EFFECTIVENESS OF MILITARY TRANSFORMATION: does NATO membership matter?

Abstract:

NATO incorporated a total of twelve new members since 1999 and these allies are expected to contribute various non-Article Five operations like the mission in Afghanistan. But does NATO membership improve the overall military effectiveness of its allies? The new members need to make their militaries adaptable to the demands of the twenty-first century missions. In my earlier research I argue that NATO members manage their military resources efficiently in order to advance specific allied capabilities needed for their operations overseas. The paper expands this argument by comparing the management of allied resources in several non-NATO European Union countries – Austria, Finland, Ireland Sweden as well as NATO partners like Georgia and Ukraine that have expressed desire to join the Alliance in the near future.

The study assesses the extent to which certain non-NATO European countries prioritize the improvement of effectiveness in managing their military resources. The contributions of this research are twofold: on a theoretical level it highlights different patterns of military transformation among NATO members and non-members; on a policy level it has implications for assessing the military effectiveness of the non-NATO European countries and their prospects to join the Alliance.

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The process of NATO expansion is, without any doubt, the most visible component of NATO’s multifaceted transformation. Over a ten-year period NATO added twelve new members who joined the alliance in three separate waves in 1999, 2004 and 2009. The expansion led to an increase of membership from sixteen to twenty-eight nations and added another hundred million people defended under Article Five of the North Atlantic Treaty. Thus, keeping NATO’s door open for new members became the most noticeable aspect of its post-Cold war transformation. Without any doubt, today’s alliance of twenty-eight nations and a population of a total of 880 million people is much more heterogeneous and certainly functions quite differently than in its earlier formats. The expansion is, nonetheless, only one aspect of Alliance’s overall transformation, which also included new the introduction of missions and the advancement of new allied capabilities. The three clearly identifiable aspects of NATO’s transformation – the incorporation of new allies, the implementation of new missions, and the development of new allied capabilities – constitute interconnected processes and correspond to the goals of the organization embedded in Article Two of the North Atlantic Treaty. Their purpose is “to contribute toward the further development of peaceful and friendly international relations by strengthening their free institutions, by bringing about a better understanding of the principles upon which these institutions are founded, and by promoting conditions of stability and well-being.”

The literature on NATO expansion remains unclear about the extent to which the expansion process is related to the advancement of NATO’s new capabilities. Are the old and the new allies able to optimize their military resources and add new capabilities for NATO’s out-of-the-area missions relative to the non-NATO European nations? This paper discusses whether the prospect for membership has stimulated a more efficient use of available resources as well as development of new capabilities for countries that have recently joined NATO as opposed to the non-NATO members who are interested in joining NATO, as well as the non-members who do not plan to join the alliance in the near future. The study uses the advancement of the ISAF mission in Afghanistan to illustrate the patterns by which members and non-members use their resources to develop new capabilities needed for the overseas missions.

The argument is organized into three sections: First, it introduces club goods theory and the concept of complementarities. Second, the presentation checks the logic of complementarities against two other groups of nations – EU nations that have not expressed desire to join the Alliance and potential applicants for membership. Thus, it highlights the differences between these two groups of nations in order to illustrate how the prospects for membership modify the use of these nations’ resources and their contributions to non-Article Five operations. Finally, the paper discusses the commitments of the non-NATO nations (or lack thereof) with regard to the implementation of Alliance’s new missions and the advancement of new capabilities. Thus, it highlights the consequences of membership in regard to the other two foundational aspects of NATO’s overall transformation.

2. The cases of Ukraine, Georgia and Azerbaijan are discussed in the context of their admission to NATO, while Austria, Finland, Ireland and Sweden represent the four non-aligned EU nations that have not indicated desire to join the Alliance.
The Club Goods Framework

The club goods theory offers a relatively flexible and innovative approach to studying contemporary NATO politics. Richard Cornes and Todd Sandler 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.’ 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 club house or collective defense, club members inevitably need to share some sort of 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, thus, causing detraction in the quality of the services already received. Classical examples of such rivalry among nations are about the control of certain piece of territory, especially if it has valuable natural resources or fishing whales in the open seas.

