NATO EXPANSION IN AN IMBALANCED INTERNATIONAL SYSTEM:
THE CONCEPT OF COMPLEMENTARITIES

Abstract:

Key documents of the major Euro-Atlantic organizations and their members indicate that they “will contribute to the creation of an integrated security structure of mutually complementary and reinforcing organizations that would be able to prevent an emergence of a global conflict in a long-term outlook.” Therefore, the research question of this paper is what does the “complementary process” consist of and, most importantly, how does the admission of new members to the North Atlantic Alliance complement the capabilities of the organization? The paper studies the concept of complementarities as a relationship between resources and capabilities. Furthermore, it identifies two groups of countries according to the nature of transformation of the armed forces and their past experience with statehood during the Cold War, and explains how the new NATO members have complemented the current capabilities of the alliance, namely by distributing resources efficiently, reducing the armed forces and, as their economies continue to grow, allocating additional funding for defense.

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In 1990, several months after the fall of the Berlin Wall and the collapse of communism, the University of Chicago professor John J. Mearsheimer predicted that “the next decades in a Europe without superpowers would probably not be as violent as the first 45 years of this century, but would probably be substantially more prone to violence than the past 45 years.”¹ Based on the same realist logic, Kenneth Waltz, another leading international relations scholar, indicated in 1993 that “NATO’s days are not numbered, but its years are... Once the new Germany finds its feet, it will no more want to be constrained by the United States acting through NATO than by any other state.”²

Fifteen years later, however, the world seems much different from what the neo-realists expected at the end of the Cold War. Except the violent breakup of Yugoslavia, post-Cold War Europe did not experience any major conflict. As far as the North Atlantic Treaty Organization (NATO) is concerned, it did undergo tremendous transformation but not of the sort that Waltz expected. From 1997 to 2004 the number of NATO allies increased from sixteen to twenty-six with ten new members from Central and Eastern Europe; it fully incorporated unified Germany and the organization became involved in out-of-area operations.³ This trend of transformation is continuing, with three countries from Southeastern Europe expecting an invitation to join the organization.⁴

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³ NATO’s eastward expansion took place in two rounds. In 1999 the Visegrad countries (Czech Republic, Hungary, and Poland) joined NATO and in 2004 seven other Central and East European countries became members -- Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia, and Slovenia.
⁴ Currently Albania, Croatia and Macedonia are preparing for membership.
A brief snapshot of the major security documents of the new members indicates that these members “will contribute to the creation of an integrated security structure of mutually complementary and reinforcing organizations that would be able to prevent an emergence of a global conflict in a long-term outlook.”5 Furthermore, the new allies indicate that “characteristic feature of European security processes is the shaping of cooperating and mutually complementary security, political, economic and environmental organizations.”6

Therefore, the core question of this research is what does the “complementary process” consist of and, most importantly, how does the admission of new members to the North Atlantic Alliance complement the capabilities of the organization? Furthermore, this research on complementarities is a part of my dissertation which studies the effect of the NATO Expansion on European security and transatlantic diplomacy.

THE ROOTS OF THE CONCEPT

The concept of complementarities is developed in economic literature where two goods are considered to be complementary if “the presence (or efficiency) of one increases the returns from (or efficiency) of the other.”7 Also, from multigood monopoly theory we know if two goods are complementary then lowering the price of one good stimulates the demand for the other, such as the example of cameras and films.8 Political scientists apply complementarities to the institutions of the political economy in order to

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6 Ibid, Article 4.
7 Hall and Soskice, 2001, p. 17.
reinforce the differences between the liberal and coordinated market economies. Nonetheless, complementarities may also exist among the operations of a firm; an example of which will be the marketing arrangements that offer customized products and may offer higher returns when coupled to the use of flexible machine tools on the shop floor.\(^9\) While the firms are the core unit of analysis in microeconomic theory, security studies researchers agree on the state being the major unit of analysis.\(^{10}\)

