the costs surpass the benefits. In the case of NATO, the issue of congestion was raised in 1997 and especially in 2002 when the alliance decided to invite new members with limited military capabilities after the end of the Cold War.²³ The congestion argument has been challenged by scholars of international institutions who made the case that the persistence of international security organisations like NATO is determined by the ability of their specific and general assets, i.e. norms, rules, and procedures to match ‘the kinds of security problems faced by its members’.²⁴

The clubs also have important exclusionary mechanisms whereby users’ rates of utilisation can be monitored and non-members or non-payers can be barred. Without such mechanisms there would be no incentives for members to join and pay dues. The operation of these mechanisms must be at a reasonable cost, i.e. the costs should be lower than the benefits gained from allocating the shared goods. Also, the club goods framework distinguishes between two different types of costs and benefits: those related to the individual members and those associated with the club as a whole. When analyzing the clubs, it is necessary to distinguish between members with certain user privileges and non-members. In the case of NATO, after the alliance launched its Partnership for Peace program (PfP) in 1994, most of the countries from Eastern Europe and the former Soviet Union joined the programme but did not enjoy the privilege of common defence under Article Five or participation in any substantial decision-making. The successful club also needs to determine clearly the amount of the shared good. In the case of NATO, the territorial outreach of the collective defence is limited within the ‘territory of any of the Parties in Europe or North America’ as defined in Article Six of the North Atlantic Treaty.²⁵ Thus, while NATO remains committed to ‘further develop existing, and open new individual relationships’ with nations outside of the North Atlantic Area that currently cooperate with the Alliance under the global partnerships initiative such as Australia, New Zealand and Japan, the prospects of them joining the organisation are very bleak.²⁶ While most of these nations have made it clear that they ‘are not really interested in becoming members’, they have indicated on numerous instances willingness to work with NATO on its out-of-the-area missions and new allied capabilities which sometimes is referred to as the ‘collective security business’.²⁷ Therefore, under the current provisions of the North Atlantic Treaty the global partnership initiative incorporates members with minimal prospects for actual membership rather than a sub-club of potential entrants and is somewhat similar to the Partnership for Peace initiative of the mid-1990s.

Homogeneous clubs

The club goods theory distinguishes between two types of clubs based on their membership structure – homogenous and heterogeneous. Homogenous clubs include members whose tastes and endowments are identical. If either tastes or endowments differ, then the club is called heterogeneous or mixed. In the economic and business

world the majority of clubs are labelled homogenous. In international politics, homogeneity can usually be determined from a specific criterion, such as military power or economic wealth. Examples of relatively similar or homogeneous nations in terms of their wealth are the seven most advanced industrial nations in the world members of G-7. In the realm of international security the Austro-German Alliance of 1879 and the Franco-Russian Alliance of 1891–1894 are other examples of relatively homogenous clubs. In both cases these states had great power status and relatively similar shares of European military resources in terms of population, defence appropriations or defence personnel.²⁸

The optimal membership size of these clubs is defined as the ‘core’. The core implies that no individual or set of individuals can improve their situation by forming a different partition.²⁹ When the optimum club size is less than the actual members, i.e. when the club has more members than it needs to function effectively, there are strong incentives for club members outside of the core to switch to other undersized clubs. Therefore, there is a natural tendency for clubs to equalise their size toward the most optimal number of members. As a result, a multi-club world provides safeguards against discrimination since members that feel discriminated against have the option to switch between clubs.³⁰ Modern alliances include a much larger group of members and therefore, homogeneity becomes an aberrant condition rather than a rule for international alliances because they vary through the capabilities of their constitutive units – the states. For this reason, an analysis of contemporary alliance politics needs to take into account the variations in the size and individual characteristics of the states that account for their heterogeneity.

Heterogeneous clubs

In the case of homogeneous clubs, it is easier to evaluate each member’s own payoffs because the club members are very similar and their contribution to the club is the same as everyone else’s. Studying heterogeneous clubs is, nonetheless, ‘considerably more elusive’ because of the variation among the individual members.³¹ There is no uniform approach in the literature that suggests a way to evaluate whether one member contributes more or less than the others. Some theorists suggest partitioning the heterogeneous population into similar relatively homogeneous groups of members before the average net benefits of each member within the group and of the different groups are evaluated. The criteria to determine homogeneity vary and may include the size of the allies, the allocation of resources for defence, whether they have certain military capabilities (e.g. airlift, rapid reaction and deployment, etc.) or their positions on the level and scope of cooperation within the club. Hence, the total net benefits to the heterogeneous clubs do not depend simply on the number of members but rather on the *number* and *identity* of the members as shown in Table 2 below.

Thus, the heterogeneous club model seems to be a flexible and yet adequate framework for studying NATO politics, whereby the Alliance comprises several relatively homogenous sub-clubs. This allows us to draw comparisons within the various groups of relatively similar members, and between the different larger groups (or sub-clubs) of allies.

Table 2. Types of clubs and historical examples of alliances

<i>Type of club</i>	<i>Membership</i>	<i>Examples</i>	<i>Relevance for Alliance politics</i>
Homogeneous clubs	Members with identical tastes and endowment	Golf Clubs; G-7; the Austro-German Alliance (1879); the Franco-Russian Alliance (1891–1894)	<ol style="list-style-type: none"> 1. The benefits depend on the number of the members. 2. Multi-club world provides safeguards against discrimination.
Heterogeneous clubs	Members with different tastes and endowment	NATO; the Axis powers; the Western allies during World War II	<ol style="list-style-type: none"> 1. The benefits depend on the number and identity of the members (club's core). 2. Sub-clubs provide near substitute and reduce the monopoly effect.

NATO's heterogeneous nature

Earlier studies on NATO politics implicitly identified some features of the club dynamic such as the presence of public goods and private benefits that the Alliance provides for its members, or the gap between national objectives and the objectives of the Alliance as a whole. James Golden indicates that 'there is no unity of objectives between national defence contributions and alliance defence contributions'.³² He suggests that in the absence of a compelling mechanism to convince the member states to place the common interest above the private interest, NATO leaders must search for bilateral political, economic and security agreements among the member nations.³³ Golden's study on NATO during the Cold War showed a causal link between the size of the allies, their wealth in terms of Gross National Income (GNI) and their spending on defence. This means that during most of its existence, NATO has been functioning as a heterogeneous club and there has been variation in the amount of resources that the allies have been able and willing to allocate for common defence. The presence of different sub-clubs of allies with similar features based on their history, geography and size has always been a distinctive feature of NATO politics and the different allies have contributed disproportionately more or less to the common defence.

Scholars like James Golden, Galvin Kennedy and Mancur Olson admit that creating a measure for national defence contributions and comparing the allied contributions has always been a major challenge. Consider for example the case of Iceland. The country has no defence forces or defence budget but its key geographic position makes it a critical element in alliance defence. Also, inflation and exchange rate fluctuations tend to overestimate or underestimate a nation's resources.³⁴ Currently this issue is less of a concern given the fact that as of 1 January 2009, 11 of the European allies have introduced a single European currency – the Euro – and the eight others are expected to do so within the next four to six years. As a part of this process, the new NATO allies and EU members have had to stabilise the exchange rates of their currencies.³⁵ Although today there are fewer constraints in evaluating the national contributions of the NATO members in terms of actual defence expenditure measured in national currencies or in terms of the share of the GNP, there is still no uniform approach in place how to operationalise defence contributions. The logic of the club goods theory indicates that the size of member

states is certainly important in determining their overall contribution. Alternatively, the elimination of the size factor, which allows studying the contribution to collective defence per capita, illustrates other aspects of the dynamic within the NATO sub-clubs, and between them.