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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 characterized with rivalry, i.e. it “has always been a ruthless and dangerous business,” whereby “the overriding goal of each state is to maximize its share of world power, which means gaining power at the expense of other states.”⁵ Alliances, on the other hand, illustrate a specific form of rivalry where states complete over maximizing the benefits from collective defense while sharing at the same time as little burden as possible.

The clubs have also important exclusion mechanisms whereby users’ rates of utilization 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.

The club goods theory distinguishes between two types of clubs based on their membership structure – homogenous and heterogeneous. Homogenous clubs includes members whose tastes and endowments are identical. If either tastes or endowments differ, then the club is called heterogeneous or mixed. Majority of clubs in the literature are labeled homogenous. The optimal membership size of these clubs is defined as the

‘core’ and implies that no individual or set of individuals can improve their situation by forming a different partition. In the cases 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. There is no uniform approach in the literature how to evaluate whether a member contributes more or less than the others. Some theorists suggest to partition 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. 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. The dynamics of NATO’s functioning and management indicates that it has always been a heterogeneous club that brings together a diverse group of members. Based on the size of its members and the amount of resources that they are willing to allocate for common defense, there are at least several relatively homogeneous sub-clubs. The main difference of the post-Cold War NATO is that 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 logic of homogeneous clubs assumes that, at their core, alliances usually produce optimal outcomes. Nonetheless, when alliances experience congestion, crowding and depreciation occurs due to the exceeding capacity of the club to meet its functions. To avoid such a scenario the allies are required to conduct reforms and adjust their military organization to the needs of the alliances. Alternatively, non-allies could be

requested to contribute to allied or other international efforts but are not expected to conduct any transformational activities in order to boost or enhance their involvement in these missions.

The survey of the process of NATO expansion between 1999 and 2009 confirmed that incorporation of new members can be successful only if they mobilize and manage the available resources in order to advance capabilities needed for NATO’s out-of-the-area missions. The logic of complementarities takes into accounts the challenges and responsibilities that the new members have to deal with. The reality is that NATO needs additional allied capabilities for its out-of-the-area missions. These can be reached in multiple ways including by adding new members or by transforming the military of the current members in order to adjust them for the needs of NATO’s out-of-the-area missions such as the one in Afghanistan.

The alliance membership has always been appealing for the new NATO members after 1990 and served as a tool to motivate the MAP and some of the PfP nations to mobilize their resources and develop new capabilities on the road to membership. Thus, the new members need to make their militaries adaptable to the demands of the twenty-first century missions. The prospects for NATO membership have contributed toward improving the overall military effectiveness of the new allies. At the same time, the membership has remained unattractive for several European nations that joined the European Union, but are not interested to become NATO members. By comparing these two groups of partners – those who expressed aspirations to become NATO members and those who have not done so – the paper addresses the question how membership affects the military effectiveness of its partners outside of the club? Are these nations able to
contribute effectively to the peacekeeping and crisis-management missions overseas without being NATO members? What accounts for Austria, Finland and Ireland’s decision to remain neutral? Is it their national identity a key variable that influences their decision to opt out of NATO membership?

**Four Cases of Neutrality: Austria, Finland, Ireland and Sweden**

In this section, I will discuss why these four European Union nations are not motivated to join NATO and, more importantly, how their alignment status influences the relationship between their resources and the capabilities that they have to international peacekeeping and crisis response. Special attention will be paid to several explanations consistent with the logic of complementarities: (a) the politics of neutrality is an essential component of the foreign policy of these countries and they prioritize it in their preference ordering to the benefits from alliance membership; (b) unlike the new members or the aspiring nations, these EU neutrals can afford to allocate more resources to defense and do not need to optimize their available resources; (c) in essence these nations accomplish the same tasks with regard to peacekeeping and crisis-response and, therefore, the sheer fact of membership would not change their overall contributions to international peacekeeping and crisis management.