Translated to alliance literature, the concept of complementarities has direct implications in analyzing the motivation and behavior of the states to join alliances, undergo transformation, adapt their military structures to the new security environment and share the burden and the cost of alliance commitments. The allied behavior can also be an indication of the effect that the distribution of power has in managing the relations between the states in the international system. As previously indicated, the paper assumes that the dynamics of alliance formation gives an insight on the broader picture of the distribution of power, the underlying logic being that the latter shapes the alliances and, therefore, changes in the dynamics of alliance formation. As a result, alliances are a reflection of the transformation of the structural components of polarity. This paper, therefore, employs a deductive logic where the findings on the case of NATO expansion present evidence for the distribution of power on a broader theoretical level.

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\(^9\) See Hall and Soskice, Milgrom and Roberts (1990, 1995).

\(^{10}\) Both realists and institutionalists agree on the states being the key unit of analysis. Nonetheless, institutionalist research focuses on the effect of international institutions. Therefore, the effect of complementarities has implications on the relations between states, as well as between institutions. For the purpose of this research, I will focus only on the complementarities between states, while the institutional complementarities will be researched separately.
Mancur Olson indicates that “one purpose that is nonetheless characteristic of most of the organizations, and surely of practically all organizations with an important economic aspect, is furtherance of the interests of their members.” Therefore, in his model Olson assumes rationality as underlying driving forces of organizational behavior. He argues that each group, no matter whether it is large or small, “works for some collective benefit that by its very nature will benefit all of the members of the group in question. Though all of the members of the group have a common interest in obtaining this collective benefit, they have no common interest in paying the cost of providing that collective good.” This analysis of the collective benefit is related to the debate between public goods, as opposed to private goods.

In their 1966 book “An Economic Theory of Alliances” Olson and Zeckhauser assumed that in the case of alliances characterized by deterrence, collective defense is a pure public good. Furthermore, they argue that there is an asymmetry in the distribution of benefits among the different countries since larger actors placed a greater value on collective defense because they had more to lose when it failed. Under such circumstances there is a pretty strong incentive for smaller countries to contribute as little as possible to collective defense, which is also known in the literature as “exploitation of the large by the small” and “free rider problem.” Specifically, a free rider is anyone who

14 See: Olson and Zeckhauser, and Peter Forster and Stephen Cimbala, p. 10.
contributes less than the marginal value they derived from the consumption of a non-excludable public good.\textsuperscript{15}

In “The Dynamics of a Change in NATO: A burden-sharing perspective” James Golden further researches the relationship between private and public goods. Golden contends that there is no unity of objectives between national defense contributions and alliance defense contributions. Therefore, in his model collective defense is viewed as multidimensional concept whose products may be used for protection or self-aggrandizement. These are the private or national benefits of defense, in addition to the public benefits discussed by Olson and Zeckhauser.\textsuperscript{16}

The analytical distinction between the “public” and “private” benefits for the formation of alliances has been crucial in explaining the different hypotheses about the driving forces behind the formation of alliances. In “A Multipolar Peace? Great-Power Politics in the Twenty-First Century” Charles Kegley and Greg Raymond list six hypotheses on the formation of alliances that reflect both their public and private benefits.\textsuperscript{17} First and foremost, there is a classical assumption among political scientists that alliances serve as a means of self-protection in order to balance against powers, as well as threats. Here are two different analytical frameworks for explaining the balancing dynamics -- balancing against powers and against threats.\textsuperscript{18} In both of those occasions alliances are perceived as a public good provided to all of its members which explanation