While previous research has explored the relationship between defence spending and national wealth in the early 1980s in the context of the Cold War, testing the model for the expanded NATO has both theoretical and methodological implications.³⁶ It provides an opportunity to compare the outcomes of the club dynamic for a 16 member model as opposed to a 26 member model. Also, the model allows for the exploration of the intra-club dynamic and the relations between, and among, the various allies and sub-clubs. In Golden's model, the base year is 1980 primarily because of the availability and reliability of data, while in this article, the base year is 2004 because it marks the largest expansion in NATO's history with seven new members. It is important to compare the results with the average values of defence expenses and GDP for the period between 1994 and 2004 – a decade that was marked by the decision to embark on a path of military transformation outlined in NATO's 1994 Brussels Declaration, the initiation of the PfP programme the same year, and the introduction of the Membership Action Plan (MAP) in 1999.³⁷ Thus, the defence expense and GDP indicators for each of the NATO countries have been averaged for the period between 1994 and 2004 as shown in Figures 1 and 3.

The relationship between defence expenditures and national income for 2004, as well as for the entire period between 1994 and 2004, shows several important tendencies. First, the correlations for 2004 and those for the period between 1994 and 2004 do not differ substantially. The data for 2004 highlight the overall tendency for the whole decade. Second, similar to 1980, the United States remains the highest defence spender in 2004 followed by Greece, Turkey and the United Kingdom. These four countries clearly surpass the rest of NATO in terms of defence spending. Third, although the US case is excluded from the graphs in Figures 1 and 2 for technical

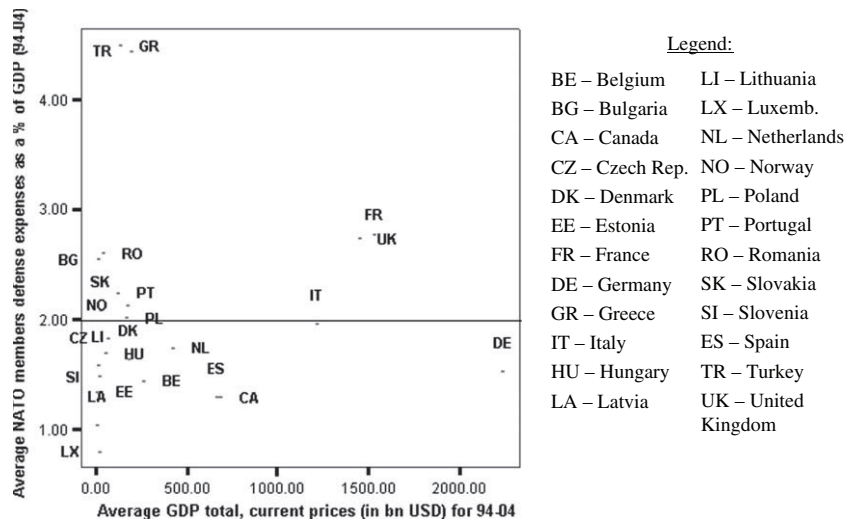


Figure 1. Relationship between defence expenditures and national income (average 1994–2004)

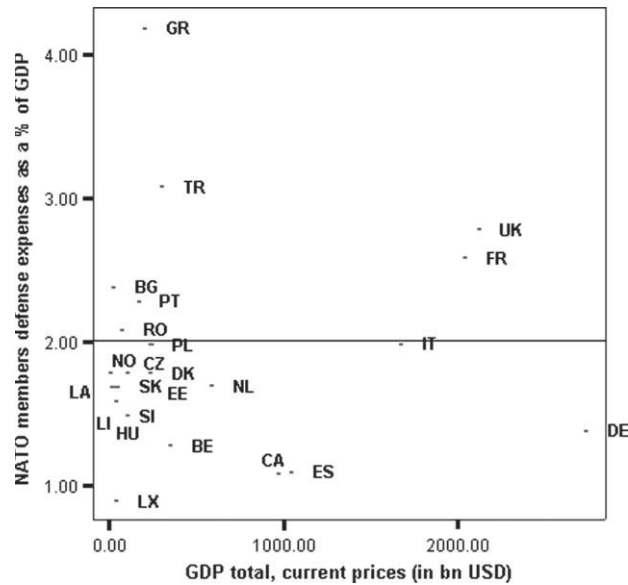


Figure 2. Relationship between defence expenditures and national income (2004)

reasons, the data show that the gap in defence spending between the US and the rest of the allies has almost tripled since 1980. In the last decade alone this gap has soared about 20–30%.

The per capita data for 1980 indicate that, aside from the United States, there were three major groups of allies. The first group includes allies with major military resources: the United Kingdom, France, and the Federal Republic of Germany. The second group is comprised of the poorer countries in Southern Europe with below average per capita incomes: Italy, Greece, Portugal, and Turkey. The last group includes several relatively small but rich states in the north: Belgium, Canada, Denmark, Luxembourg, the Netherlands and Norway.³⁸ The relationship between defence spending and per capita income for 2004 reveals that the picture has not changed substantially for the old NATO members as shown in Figure 4. Currently, there are three relatively poor but high defence spenders in the south – Turkey, Greece and Portugal. The other two groups of allies remained relatively unchanged. France, the United Kingdom and Italy belong to the group of major allies with significant military resources and strength. Canada, the Netherlands, Belgium, Denmark, Luxemburg and Spain form another group of relatively rich countries with low defence spending. The only major difference from 1980s in this respect is that Germany has dropped from the group of allies with higher defence spending and maintains low levels of spending similar to the small and wealthy nations of Western Europe. With defence spending of about 2%, Italy and Norway have joined the club of big NATO allies with major resources and above average defence spending.

Aside from sheer size and defence spending, when it comes to the formation of sub-clubs, the identity of individual allies along the Atlanticist–Europeanist continuum also must be considered. France, Belgium and Luxembourg are the staunchest Europeanists and they often seek cooperation with the moderate Europeanists in the south (Spain, Portugal and Greece), while Germany, Italy and,

to a certain degree, Norway are among the moderate Atlanticists. Alternatively, the United Kingdom, Denmark, and the Netherlands are strong Atlanticists that seek close cooperation with the United States and Canada across a large number of issues dealing with transatlantic security. Despite the fact that these identities are relatively stable, variations in the positions of the individual members is possible as shown in the two case studies below.