The survey includes Austria, Finland, Ireland and Sweden but excludes Switzerland. There are several reasons to exclude the Swiss case from the focus of this study. First, Switzerland has probably the longest tradition of neutrality in the modern world. The first instance when Switzerland officially declared neutrality dates back to the Treaty of Westphalia in 1648. Although violated in the 1700s and early 1800s, the Congress of Vienna (1815) reestablished Swiss independence and the European powers
agreed to permanently recognize Swiss neutrality. Since then the country has remained uninvolved in any international conflict. Furthermore, Switzerland joined the United Nations as a full member only in 2002. Therefore, the culture of neutrality is deeply embedded in Swiss national identity. Second, the Swiss case clearly represents “legal neutrality,” rather than merely a policy of neutrality and has historically been abided by all parties involved in major conflicts in Europe. Third, unlike Austria, Finland, Ireland and Sweden, Switzerland only recently joined UN, but is not a member of the European Union and has not indicated any intention to join the EU, participate in any form of the CFSP or ESDP or at least coordinate its foreign policy with the EU. Alternatively, the four neutrals (Austria, Finland, Ireland and Sweden) are EU members and participate in the CFSP and ESDP. Under the EU community law (acquis communautaire), they should make available military units for EU operations under the “Petersberg tasks.” These tasks are an integral part of ESDP and were explicitly included in Article 17 of the Treaty on European Union.\footnote{For further details see the EU website, \textit{Europa Glossary}, \url{http://europa.eu/scadplus/glossary/petersberg_tasks_en.htm}, 07/17/2007.} The Petersberg Tasks include: (1) humanitarian and rescue tasks; (2) peace-keeping tasks and; (3) tasks of combat forces in crisis management, including peacemaking. Membership in the EU required that these four nations harmonize and adjust their national legislation in accordance with the EU norms and policies that included legislative and even constitutional amendments. Furthermore, the Draft Constitutional Treaty provided for an expanded supranational role of the EU by proposing a solidarity clause. It stipulates the EU Member States “assist each other in a spirit of solidarity in event of a terrorist attack, natural disaster or a man-made disaster,” and make available various instruments, including “the military resources [of the]
Member States.’ The solidarity clause is designed in very general terms and covers a broad range of legal and political issues. Although the EU institutional setup and the nature of the EU-NATO relations will be addressed in the next chapter, it is necessary to stress that the institutional transformation of the EU changes the role of these four European nations in international politics and poses a serious challenge to the traditional interpretation of their neutrality. That is why the sample of these particular four nations was important in order to test the relevance of NATO as a club with regard to the proposed concept of complementarities.

Austria, Finland, Ireland and Sweden vary in their historical experience with neutrality and have different reasons to pursue it. While Austria has been neutral only after World War II, its approach to the matter is more “legalistic” compared to the other three nations and somewhat closer to Switzerland in this respect. This legal basis of neutrality is embedded in the Austrian constitution, which assumes automatic recognition by the states with which Austria has diplomatic relations. Therefore, these acts of recognition were generally believed to have created “a contractual relationship between Austria and the recognizing states.” Austria benefited significantly from this status during the Cold War, which allowed it to serve as a “neutral wedge” that bridged NATO and the Warsaw Pact countries. Currently Vienna’s neutrality primarily results in barring overflight of military aircraft under various NATO and non-NATO missions over the territory of Austria.

Unlike Austria, Ireland pursues a policy of military neutrality defined as “non-membership of military alliances.” Ireland is not however a “permanent neutral” or “neutralized state” in the sense that such a policy is set out in any international treaty or a specific “domestic constitutional or legal basis.” At the same time, Ireland joined the European Union (then European Economic Community) in 1973 and, unlike the other three neutrals; it undertakes a minimalist approach to national defense policy in the sense that it allocates very few resources. This security policy can also be explained with the role of geography that “reduced the need to play expensive war games in order to sustain credibility.” This is also one of the main reasons why, unlike Austria, Sweden and Finland which joined PfP as early as 1994, Ireland joined the Partnership in 1999 despite the high levels of public support for participation (about 77 percent). However, the change in the international system and the development of the new European Security System made it necessary for Ireland to become more active in these processes. That is why since 1999 Ireland supported and has participated in various NATO and UN-led campaigns, such as Operation Allied Force in Kosovo or Operation Enduring Freedom in Afghanistan in response to September 11. Ireland has been involved in Kosovo from the beginning of the mission in 1999 with a transport company as part of a Multinational Brigade. Its unit was under the control of KFOR Headquarters and their principal mission was to provide equipment and material lift to military units in KFOR, as well as to humanitarian organizations working with the UN. In October 2004 the Irish Transport