\textsuperscript{15} Ibid, p. 11.
\textsuperscript{17} Kegley, Charles W, Jr and Gregory Raymond. A Multipolar Peace? Great-Power Politics in the Twenty-first Century, St. Martin Press, New York, 1994
\textsuperscript{18} In his “Theory of International Politics” (1979), Waltz discusses the balance-of-power theory where the key assumption in that states balance against other states (pp. 126-7). In “The Origins of Alliances” (1987) Stephen Walt introduces balance-of-threat theory where one state or coalition of states “will form alliances to increase their internal efforts in order to reduce their vulnerability” (p. 263). Walt makes an analytical distinction between balancing against powers and balancing against threats (Walt, 1987).
is consistent with the findings in Olson and Zeckhauser’s model. In the same way, the issue of free riding of the weak allies emanates from the “public good” characteristics of the collective defense. Another hypothesis analyzes specifically the motivation of the weak states to join alliances, namely in order to “exploit them as arrangements of expediency.” Therefore, by bandwagoning “states tend to ally with the strongest or most threatening state in order to reduce the threat to their survival, and these strong states recruit and support such clients in order to prevent their alignment with any countercoalition.” This hypothesis explains the problem of “exploitation of the large by the small” as structurally driven by the international system. Therefore, only weak states can afford themselves to exploit the large ones because of their motivation to survive and because of type of behavior that is driven by the multipolar distribution of power, namely in order to avoid countercoalitions.

In addition to the “public goods,” alliances also provide private benefits that “may be used for protection or self-aggrandizement.” More specifically, Kegley and Raymond discuss the hypothesis that alliances are used as a method of national self-aggrandizement to maximize predatory power. By combining power, an alliance can serve as a “latent war community based on mutual cooperation.” Another explanation argues that alliances reduce costs by spreading them among several partners, and they provide benefit that cannot be obtained unilaterally. Aside from the common benefit of security, which accrues as a “public good” to all its members, “alliances can also bestow

21 Forster and Cimbala, p 11.
a “private” benefit by increasing the military capability of certain states. Both of those hypotheses clearly indicate the private component in the formation of alliances which also motivates them to produce defense-related goods and, thus, negates the benefits attributed to the free rider problem. Great powers with allies may gain increased influence over other countries’ foreign policy decisions. Alliances furnish a medium for exerting leverage over partners. Normally, this leverage is exercised in terms of the alliance leaders influencing the smaller partners but as a matter of fact this influence can flow in both directions. More specifically, the bargaining power belongs to the party that has issue-specific resources and “is able to communicate its resolve clearly and convincingly” thus exploiting “asymmetries in relations with another state.” Lastly, Kegley and Raymond list a six condition – alliances afford a leader an opportunity to shore up his or her standing at home and leaders sometimes join alliances to gain status, economic assistance or legitimizing ideology. However, this explanation is related to an individual-level analysis, and does not fit the theoretical framework of my research.

The Concept of Complementarities And The Distribution of Power

Again, a careful analysis of the literature on alliances indicates a causal relationship between the behavior of the states and their role in the international system. In other worlds, the choice of the individual countries, to free ride, to join alliance and influence the foreign policy of other nations, is systemically driven. There are several different reasons why the case of NATO post-Cold War expansion is interesting and valuable from a theoretical perspective.

23 Kegley and Raymond, p. 95.
24 Ibid.
First, the distribution of power across the system’s key actors primarily determines the specific flow of politics at any given time. However, the theoretical research has almost exclusively focused on cases with bipolar and multipolar distributions of power. Although not completely ruled out, unipolar systems have not recorded the same theoretical focus or empirical study and, therefore, the structure of contemporary international system is aberrant condition rather than a stable distribution of power.  

Second, a comparison of the ten new NATO members is also easy to compare them from a methodological point of view – they share common past and similar features of political and economic transition. They all are relatively small states whose population varies from 1.3 to 38 million people; they all have limited resources with regard to population, GDP, defense spending and size of armed forces.