One big difference from NATO's dynamic in 1980, however, is the emergence of a whole new group – the 10 new allies from Central and Eastern Europe. They have two very similar characteristics: First, they have a very low national income, comparable only to that of Greece and Turkey. Second, their defence spending (as a percentage of their GNP) is slightly below or around the average of the alliance. Certainly there are variations within the group – some of members are as small as 1.3–2 million people (Estonia, Slovenia and Latvia), while others like Romania and Poland have a population of about 22.2 and 38.5 million respectively. Hungary and the Czech Republic are closest to the median size of the 10 new allies at 10 million.³⁹ At the same time, the structure of the armed forces and the pace of military reforms indicate a major degree of uniformity among those countries which is also captured in the relationship between income allocated to defence and national income per capita. Albeit, with certain variation, most of the new allies from Central and Eastern Europe have a strong Atlanticist identity that can be explained with their history, national strategic interests, as well as their 'recent real-world experience',⁴⁰ Thus, based on these criteria, the new countries from Central and Eastern Europe emerged as one of the most coherent groups among all member-states (Figure 3 and Figure 4).⁴¹

Lastly, a noticeable trend among a number of European allies illustrated in Figures 3 and 4 is to be found in their increasing cuts on defence spending. For

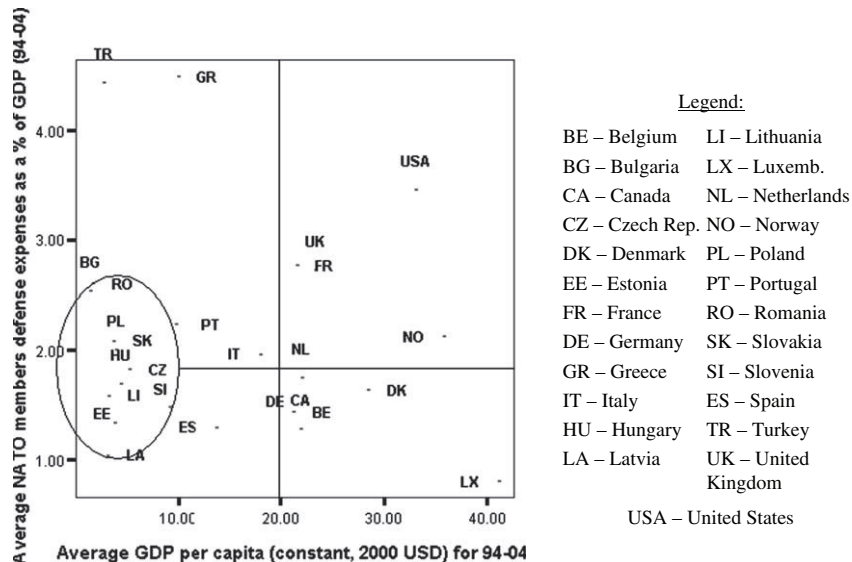


Figure 3. Relationship between share of income allocated to defence and per capita income (average 1994–2004)

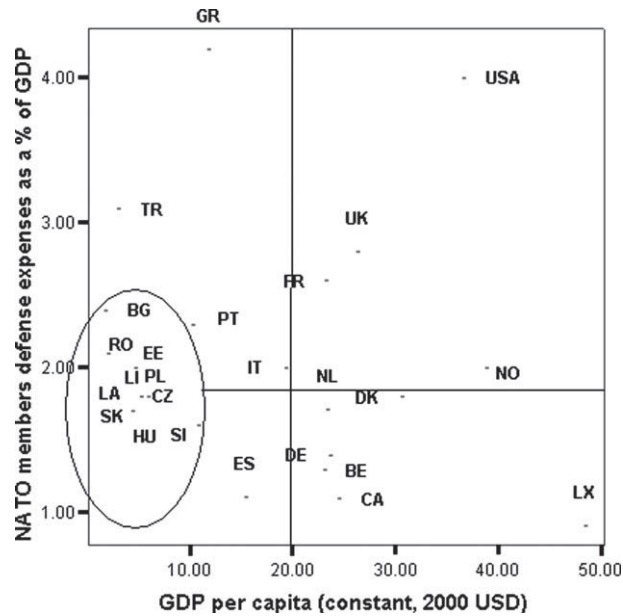


Figure 4. Relationship between share of income allocated to defence and per capita income (2004)

example, while in 2004 eleven of NATO's 26 members met the official goal of spending 2% of their GDP on defence, in 2006 only seven allies (two of which are from Eastern Europe) met this goal.⁴² Thus, NATO as a whole recorded one of the lowest levels of defence spending of the individual members which led to immense frustration within the United States at the unwillingness of European allies to contribute to collective defence.

This test confirmed that the club goods theory is a useful framework through which to study NATO politics. The Alliance has always been a heterogeneous club that brings together diverse members. Based on the size of its members and the amount of resources that they are willing to allocate for common defence, there have always been at least several relatively homogeneous sub-clubs. The latest rounds of expansion in 1999 and 2004 introduced a whole new sub-club of members from Central and Eastern Europe with relatively similar characteristics.

The recent developments in the NATO-led International Security and Assistance Force (ISAF) in Afghanistan raised the question of whether or not the alliance is able to optimise its decision-making process and bring all of the allies on board. The logic of homogeneous clubs assumes that alliances usually produce optimal outcomes if they are at an optimal membership size often referred to as the 'core'. Alternatively, when the decisions are sub-optimal, it may be an indication that NATO is experiencing a congestion that leads to crowding and depreciation due to the excess capacity of the club to meet its functions. In fact, since 2003, NATO has had constant problems securing sufficient troop commitment from its members. With the exception of six contributing nations, most of the troops in Afghanistan operate under certain national caveats that impose various constraints regarding the military activities in which allied troops are allowed to participate while carrying out their

missions.⁴³ Thus, various operational problems have increased inefficiency, and in general, have made multinational cooperation within ISAF more difficult. That is why some scholars argue that NATO has become an institution that plays a 'largely supportive role in US efforts to combat terrorism' and that its contribution to the international efforts to quell terrorism is 'somewhat tangential'.⁴⁴ Instead of using the convenient structures of international institutions, NATO members participate in efforts to respond to terrorism outside of the Alliance 'through bilateral activities or loose coalitions of the willing'.⁴⁵

One can explain the formation of such loose coalitions with the unilateralist approach of the US foreign policy during the presidency of George W. Bush. This policy aimed at bypassing the tardiness of international institutions and, with the sense to act quickly in the aftermath of 11 September 2001 in self-defence, to protect the national security of the United States. Also, a more flexible coalition-based approach was chosen because there was a sense of urgency and a decision of the North Atlantic Council would have taken time and always faced the risk that an ally may veto the US proposal. Lastly, many NATO members did not have the kinds of military capabilities needed for counter-terrorism operations. Even when NATO agreed to take over the ISAF command in 2002, most of the participating nations imposed various caveats which significantly restricted the scope of their military involvement. As a result, today we have different groups of contributing nations. Allies like the United Kingdom, Denmark, Canada and the Netherlands joined the United States in the southern and southeastern provinces where the battles with the insurgents proved most intense, while other contributing nations like Germany, France and most of the new allies chose to remain stationed in the centre and north of Afghanistan, where the intensity of the combat operations and the death toll is much lower.

Does this mean that post-Cold War NATO has indeed become an inefficient institution that stimulates sub-optimal decision-making? Applied to the club goods dynamic, this implies that more decisions have been negotiated within issue-oriented sub-clubs or various alignments which ultimately depreciates the value of the good that the club provides as a whole. In order to understand this club dynamic we need to take into account the diverging identities of the individual members and sub-clubs of allies in a heterogeneous setting. That is why the effectiveness of the heterogeneous alliances depends exclusively on their capacity to reach across the sub-clubs and accommodate the differences of their members. Although conventional International Relations (IR) theory makes the case that fewer participants enhance the likelihood for a compromise, the consensus depends also on the ability of the participants to adjust their original positions and accommodate their differences. If they are not willing to do so, chances for consensus may be ruined even in a smaller setting as NATO of 16 would have faced similar problems due to the divergence in the views of its members. Therefore, the number of allies is not as important as their capacity to reach a consensus. If they are able to accommodate their differences and come to an agreement, the decision is optimal. Alternatively, the lack of willingness to accommodate the diverging positions of the individual members stimulates solutions outside of the club which, for the most part, are sub-optimal.