As a result, a large part of the research on NATO in the mid- and late 1990s has indicated skepticism about the enlargement and has argued that “the enlargement process is certain to be expensive”27. Another concern has been the readiness to undertake security commitments because the alliance “could discover by extending its realm eastward it had accepted security obligations that its members could not or would not

26 The conditions for stable imbalance of power have been researched by Professor Richard J Harknett and graduate students from the Department of Political Science at the Research Seminar in International Relations, University of Cincinnati, Spring 2004.
honor, much as France and Britain when faced in 1938 with possibly having to honor their pledges to Czechoslovakia.”

Lastly, all these countries have undergone similar political, military, economic and social transformation in the last fifteen years. The nature of this transformation is unique from historical point of view and is interesting to study how these countries have used their resources to develop certain capabilities along with their accession to the alliance.

In 2001 the Rand Corporation conducted research on the dynamics of NATO enlargement and assessed the capabilities of the then applicants. It focused on the conditions for the enlargement indicating that the applicant countries need to resolve the disputes with neighboring countries and actively commit to a peaceful settlement of international disputes. The new allies also need to contribute militarily to the alliance and be willing to take steps to achieve interoperability with other alliance members. Despite the fact that it is the most comprehensive mixed methods study on the NATO expansion, Szayna’s research is not sufficient background for theorizing the implications of NATO expansion. The study has been conducted in 2000 and analyses data until 1999 and does not include the most recent dynamics in the expanded alliance. The assessment of the candidates is based ratings some of which, such as strategic position and attractiveness, have been assigned without reference to primary data and detailed explanations. Therefore, this research attempts to contribute toward developing an analytical framework of the dynamics of NATO expansion and its relevance to contemporary international relations theory.

30 Ibid.
COMPLEMENTARITIES APPLIED TO THE CASE OF NATO

As previously indicated, the concept of complementarities will be tested through the contemporary case of NATO. The study combines quantitative and qualitative data from primary sources and in-dept elite interviews with representatives from the NATO missions in Brussels, Belgium.

Currently, the international relations literature focuses primarily on the relationship between power and capabilities. For Kenneth Waltz “the structure of a system changes with changes in the distribution of capabilities across system’s units.” Furthermore, he analyzes two theoretical implications:

The first problem is this: capability tells us something about units. [...] States are differently placed by their power. And yet one may wonder why only capability is included in the third part of the definition, and no such characteristics as ideology, form of government, peacefulness, bellicosity, or whatever. The answer is this: Power is estimated by comparing the capabilities of a number of units. Although the capabilities are attributes of units, the distribution of capabilities across units is not. The distribution of capabilities is not a unit attribute, but rather a system wide concept.

Nonetheless, a careful analysis of the dynamics of armed forces and defense spending indicates a steady trend of declining resources. How would then the new allies be attractive for the alliance with shrinking capabilities? Again, we need to look into the classical economic literature -- from multigood monopoly theory we know that if two goods are complementary then lowering the price of one good stimulates the demand for the other. Translated to international security, the complementarities should indicate relationship between the resources available in the enlarged alliance and the capabilities that the new allies have developed. Glenn Snyder’s classical definition of security in

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31 Waltz, 1979, p. 97.
32 Waltz, 1979, pp. 97-8.
terms of “preserving, against external military attack,” is understood in political and military dimension. Within this analytical framework I focus on five variables that characterize the available resources – land power, independent sea power and strategic airpower, military personnel and spending on defense. John Mearsheimer has two important points in analyzing these variables:

First, land power is the dominant form of military power in the modern world. A state’s power is largely embedded in the in its army and the air and naval forces that support those ground forces. Simply put, the most powerful states possess the most formidable armies. Therefore, measuring the balance of land power by itself should provide a rough but sound indicator of the relative might of rival great powers.

Ultimately, Mearsheimer concludes that “land power dominates independent sea power and strategic airpower.” Applied to the case of NATO expansion and seen through the concept of complementarities, this theoretical contribution provides insight on the efficient allocation of resources and development of certain capabilities of the new allies that can add power to the expanded alliance that otherwise the allies will not able to develop. Also, from a theoretical perspective it is the particular dynamics of the admission of these countries to NATO that helps them develop capabilities that they would otherwise not be able to develop outside of the alliance.

In order to measure complementarities, I look into the relationship between resources and capabilities. The underlying logic being that the transformation of the resources available affects the capabilities of the new NATO members. Nonetheless, this relationship is not necessarily unidirectional or positive – the reduction or the expansion of the available resources affects in a certain way their capabilities. Ultimately, the ten

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35 Mearsheimer, 2001, p. 83.
new NATO members bring additional capabilities that the allies and the hegemon alone are not able to develop, i.e. they complement the capabilities of the countries in the North Atlantic Area. The hypothesis tested is that there is a relationship between the resources available and capabilities, the null hypothesis being that there is no such relationship. If the null hypothesis is confirmed it means that (a) there is no relationship between the resources of these countries and their capabilities and; (b) implicitly it indicates that the reallocation of resources does not add capabilities to the new allies and the organization as a whole.

Operationalization of the Variables

For the purpose of my research, I collect data for all the ten new members from 1996 until 2004. There are several reasons to choose this particular time line. First, by 1996 all the countries already expressed their desire to join the alliance, the only exception being Bulgaria which submitted its application early in 1997. Second, the alliance enhanced the cooperation level with partner countries in 1997 by moving beyond the achievements of the North Atlantic Cooperation Council that was established in 1991 and creating the Euro-Atlantic Partnership Council (EAPC). This new format proposed a new cooperative relationship with all the countries of Central and Eastern Europe, including the ten then prospective members from Central and Eastern Europe. Third, the process of NATO expansion was initiated at the Madrid Summit of 1997 with the invitation to Czech Republic, Hungary and Poland to join the alliance. In addition, in April 1999 the alliance launched the Membership Action Plan (MAP) for all other prospective members to assist those countries that wanted to join the Alliance in their preparations by providing advice, assistance and practical support on all aspects of
NATO membership. Therefore, 1996 is a landmark year that not only reflects an expectation of the applicants for invitations to join the alliance but also the expectation from the potential allies to conduct reforms and develop capabilities under EAPC and, most importantly under MAP.

The resources have been operationalized as three groups of independent variables – (a) army equipment that measures land power, navy and air force that measure the independent sea power and the strategic airpower respectively; (b) military personnel (army, navy and air force, including conscripts but excluding reserves and paramilitary) and; (c) actual spending on defense in US dollars. There are three different ways to operationalize defense spending – as a percentage of GDP; in terms of actual spending and as a difference in the spending from the previous year. While the percentage of GDP gives a clear picture of the share of the domestic product that country is ready to allocate for defense, it does not give a thorough picture on the dynamics of defense spending. For example, a country may increase its percentage of defense spending, but if its economy does not perform so well and has very low or even negative growth then the increased share of the GDP gives a skewed picture about the resources available. More importantly, the alliance requires from the new member to reach a target of two percent of their GDP on defense spending.

[Figure 1 about here]

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37 The army equipment is a sum of the MBTs, AIFVs, APCs and artillery. The navy variable includes, principal surface combatants, frigates, submarines, patrol and coastal equipment, and mine countermeasures and warfare. Finally, the air forces variable is measured in terms of combatant aircraft.
In this case, the resources available for defense depend not only whether the
countries meet the “magic two percent” but also how well their economy performs
overall. Alternatively, measuring defense spending only in terms of difference from the
previous year does not give us a full picture. While we may have a negative number for
the year when the country has completed a certain phase (or stage) of its modernization
and, therefore, this country has spent much less than the previous year, in fact it
has developed new capabilities. Therefore, measuring defense spending in terms of the
actual amount in US dollars allows the most objective evaluation of the funding
opportunities.