If the logic of this argument is correct, it means that although time consuming and cumbersome, a compromise among NATO allies significantly increases the chances for successful completion of the allied mission. In the next sections the

relevance of this model will be tested through two cases. The first one surveys the negotiations among the allies on NATO's involvement in Operation 'Iraqi Freedom' (OIF) in 2003 and illustrates how the lack of consensus led to a sub-optimal outcome. The second case shows how the compromise the allies were able to work out in 2004 stimulated optimality which led to the successful implementation of the NATO Training Mission in Iraq (NTM-I). The logic of heterogeneous clubs has also relevancy for the mission in Afghanistan, which can form the basis of an entirely new study.⁴⁶ Finally, the findings from OIF and NTM-I have implications for contemporary ISAF politics, which will be addressed in the conclusion.

Case one: NATO's contingency planning for the 2003 war in Iraq

After the terrorist attacks of 11 September 2001, there was a growing suspicion in the Bush administration that the regime of Saddam Hussein had weapons of mass destruction (WMD) and that these might fall into the hands of terrorists. As a result, the Bush administration attempted to rally support at the UN Security Council (UNSC) for a new resolution, following which the Council passed Resolution 1441 on 8 November 2002. The resolution offered the regime in Baghdad 'a final opportunity to comply with its disarmament obligations' while setting up 'an enhanced inspection regime with the aim of bringing to full and verified completion the disarmament process'.⁴⁷ The UNSC reached an apparent unity which included not only traditional US allies that were members of the Council, but also other nations like Russia, China and Syria. Nonetheless, the consensus turned out to be illusory because the UNSC members failed to agree on a mechanism to determine whether Saddam's actions constituted compliance or not. The divergence over Iraq became clear soon after the regime in Baghdad submitted its weapons declaration which contained mostly old and incomplete data. The Bush administration interpreted the response of Saddam's regime as non-compliance and saw it as an automatic endorsement for the use of force as outlined by the resolution. Others, however, including France and Germany, viewed the cooperation of the Iraqi regime as sufficient and argued that at this point no use of force was necessary to ensure its compliance. While French experts agreed that the Iraqi document was incomplete, they made the case that it supported the need to move forward with further inspections that would shed light on the unresolved issues.⁴⁸ This divergence of the US and French positions was the basis around which two opposing camps were formed on both sides of the Atlantic Ocean.

The French opposition was not unexpected because Paris and Washington have a history of disagreements and bickering from the last 60 years. However, Germany's decision to join France in close cooperation against the use of force in Iraq was a new trend in modern transatlantic relations, which can be explained in part with the domestic political environment in Germany after the 2002 elections.⁴⁹ Paris and Berlin traditionally cooperate within the European Union, but there has not been a Franco-German alliance within NATO. While the NATO members hold a caucus within the Organisation for Security and Cooperation in Europe (OSCE), there is no EU caucus or a special sub-club or coalition within NATO. Paris and Berlin sometimes share similar positions on certain issues (for example NATO expansion); while on other occasions they have disagreements.⁵⁰ In fact, the German Ministry of Defence has always emphasised that Berlin would not like to make a special choice

between Paris and Washington. This principle was incorporated in the Atlantic clause that the German parliament introduced to the Franco-German Elysee treaty of 1963.⁵¹ From the heterogeneous clubs perspective, the formation of such an unprecedented Franco-German position was a result of the shifting German identity which further strengthened the divide within Western Europe.

The pro-Atlanticist camp led by Blair, Aznar and Berlusconi produced a letter that expressed solidarity with the United States in its efforts 'to rid the world of the danger posed by Saddam Hussein's weapons of mass destruction',⁵² The letter was signed by the leaders of Britain, Spain, Italy, Poland, Hungary, Denmark, Portugal and the Czech Republic, and stressed the importance of shared values that constitute the 'real bond' between the United States and Europe. Although the content of the letter was not particularly controversial, its timing and context had a major impact in Europe. This divide was further strengthened by the support that the 10 applicants for NATO membership from Central and Eastern Europe expressed for the US position on Iraq. The new democracies of Albania, Bulgaria, Croatia, Estonia, Latvia, Lithuania, Macedonia, Slovakia, Slovenia and Romania, which at that time aspired to gain membership into NATO, agreed with the content of the letter signed by their West European colleagues but were never asked to sign. These new democracies consolidated efforts under the so-called Vilnius group to lobby successfully for NATO membership. Their ambassadors in Washington coordinated a strategy that resulted in crafting and issuing a letter similar to the Letter of the Eight that expressed solidarity with the US position. The reaction to the Vilnius Ten Letter was seen in Berlin, and especially in Paris, as a direct provocation that further soured the relations between supporters and opponents of the United States. Washington's response, expressed by Secretary of Defence Donald Rumsfeld at a Press Conference, was that the centre of gravity in Europe was shifting to the east:

And there are a lot of new members [...] Germany has been a problem, and France has been a problem [but] look at vast numbers of other countries in Europe. They're not with France and Germany on this; they're with the United States.⁵³

In this diplomatically tense environment in Europe, the United States decided to push forward a strategy that would get the Europeans to participate militarily in the event of a possible war in the Persian Gulf. At least four options were considered. They included: assistance to Turkey in the context of an Iraqi threat to Turkish territory; technical support; actual military involvement in the combat; and post-war involvement of the Alliance in Iraq. The US Deputy Secretary of Defence Paul Wolfowitz formally proposed NATO involvement that included surveillance planes, antimissile batteries, the use of allied naval forces in the Mediterranean to protect US ships heading to the Persian Gulf, and substitution of the US peacekeepers participating in NATO operations that were going to be redeployed elsewhere. What seemed to be a routine contingency planning resulted in major opposition from the leaders of France, Germany, Belgium and Luxemburg who feared that such planning would imply automatic support for an intervention in Iraq. Despite European opposition, the Bush administration continued to press the Alliance to defend Turkey even though Turkey had not asked for help from NATO. The United States invoked Article Five from the North Atlantic Treaty (1949) which allows for consultation when an ally's security is at risk. This was seen in Washington as a good

way to line up NATO support for an eventual conflict. The US diplomats who wanted to see the Alliance play a greater role saw this as an opportunity to 'push the organization' to become more active after being 'shaken by its exclusion from Afghanistan'.⁵⁴ Instead, the responses from Paris, Berlin and Brussels were that such planning was 'unnecessary and unnecessarily provocative against representatives of other allies'.⁵⁵ The American reaction to this position was furious. The US ambassador to NATO Nicholas Burns said that it 'created a crisis of credibility for the alliance', while the US State Secretary Colin Powell stressed that the German and French policy was 'inexcusable'.⁵⁶

The growing divergence between the proponents and opponents of Washington's policy on Iraq made it practically impossible to reach a compromise in the North Atlantic Council (NAC). As a result, the United States chose to bypass the French opposition by moving the decision-making to the NATO Defence Planning Committee (DPC), from which France withdrew voluntarily in 1966. Such a move was expected to weaken the German and Belgian opposition and to ensure that reaching a consensus would be far easier. Following this decision, a proposal was put forward to the DPC to plan Turkey's defence. This scenario was also facilitated by a NAC decision in 2000 which stipulated that if the Council was not able to reach a compromise in the event of a crisis, the Supreme Allied Commander Europe (SACEUR) would have the authority to defend NATO. The Supreme Allied Commander, General James Jones, and the NATO Secretary General Jaap de Hoop Scheffer, had already agreed to implement this decision if necessary. The rationale behind the proposal was that a DPC decision backed up by an agreement between the Secretary General and SACEUR should replace the lack of consensus in the NAC.