The dependent variable in the model is capabilities. The capabilities of the
individual states should be analyzed from NATO’s perspective to coordinate efforts and
to increase the deployability and usability of its forces. The aim is to ensure that the
Alliance can fulfill its present and future operational commitments and fight new threats
such as terrorism and the spread of weapons of mass destruction (WMDs). During the
late 1990s and particularly after September 11, 2001, NATO has been reviewing its
defense and operations planning process and implementing a package of projects that was
initiated at the Prague Summit in 2002. It has created a NATO Response Force (NRF)
and streamlined its command structure and currently is working on an Alliance Ground
Surveillance system, defense against WMDs and theater missile defense. These
capabilities are particularly important for the new NATO missions such as those in
Afghanistan, Darfur and Iraq. The new missions require forces that reach further, faster,

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38 For further information see the NATO Handbook: [http://www.nato.int/issues/capabilities/index.html](http://www.nato.int/issues/capabilities/index.html), accessed on March 12, 2006.
can stay in the field longer but can still undertake the most demanding operations.\textsuperscript{39} Therefore, I operationalize the capabilities in terms of forces abroad focusing primarily on UN and peacekeeping forces, but also forces that have participated in 2003 and 2004 in the operation in Iraq. I realize that this indicator is not comprehensive and does not reflect the definition of capabilities in their completeness. Nonetheless, it gives sufficient insight on the level of reforms, willingness of these states to undertake commitment to peacekeeping operations and, most importantly, reflects the overall dynamics of transformation among the new NATO members.

For the purpose of this analysis, the data on the army, navy and air force resources, military personnel, and participation in operations abroad have been collected from the Military Balance\textsuperscript{40}. The data on military spending have been collected from the Stockholm Peace Research Institute (SIPRI) Database.\textsuperscript{41}

\textit{Model One: Complete Model of the Ten New NATO Members}

In the first model I test the hypothesis that there is a relationship between the resources and capabilities for the ten new allies. More specifically, I focus on the three types of armed forces (Army, Navy and Air Forces), the military personnel and the defense budget. While military personnel, defense spending and navy are statistically significant at .01 levels, army equipment and air forces variables turned out to be statistically insignificant. There are several important implications from this research.

\textsuperscript{39} Ibid.
\textsuperscript{40} See The Military Balance (1996/97through 2004/05), the International Institute for Strategic Studies, London, UK. The websites of the Ministries of Defense (MOD) of Bulgaria and Romania have been consulted for data on the variable “operations abroad” due to inconsistency in the data reported in the Military Balance for 1996 through 2001.
Firstly, unlike Mearsheimer’s expectation that land power is the key variable in defining capabilities, the research on the ten new allies rejects this assumption. Second, although navy variable turned out to be statistically significant, the results should be analyzed very carefully because the Czech Republic, Hungary, Slovakia, and to a considerable degree Slovenia have no navy, which significantly decreases the sample size and skews the results. Third, the inverse relationship of the military personnel and the positive relationship of the defense spending are consistent with the logic of complementarities. Since the economies of all these countries are recording an annual growth rate of about four to nine per cent, a stable threshold of two percent spending on defense means growing defense budget which is consistent with the growing involvement of these countries in operations abroad and, therefore, enhancement of their capabilities. Furthermore, the decreasing military personnel, the transformation from conscript-based military service to partial and full professionalism and the serious reduction of the military administration indicate much more efficient way of allocating the existent resources that ultimately enhances the capabilities of these countries and enables them to add to the existent power of the alliance.42

[Table 2 about here]

The significance of land power applied to the case of NATO expansion needs to be analyzed through the specificities of transformation that the armed forces of these countries had to undergo. A brief analysis of the transformational dynamics indicates that there are two different groups of countries. The first group consists of the six