While Paris continued to insist that a decision to protect Turkey was an implicit acceptance of *casus belli*, the French had no political influence in the Defence Planning Committee. Germany, on the other hand, began to search for a way out of the crisis as it felt it could not afford to further jeopardise its relations with Washington. The German diplomats referred to the Atlantic clause and told their French counterparts that Berlin was 'prepared to accede to the scaled-back proposal at the Defence and Planning Committee (DPC)'.⁵⁷ Belgium remained the only holdout for 24 hours but finally all the participating nations agreed to support this planning proposal and come to Turkey's defence in the event that Iraq retaliated during the war, as required in Article Five of the North Atlantic Treaty.⁵⁸

This case illustrates how transatlantic diplomacy can turn into unnecessary bickering which exacerbates the divide between the Atlanticist and the Europeanist camps within NATO, sometimes referred to as the Euro-Atlantic Security Dilemma. Such an outcome is sub-optimal because there was no progress in the negotiations and the allies came to a compromise on what most members had agreed upon anyway, namely to participate in the defence of an ally under their treaty obligations. The evidence from the transatlantic storm in 2003 reveals several important features of the heterogeneous club theory. First, what may seem to be unnecessary political rhetoric and a lack of flexibility was, in fact, disagreement on a very different issue – whether the use of force against the regime of Saddam Hussein was justified. Second, the major source of opposition was not the DPC decision itself, but the attempts to bypass the appropriate deliberating body and adopt a decision that is not endorsed by a sub-club of allies. The use of military, rather than political, structures for a

decision which is primarily political does not enhance the legitimacy of the actual decision and may even erode the influence of the body that makes this decision. The former SACEUR General James Jones warned against the practice of using military structures (such as the DPC) for such purposes, claiming that they are 'supposed to give the military advice', and are 'in danger of becoming overrun by the early input of political influence before the military advice is developed'.⁵⁹ Therefore, when the logic of military decisions is distorted by political rationale, the results may only be sub-optimal.

While the problem of using the appropriate decision-making structures is relatively easy to fix, the bigger problem is how to preserve the consensus at the North Atlantic Council, not to work around it. Over the years NATO has developed relatively simple but efficient mechanisms to deal with the dissenting nations. One such procedure is the so called 'silence procedure'. When a written statement is deemed necessary, but certain representatives cannot provide the written position of their governments at the time of the meeting of a specific deliberating body, the Secretary General or the chairperson of the deliberating body may opt to circulate a draft proposal. If no ally submits a formal objection before a predetermined deadline, the proposal is considered approved.⁶⁰ Thus, members who disagree with a certain decision but who would feel uncomfortable 'breaking silence' have the flexibility of opting out. The nuance between acquiescence and a formal 'yes' or 'no' vote makes a big difference on a number of occasions when the governments face major domestic political pressures to vote against a NAC decision, but in the context of inter-governmental bargaining, they prefer to remain silent and the decision can get passed even without their explicit consent.⁶¹

The negotiations in January and February 2003 indicated that a lack of agreement on a certain political issue (e.g. the use of force against Iraq) can jeopardise the consensus on other military decisions such as the obligation to grant assistance to an ally in case of attack. This example illustrates that when compromise is not possible, the diverging identity of the allies 'breaks the science' and they resist a collective action. The increasing number of allies combined with the growing differences of their national interests raised concerns about the efficiency of the silence procedure in the future. In May 2003 the US Senate asked the Bush administration to explore the possibilities of changing the consensus rule and 'establishing a process for suspending the membership in NATO of a member country that no longer complies with the principles of democracy, individual liberty, and the rule of law'.⁶² A possible modification of the existent decision-making procedure was considered by the introduction of the 'threatened ally' rule. Under this rule any threatened ally could request NATO Military Authorities to start formal contingency operational planning, which should be automatically approved by the North Atlantic Council unless a consensus of allies objects. The other options for amending the consensus rule included broader discretionary authorities of the Supreme Allied Commander, Europe; 'empowering coalitions' of contributing nations within NATO to carry out military operations on behalf of the alliance; or even a 'consensus minus' whereby an operation may be authorised by a qualified majority in the absence of consensus among the allies.⁶³ Nonetheless, any modification of the existent procedures requires an agreement of all member states that seems unlikely at the moment.

Therefore, the absence of a modified consensus rule provides an opportunity for some allies to veto the authorisation of certain NATO operations, which stimulates the formation of coalitions outside the alliance's institutional setup. The contingency planning for Turkey's defence in 2003 showed how the eroding consensus among NATO members weakened its capacity to act as an institution of collective defence. Alternatively, when there is a general agreement on the utility of the proposed decision, the consensus rule helps to accommodate the positions of the member-states and negotiate a compromise. The establishment of the NATO Training Mission (NTM) in Iraq shows how the adjustments made by the individual members enhance the credibility of the institution as a whole.

Case two: The establishment of the NATO Training Mission in Iraq in 2004

In 2004, the Iraqi interim government approached NATO with a request to help train Iraqi military personnel. The NATO Heads of State discussed the issue at the Istanbul Summit and issued a separate Statement on Iraq in which the Alliance responded positively to the request and encouraged members to contribute the training of the Iraqi security forces.⁶⁴ The North Atlantic Council confirmed the decision of the Summit and in September endorsed the establishment of a NATO-supported Training, Education and Doctrine Centre in Iraq. By the end of December most of the planning was completed, and NATO foreign ministers authorised SACEUR to activate the new mission. The original format of the mission included up to 300 personnel deployed in Iraq, comprising mostly trainers and support staff at mid- and senior-levels.⁶⁵

Although in 2003 Belgium, France, Germany and Luxemburg were a part of a sub-club which disagreed over NATO's involvement in the war in Iraq, they had no objection against participating in the training of Iraqi forces. Germany, for example, agreed to participate in the training mission but made it clear that its involvement would be outside of Iraq, in the United Arab Emirates (UAE) and in Oberammergau, Germany. The Federal Republic also committed itself to support the mission financially (US\$652,000), and provided airlift support for Iraqi personnel. France, on the other hand, offered to train 1,500 Iraqi military police in Qatar, but made clear they wanted to do it outside of NTM-I. Belgium and Luxemburg also provided expertise assistance outside of the mission and defrayed some of the costs associated with the training. Belgium also sent military driving instructors to the German-led training in the UAE.⁶⁶

Despite variations in the form, format and location of the efforts to train Iraqi officers, the different sub-clubs of allies were able to set aside their differences and find varying forms of participation that met the national interests of the participating nations. When there is a consensus about the utility of the mission, the allies are able to overcome the differences of opinion, find an acceptable format, and reach an optimal decision. The core rationale behind the French support for the training mission was that Paris is committed to an international effort to stabilising Iraq by training and preparing a United Iraqi National Army that will ultimately increase overall stability in the region.⁶⁷ Senior French diplomats and policymakers have emphasised the constructive character of their opposition in NATO and they have highlighted the importance of France's re-entry into the military structures of the alliance.⁶⁸ However, from the perspective of heterogeneous

clubs this example illustrates that it is possible to find an optimal bargaining outcome only if the different identities of the members are taken into account. If France, Belgium, and Luxemburg were not given flexibility of participation, it is likely they would not have taken part in this collective effort.

The case of NTM-I illustrates that heterogeneous clubs can attenuate the effect of sub-optimality if they can find commonalities in their diverging identities. Therefore, accommodating the differences in the positions of the allies is a condition *sine qua non* to optimise their participation in the common mission. In addition to opting out, the participating nations should be offered alternative ways of involvement in the allied efforts, whereby the decision-makers need to introduce clear mechanisms in order to offset the negative externalities of political rhetoric. Consider the case of the French participation in training Iraqi officers, which was instrumental due to the capabilities and experience that the French military and intelligence have for this type of mission.⁶⁹ Prior to 2003, the military cooperation between France and the United States in the fight against terrorism has been particularly beneficial. On several instances US counter-terrorism experts admit that until 2003 the French and British were the allies whose agencies 'provided the best quality counter-terrorism material' to the United States from which 'Washington could have taken early action'.⁷⁰ When bilateral relations deteriorated in the peak of the 2003 crisis, due to the dominating political rhetoric, the French diplomats and military experts faced significant pressure from their government and had difficulty presenting the French position in the least conflicting way to NATO's intergovernmental bodies.⁷¹ Because of this, the tension between the United States and France jeopardised the traditionally good military cooperation between the two countries. Alternatively, when Washington and Paris agreed on the utility of training a modern National Iraqi Army, the format of French participation was simply a formality. Lastly, the ability to reach a compromise across the different sub-clubs enhances the legitimacy of the allied efforts and attracts new participants. When Germany, France, Belgium and Luxembourg agreed to support the NTM-I efforts, other non-NATO countries like Ukraine also came on board.

These two cases indicate that heterogeneous clubs are not easy to manage. For this purpose NATO has established the 'silence procedure' and is looking into other ways to accommodate the diverging national interests of its members. However, the transatlantic crisis over the 2003 Iraq war demonstrated one of the central problems facing NATO: when political rhetoric is combined with sharp contrast in the allied positions, the members attempt to use the decision-making bodies to push for their own political agendas and the chances for consensus erode quickly. Such an undesirable scenario can be avoided by intensified dialogue across the different sub-clubs.

Conclusion

This article has several distinctive findings. First, by focusing on heterogeneous clubs, it re-conceptualises the relevance of club goods theory. The club goods framework originates in the collective goods literature and suggests that alliances have features similar to clubs. NATO, nonetheless, differs from the majority of clubs because of its heterogeneous nature as it brings together different groups of nations. Second, the evidence presented in the article shows that in order for NATO to

negotiate a compromise and make an optimal decision, the Alliance needs to reach across various sub-clubs and embark on cumbersome intergovernmental bargaining that accommodates the different positions of the participating states. A good example is the establishment of the NATO Training Mission in 2004, which allowed for most of the allies to participate in or outside of Iraq and use their full capacity to train the Iraqi security forces. Alternatively, when there is no agreement on the core issue, such as the use of force in the 2003 war in Iraq, the allies are tempted to use their veto power in order to block other subsequent decisions on the contingency planning for the defence of one of the allies. Third, the evidence from the debate over the planning of Turkey's defence in 2003 indicates that reaching consensus can be a protracted and cumbersome process. In the absence of stimuli to negotiate a compromise, the individual allies tend to break the silence and veto decisions that do not correspond to their national interests. Thus, the logic of intra-club bargaining implies scepticism about the possibility for NATO allies to reach a compromise any time soon on transforming the organisation into an 'inclusive security-management institution'.⁷² While NATO will stay involved in non-Article V peacekeeping and crisis management missions outside of its traditional territorial domain, it is unrealistic to expect the member-states to reach a consensus to fundamentally amend the North Atlantic Treaty and therefore, the Alliance will continue to provide international goods that have mixed characteristics and exhibit excludability and partial rivalry.

The dynamic of heterogeneous clubs unveils important aspects of NATO's intra-club bargaining. The admission of new members in 1999, 2004 and 2008 has strengthened the overall heterogeneity of the Alliance and made the group of the new members more cohesive, which ultimately facilitates alignments and coalitions between these countries and the United States. This does not mean, however, that the balance within NATO has shifted in favour of the Atlanticist camp, or that NAC should automatically embrace the positions of the majority of its members as the official position of the organisation. The experience of the 2003 crisis in diplomatic bargaining shows that in order to optimise its performance, NATO needs to reach across the divisions among the different sub-clubs of its members. Due to the shifting alignments and attitudes toward threats confronting NATO, the United States has become increasingly unwilling to work with all allies in order to accommodate their differences.⁷³ One may argue that such a unilateral approach of US foreign policy can be explained by the reluctance of the Bush administration, especially during its first term, to engage with international institutions. Alternatively, the Obama administration has indicated that it will institute a new policy that is expected to reach out to allies and accommodate their differences. Instead, club goods theory attributes the outcomes of alliance bargaining to the size of the club members and their identity; both of these categories are relatively stable, i.e. they do not change easily from one administration to another. Therefore, it is easier for the leading nations to work closely with members whose positions (or the positions of the sub-club that they belong to) are close to their own, than reach a compromise within the club as a whole. That is why, NATO members are able to reach consensus on marginal issues while their diverging identity may often result in disagreement over the general approach to international security and the strategy to conduct a specific mission.

The disagreements among the allies regarding how best to handle the International Security and Assistance Force in Afghanistan opens a new debate on the future and relevance of NATO. Most notably, the reluctance of allies like France, Germany and Spain to become more involved in the troubled Afghan provinces where their help was needed most, prompted the US Secretary of Defence Robert Gates to express his concern that NATO is, in essence, becoming 'a two-tiered alliance, in which you have some allies willing to fight and die to protect peoples' security, and others who are not',⁷⁴ ISAF is, nonetheless, a much more complicated case because it grapples with multiple aspects of the decision-making and implementation processes within NATO. The history of the mission indicates two very different dynamics and these dynamics need to be explored separately. In its early stages between 2002 and 2005, ISAF was somewhat easier to manage, which is why the allies underestimated the challenges on the ground before they decided to expand the mission in 2006 to the south and east of Afghanistan. The two cases studied in this article indicate that if NATO wants to play a more central role in international security, the allies need to become actively engaged in an intensified dialogue and show flexibility in accommodating their differences as they did in 2004 when they agreed to launch the NTM-I mission. Thus, the lessons learned from previous cases of intra-club bargaining can help avoid sub-optimal outcomes that could potentially weaken the NATO's effectiveness in Afghanistan or elsewhere in the future.

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Notes

1. The application of the Former Yugoslav Republic of Macedonia was also considered on the table, but the country was not extended an invitation due to its ongoing dispute with Greece over the name of this country. The allies agreed that once this bilateral dispute is settled, Skopje will be granted an automatic invitation whereby no separate invitation will be necessary. See para 20, 'Bucharest Summit Declaration', issued by the Heads of State and Government participating in the meeting of the North Atlantic Council in Bucharest on 3 April 2008, http://www.summitbucharest.ro/en/doc_201.html (accessed August 18, 2008).
2. The final communiqué of the North Atlantic Council meeting in December 2008 in Brussels explicitly mentioned Georgia and Ukraine as potential applicants for membership. See Final Communiqué of the Meeting of the North Atlantic Council at the level of Foreign Ministers, NATO Headquarters, Brussels, 2–3 December 2008, <http://www.nato.int/docu/pr/2008/p08-153e.html> (accessed January 3, 2009).
3. For details about the logic of intergovernmental bargaining see Andrew Moravcsik, *The Choice for Europe* (Ithaca, NY: Cornell University Press, 1998), 60–1.
4. Christopher Layne, *The Peace of Illusions: American Grand Strategy from 1940 to the Present* (Ithaca, NY: Cornell University Press, 2006); John Mearsheimer, *The Tragedy of the Great Power Politics* (New York: WW Norton, 2001); and William Wohlforth, 'The Stability of a Unipolar World', *International Security* 24, no. 2 (1999): 5–41. See also T.V. Paul, James Wirtz, and Michael Fortmann, eds., *Balance of Power: Theory and Practice in the 21st Century* (Stanford, CA: Stanford University Press, 2004); John Duffield 'Transatlantic Relations after the Cold War: Theory, Evidence, and the Future',