42 These findings were confirmed during the interviews with the Czech and Slovak representatives at the NATO HQ in Brussels, Belgium in January 2006.
Eastern European countries that had heavy Cold War armies and were once members of the Warsaw Treaty Organization (WTO) – Bulgaria, Czech Republic, Poland, Romania and Slovakia. The second group includes countries such as Estonia, Latvia, Lithuania and Slovenia that had no experience with independent statehood prior to 1990. Therefore, these two groups of countries differed in the nature of their transformation. While for the six countries that inherited heavy military structures the transformation comprised mostly of reduction of the existent resources and their more effective re-allocation, for the four countries that began their state building in the early 1990s the transformation was first and foremost a process institution-building. As a result, we could hypothesize two different types of relationship between resources and capabilities as far as land power and military personnel of these two groups of countries are concerned. In the case of the former WTO countries there is an inverse relationship between land power and forces abroad, as well as military personnel and forces abroad, while in the case of the newly emerging states this relationship is positive.44

[Figures 2 through 7 about here]

Therefore, in order to verify the validity of the above-mentioned observations; I tested the model again, this time limiting the cases only to the six former WTO member-states.

43 Although Czech Republic and Slovakia are new states that emerged with the split of Czechoslovakia in 1993, they not only shared common statehood for about seventy-five years but also unlike the disintegration of the Soviet Union and Yugoslavia the Czechs and the Slovaks split the resources of Czechoslovakia, including the military ones, in a ratio that corresponded to the contribution of each of the two nations, usually in a ratio of two to one. This information was also confirmed with the representatives from the Czech and Slovak missions at NATO HQ during my interviews with them in January 2006.

44 It is important to mention that there are two outliers from these trends among the former WTO members – Hungary in the case of the relationship between land power and forces abroad and the Czech Republic in the in the relationship between military personnel and forces abroad. Although additional research is necessary, it could be explained with the faster pace of reforms due to their earlier admission to NATO in 1999.
Model Two: The Six Former Warsaw Pact Countries (Bulgaria, Czech Republic, Hungary, Poland, Romania, Slovakia)

The adjusted model for the six new NATO members indicates significance of all variables except air forces. As previously discussed, insignificance of this variable and the inconclusive findings for the navy variable can be attributed to the fact that “land power dominates independent sea power and strategic airpower.” Land power measured as army equipment is statistically significant in the model albeit at a relatively low levels of significance (.05). In this way, the two models that have been tested have clearly indicated that there is a relationship between the resources and capabilities of the new allies. Furthermore, from a theoretical perspective they have presented evidence for the concept of complementarities and have rejected the the free-riding explanation for the driving forces of NATO expansion.45

[Table 3 about here]

Among the weaknesses of the second model with the six countries is the reliance on too few cases – only 54. Due to the nature of the research it is very hard to expand the size of the sample and further conclusions should be based more on soft science approaches – interviews and secondary sources.

Furthermore, it is also necessary to research the concept of complementarities from the perspective of cooperation among the new allies and how such cooperation could develop additional capabilities of the new allies. Such forms of regional cooperation are the Baltic Batallion (BaltBat), South East European Brigade (SEEBRIG), and the Czech

45 These findings were confirmed with elite representatives from Bulgaria, Czech Republic, Estonia, and Slovakia during my research trip to Brussels, Belgium in January 2006.
and Slovak Mini-Team. Due to the type of data available, this research will be based on elite interviewing and in-depth case study.

CONCLUSION

The goal of this paper is to re-direct the debate of the public and private benefits from joining the alliances and to research how the principle of complementarities is applied to the case of NATO expansion. More specifically, it shows the relationship between the resources and capabilities of the new allies. By identifying two groups of countries according to the nature of transformation of the armed forces and their past experience with statehood during the Cold War, I explained how the new NATO members have complemented the current capabilities of the alliance, namely by distributing resources efficiently, reducing the armed forces and, as their economies continue to grow, allocating additional funding for defense. This principle is also applicable for the Baltic countries (Estonia, Latvia and Lithuania), as well as Slovenia which began to build their state and defense institutions after the independence in the early 1990s, but the interaction of the variables is different because it reflects the efficient allocation of resources for building new defense institutions rather than transforming the existent ones.