- International Studies Perspectives* 2 (2001); David Calleo, 'Foreword: Geopolitics and the Atlantic Alliance', *Journal of Transatlantic Studies* 3 no. 1 (2005): 3–4; and Christopher S. Chivvis, 'ESDP and the Future of the Atlantic Alliance: Political and Geopolitical Considerations', *Journal of Transatlantic Studies* 3, no. 1 (2005): 23–38.
5. Robert Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy* (Princeton, NJ: Princeton University Press, 1984); Joseph Nye, *The Paradox of American Power: Why the World's Superpower Can't Go It Alone* (Oxford: Oxford University Press, 2002); and G. John Ikenberry, *America Unrivaled: The Future of the Balance of Power* (Ithaca, NY: Cornell University Press, 2002).
 6. The distinction between the Atlanticist and Europeanist approach is discussed by Charles Cooper and Benjamin Zycher in their work *Perceptions of NATO Burden-Sharing* (Santa Monica, CA: RAND Publication Series, 1986); see also Jolyon Howorth, 'The Euro-Atlantic Security Dilemma: France, Britain, And The ESDP', *Journal of Transatlantic Studies* 3, no. 1 (2005): 39–54.
 7. The proponents of this framework are primarily scholars of democratic peace and security community theories. For details see Michael Doyle, 'Liberalism and World Politics', *American Political Science Review* 80, no. 4 (1986): 1151–69; Karl Deutsch et al., 'Political Community in the North Atlantic Area', in *Readings on the Theory and Practice of the European Integration*, eds. Brent Nelsen and Alexander Stubb (Boulder, CO: Lynne Rienner Publishers, 1994); Emmanuel Adler and Michael Barnett, *Security Communities* (Cambridge: Cambridge University Press, 1998).
 8. The most notable works in this tradition are Lisa Martin, 'The Promise of Institutional Theory', *International Security* 20, no. 1 (1995): 39–51, and Celeste Wallander, 'Institutional Assets and Adaptability: NATO after the Cold War', *International Organization* 54, no. 4 (2000): 705–35.
 9. Mancur Olson, *The Logic of Collective Action; Public Goods and the Theory of Groups* (Cambridge, MA: Harvard University Press, 1977 [1965]), 21.
 10. Richard Cornes and Todd Sandler, *The Theory of Externalities, Public Goods and Club Goods* (Cambridge and New York: Cambridge University Press, 1986), 6.
 11. Barry Hughes, 'The EC and the Evolution of Complex Governance' in *The Future of Integration in Europe* (Armonk, NY: M.E. Sharpe, 1993), 49–52.
 12. Barry Hughes calls the goods that exhibit excludability and non-rivalry 'coordination goods', while those goods that exhibit rivalry and non-excludability are referred to as 'common property resources', see Hughes, 'The EC and the Evolution of Complex Governance', 49.
 13. See Cornes and Sandler, *The Theory of Externalities*, as well as Todd Sandler and Keith Hartley, *The Political Economy of NATO* (Cambridge: Cambridge University Press, 1999).
 14. Inis L. Claude, Jr., *Power and International Relations* (New York: Random House, 1962), 114. Inis Claude championed the concept of collective security as 'all-inclusive', inner oriented system 'involved in the safeguarding of all against aggressive assault'. He argues that collective security regulates international behaviour by creating institutionalised confidence among participants. In this framework of analysis, the establishment of a European collective security system led by NATO would provide a collective good and allow the Russians to define themselves as members of a European community of nations, not as outsiders. For details see Charles Kupchan and Clifford Kupchan, 'The Promise of Collective Security', *International Security* 20, no 1 (1995): 59; Marina Finkelstein and Lawrence Finkelstein, *Collective Security* (New York: Chandler Publishing Company, 1966) and David Yost, *NATO Transformed: the Alliance's New Roles in International Security* (Washington, DC: United States Institute of Peace Press, 1998), 5–9.
 15. Geoffrey Williams and Barkley Jones, *NATO and the Transatlantic Alliance in the XXI Century* (Cambridge: The Institute of Economic and Political Studies, 2001), 88.
 16. For details about collective goods model see Mancur Olson and Richard Zeckhauser, *An Economic Theory of Alliances* (Santa Monica, CA: RAND Corporation, 1966), v.
 17. *Ibid.*, vi.
 18. John Peters, Steward Johnson, Nora Bensahel, Tim Liston and Tracy Williams, *European Contributions to Operation Allied Force: Implications for Transatlantic Cooperation* (Santa Monica, CA: RAND Corporation, 2001), 90–3.

19. Miroslav Nincic and Thomas Cusack explain the variation in US defence spending during the Cold War with the perceived utility of such spending in stabilising aggregate demand, the perceived economic effects arising out of such spending and the pressure of various institutional constituency-related factors. For details see Miroslav Nincic and Thomas Cusack, 'The Political Economy of US Military Spending', *Journal of Peace Research* 16, no. 2 (1979): 101–15.
20. Cornes and Sandler, *The Theory of Externalities*, 159.
21. *Ibid.*, 159.
22. John Mearsheimer, *The Tragedy of the Great Power Politics* (New York: WW Norton, 2001), 2.
23. Concerns about the utility of NATO expansion and scepticism about the incorporation of new members were first expressed by political scientists and policymakers in the mid-1990s. For further details see Michael Mandelbaum, 'Preserving the New Peace', *Foreign Affairs* 74, no. 3 (May/June 1995): 9–13; Ted Galen Carpenter and Barbara Conry, *NATO Enlargement: Illusions and Reality* (Washington DC: Cato Institute, 1998); and Zoltan Barany, *The Future of NATO Expansion* (Cambridge: Cambridge University Press, 2003).
24. Celeste Wallander, 'Institutional Assets and Adaptability: NATO after the Cold War', *International Organization* 54, no. 4 (2000): 706.
25. The North Atlantic Treaty, Washington DC, 4 April 1949, <http://www.nato.int/docu/basicxt/treaty.htm> (accessed September 8, 2007).
26. Bucharest Summit Declaration, issued by the Heads of State and Government participating in the meeting of the North Atlantic Council in Bucharest on 3 April 2008, <http://www.nato.int/docu/pr/2008/p08-049e.html> (accessed March 16, 2009).
27. Transcripts from the Atlantic Council Meeting with General James Jones, former Supreme Allied Commander Europe, 'Reflections on NATO', The Atlantic Council, Washington, DC, 21 December 2006, 6.
28. Despite some variation in terms of population, energy consumption or defence personnel, the composite resource indexes of the individual allies were very similar. For details see Glenn Snyder, *Alliances* (Ithaca, NY: Cornell University Press, 1997), 82–3; and Paul M. Kennedy, 'The First World War and the International Power System', *International Security* 9, no. 1 (1984): 7–41.
29. Cornes and Sandler, *The Theory of Externalities*, 199.
30. Kenneth Waltz, *Theories of International Politics* (Massachusetts: Addison-Wesley Publishing Co, 1979): 93.
31. Cornes and Sandler, *The Theory of Externalities*, 201–2.
32. James Golden, *The Dynamics of Change in NATO* (New York: Praeger, 1983), 77.
33. *Ibid.*, 78.
34. Comparing the inflation rates during the 1990s is not as challenging for the old NATO allies as it is for the new NATO members. Although the economies in the old allies (with the exception of Turkey) have shown a steady growth and low inflation, that is not the case in Central and Eastern Europe, where the economies have indicated high levels of inflation and substantial exchange rate fluctuations, especially in the early and mid-1990s. As a result, there are significant fluctuations in the total defence expenditure, the national product and even the share of the national product spent on defence. Also, the inflation effect is strengthened by the major economic and financial crises that some of the Eastern European countries experienced during their transition in the 1990s such as Poland, the Czech Republic and Bulgaria.
35. The convergence criteria (also known as the Maastricht criteria) determine which European Union member states will adopt the Euro. The countries in the Euro-zone need to meet four criteria: (a) the inflation rate should not exceed 1.5% of the three best-performing member states of the EU; (b) the government deficit must not exceed 3% of the Gross Domestic Product (GDP) at the end of the preceding fiscal year and the ratio of gross government debt to GDP must not exceed 60% at the end of the preceding fiscal year; (c) the member states should not have devaluated their currency for two consecutive years and; (d) the long-term interest rate must not exceed 2% of the three best-performing member states in the Euro zone.

36. James Golden developed a matrix to evaluate national contributions in the context of alliance objectives and this article employs his methodology; see Golden, *The Dynamics of Change in NATO*, 25–51.
37. See Declaration of the Heads of State and Government participating in the meeting of the North Atlantic Council, 'The Brussels Summit Declaration', Brussels, 11 January 1994, <http://www.nato.int/docu/basicxt/b940111a.htm> (accessed August 14, 2007).
38. Golden, *The Dynamics of Change in NATO*, 44–5.
39. On the population size of the new NATO allies see *The Europa World Year Book* (London and New York: Taylor and Francis Group, 1993–2004), 34–45.
40. Ronald D. Asmus and Alex Vondra, 'The Origins of Atlanticism in Central and Eastern Europe', *Cambridge Review of International Affairs* 18, no. 2 (2005): 204.
41. Slovenia is the only country with a substantially high national income (about the same as Portugal) but still lower than NATO's average. Most of the countries from Central and Eastern Europe spend below or around 2% on defence, Bulgaria and Romania being the only exception with about 2.5%.
42. These seven members were Bulgaria, France, Greece, Poland, Turkey, the UK and the US. Source Stockholm International Peace Research Institute database, <http://www.sipri.org/> (accessed March 16, 2009).
43. David P. Auerswald and Stephen M. Saideman, 'Caveats Emptor: Multilateralism at War in Afghanistan' (paper presented at the Annual Meeting of the International Studies Association in New York, 15–18 February 2009).
44. Renée De Nevers, 'NATO's International Security Role in the Terrorist Era', *International Security* 31, no. 4 (2007): 35.
45. *Ibid.*, 35.
46. There are several constraints against choosing the International Security and Assistance Force as a separate case study in this article. First, prior to 2005 the mission in Afghanistan was much smaller, while after 2006 it expanded substantially. This expansion can be seen in terms of members, mandate, and territorial scope, which is why ISAF should be approached as two separate missions. Second, while OIF and NTM-I focus exclusively on NATO's decision-making, the mission in Afghanistan touches upon various aspects of inter-governmental bargaining and implementation of the agreed upon decisions. Third, ISAF is a case in progress and its outcome in terms of intra-club bargaining is to be determined.
47. United Nations Security Council, 'United Nations Security Council Resolution 1441', adopted unanimously by the Security Council at its 4644th meeting, on 8 November 2002, <http://www.state.gov/p/nea/rls/15016.htm> (accessed August 18, 2008).
48. Philip Gordon and Jeremy Shapiro, *Allies at War: America, Europe and the Crisis over Iraq* (New York: Brookings Institution, McGraw-Hill, 2003), 114.
49. Schröder's Social Democratic Party won the 2002 elections by a very narrow margin against the Christian Democrats running an antiwar campaign. That is why the German government was much less flexible to participate in traditional intra-alliance bargaining and had to join the French opposition.
50. Author's personal interview with a French representative to NATO, January 2006.
51. *Ibid.*
52. Gordon and Shapiro, *Allies at War*, 129.
53. 'Secretary Rumsfeld Briefs at the Foreign Press Centre', *News Transcript*, January 22, 2003, <http://www.defenselink.mil/transcripts/transcript.aspx?transcriptid=1330> (accessed August 18, 2008).
54. Gordon and Shapiro, *Allies at War*, 137.
55. The 10 February 2003 meeting of NATO ambassadors in Brussels led to angry exchanges and even shouting not normally heard at the NAC meetings. This rhetoric was an indication that the crisis has reached its peak. For details see Gordon and Shapiro, *Allies at War*, 138.
56. *Ibid.*, 138.
57. *Ibid.*, 140.
58. Jolyon Howorth, 'The Euro-Atlantic Security Dilemma: France, Britain and the ESDP', *Journal of Transatlantic Studies* 3, no. 1 (2005): 39–54.

59. Transcripts from the Atlantic Council Meeting with General James Jones, Outgoing Supreme Allied Commander Europe (SACEUR), 21 December 2006, 6.
60. Leo Michael, 'NATO Decision-making: Au Revoir to the Consensus Rule?' *Strategic Forum*, no. 202 (2003): 1–2.
61. An example of such occasion is the decision of the Greek government to endorse the operation *Allied Force* against the Federal Republic of Yugoslavia in 1999 despite the overwhelming opposition of the Greek public against such NATO intervention. For detail see Leo Michael, 'NATO Decision-making: How the 'Consensus Rule' Works', (original Paper, Institute for National Strategic Studies, 2006), <http://www.ndu.edu/inss/research/croatia.pdf> (accessed March 30, 2009).
62. US Congress, Congressional Record, Senate, 8 May 2003, S5805-S5828. Also see Leo Michael, 'NATO Decision-making', 4–5.
63. Leo Michael, 'NATO Decision-making', 5–6.
64. Statement on Iraq, issued by the Heads of State and Government participating in the meeting of the North Atlantic Council in Istanbul, 28 June 2004, <http://www.nato.int/docu/pr/2004/p04-098e.htm>, (accessed January 6, 2009).
65. NATO, 'NATO's Assistance to Iraq: How Did the Policy Evolve', <http://www.nato.int/issues/iraq-assistance/decision.html> (accessed August 16, 2008).
66. Jeremy Sharp and Christopher Blanchard, 'Post-War Iraq: A Table and Chronology of Foreign Contributions' (CRS Report for Congress, 18 March 2005), <http://fpc.state.gov/documents/organization/44124.pdf> (accessed August 15, 2008).
67. Author's personal interviews with a French representative to NATO, January 2006.
68. France formally re-entered NATO's military structures in April 2009 at the Summit in Strasbourg and Kehl.
69. Author's personal interviews with a French representative to NATO, January 2006.
70. Author's personal interviews with Sam Wells, Woodrow Wilson Center, Washington DC, September, 2006.
71. Author's personal interviews with a French representative to NATO, January 2006.
72. On the notion of collective security see Celeste Wallander and Robert Keohane, 'Risk, Threat and Security in Institutions', in *Power and Governance in a Partially Globalized World*, ed. Robert Keohane (Oxford: Routledge, 2002), 108; also David Yost, *NATO Transformed: the Alliance's New Roles in International Security* (Washington, DC: United States Institute of Peace Press, 1998), 7.
73. De Nevers, 'NATO's International Security Role in the Terrorist Era', 59.
74. 'US Defense Secretary Robert Gates has Warned that the Future of NATO is at Risk Due to Differences over Afghanistan and that It May Become a Two-tier Alliance', *BBC News*, 7 February 2008.

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