The concept of complementarities is also applicable to other levels of cooperation – between the new members such as Baltic cooperation under BaltBat, the South East European Brigade (SEEBrig), the Czech and Slovak Mini-Team, as well as institutional complementarities such as those between NATO and the EU that need to be further researched. The underlying logic of the theoretical argument will be again the same,
namely the efficient allocation of resources produces economies of scale that enhance capabilities at lowest cost. Finally, I argue that the rationality behind the allocation of resources and development of new capabilities in the case of the new allies is systemically driven because it occurs in a specific imbalanced international distribution of power.
REFERENCES


### Table 1. Population, GDP, Defense Spending and Size of Armed Forces for the Ten New NATO Members (2004)

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Table 2. *Influence on Capabilities Operationalized as Forces Abroad for the Ten New NATO Members (1996-2004)*

Dependent Variable: Forces Abroad

<table>
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<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Standard error</th>
<th>t-value</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Army Equipment</td>
<td>.032</td>
<td>.037</td>
<td>.853</td>
<td>.396</td>
</tr>
<tr>
<td>Navy</td>
<td>8.09</td>
<td>2.02</td>
<td>4.01</td>
<td>.000**</td>
</tr>
<tr>
<td>Air Forces</td>
<td>-.504</td>
<td>1.08</td>
<td>-.465</td>
<td>.643</td>
</tr>
<tr>
<td>Military Personnel</td>
<td>-7.589</td>
<td>2.36</td>
<td>-3.21</td>
<td>.002*</td>
</tr>
<tr>
<td>Defense Spending (in US Dollars)</td>
<td>.836</td>
<td>.077</td>
<td>10.91</td>
<td>.000**</td>
</tr>
<tr>
<td>Constant</td>
<td>-128.7</td>
<td>53.39</td>
<td>-2.41</td>
<td>.018*</td>
</tr>
</tbody>
</table>

Adjusted R-squared: .827

F-statistic: 85.21** on 5 and 88 degrees of freedom

* Significant at the .05 level.
** Significant at the .001 level.

Table 3. Influence on Capabilities Operationalized as Forces Abroad for the Six New NATO Members (Bulgaria, Czech Republic, Hungary, Poland, Romania, Slovakia) from 1996 to 2004

Dependent Variable: Forces Abroad

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Standard error</th>
<th>t-value</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Army Equipment</td>
<td>-0.149</td>
<td>0.058</td>
<td>-2.56</td>
<td>0.031*</td>
</tr>
<tr>
<td>Navy</td>
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<td>2.57</td>
<td>5.43</td>
<td>0.000**</td>
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<tr>
<td>Air Forces</td>
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<td>1.24</td>
<td>-0.053</td>
<td>0.958</td>
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<tr>
<td>Military Personnel</td>
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<td>2.72</td>
<td>-9.28</td>
<td>0.000**</td>
</tr>
<tr>
<td>Defense Spending (in US Dollars)</td>
<td>-11.03</td>
<td>2.72</td>
<td>-4.07</td>
<td>0.000**</td>
</tr>
<tr>
<td>Constant</td>
<td>350.2</td>
<td>157.67</td>
<td>2.22</td>
<td>0.031*</td>
</tr>
</tbody>
</table>

Adjusted R-squared: 0.692

F-statistic: 18.95* on 5 and 52 degrees of freedom

* Significant at the .05 level.
** Significant at the .001 level.

Figure 1. Defense Spending as a Percent of GDP for the Ten New NATO Members (1995-2003)
Figures 2-7. Relationship between the Different Types of Resources (Land Power, Personnel and Military Spending) and Capabilities (Operations Abroad) for the Six Allies (Bulgaria, Czech Republic, Hungary, Poland, Romania, Slovakia) and the Four Newly Independent States (Estonia, Latvia, Lithuania, Slovenia)