Company was replaced by an Armored Personnel Carrier-mounted infantry company, which still remains in the province. Furthermore, in August 2007 Ireland took command for twelve months of the Multinational Task Force. The Irish contribution under SFOR began in May 1997 and currently it contributes with 7,000 troops serving under EUFOR. Unlike KFOR and EUFOR, where the Irish involvement is linked to the EU membership, the country’s contribution to ISAF is quite marginal – seven personnel, who operate in ISAF Headquarters, four of them being employed in the Liaison and Negotiations Branch.¹⁵

Sweden also has a long tradition of neutrality that has been in effect since the early 19th century. The country approaches this issue primarily as a policy of non-alignment that “has greatly facilitated, and is still contributing to, an independent and active policy in certain fields of international security, such as disarmament, non-proliferation and conflict resolution.”¹⁶ The biggest advantage of neutrality policy for Sweden is that, as a militarily non-aligned country, it has been able to perform various special services in the international arena, such as good offices, mediation, arbitration, which otherwise Stockholm would not be able to provide.¹⁷ In the same token, participation in various peacekeeping efforts has been another distinctive domain of Sweden’s involvement in contemporary international affairs. Furthermore, the country maintains close co-operation with NATO and its troops have participated or currently participate in various operations under NATO command in Bosnia, Kosovo and Afghanistan.¹⁸

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The Finish case is probably the most distinct of the other three discussed. First, all through the Cold War, Finland emphasized its foreign policy of neutrality, in contrast to the “law of neutrality” approach undertaken by Austria, Sweden and Switzerland.\textsuperscript{19} Second, Finland does not have a long experience with neutrality. In fact, it was the war experience during the 1939 - 1944 that stimulated incorporation of neutrality policy into Finland’s foreign policy orientation. This experience convinced the Finnish society that it should not “believe as theologically in security guarantees the way some other nations” or any forms of international alignments.\textsuperscript{20} Third, geography was also a key determinant in the choice of neutrality. With the Soviet Union next door constantly reminding Finland of its expectations during the Cold War, Finland had to “successfully anticipate the Soviet reactions and proactively introduce initiatives designed to keep the potential menace at bay.”\textsuperscript{21} Lastly, Finland made a good use of its geography and foreign policy by providing good offices and mediation available to both East and West.

A careful snapshot of the troop contributions overseas indicates that on average these nations have significant contributions – the four EU nations have sent overseas 150 to 280 troops per million every year. At the same time Denmark, Norway, the Netherlands, and partly Britain have between 200 and 300 troops, while the rest of the old members contribute more moderately –with 100-150 troops per million people. The new NATO members contribute only with about 50-80 troops. With an average contribution to troops abroad higher than the old NATO fifteen nations and several times that of new allies, these four EU nations form a “group of countries that are security

\textsuperscript{20} Author’s Interview with Ambassador Antti Sierla, January 17, 2006, Brussels, Belgium.
\textsuperscript{21} Hanu Himanen, “Finland,” 20.
producers, i.e. countries that are able and willing to participate to peacekeeping efforts.”

The Nordic nations are traditionally among the highest contributors to international peacekeeping and crisis management efforts, which can be attributed to other factors that are not necessarily related to the management of resources and development of capabilities. At the same time, the decision to invite new allies is directly linked to their increasing contribution to peacekeeping and crisis management. That is why we can observe effect of complementarities for the new allies but not for these four neutral nations.

The high numbers of troops abroad, nonetheless, does not explain how these countries manage their military resources. In fact, there are some noticeable differences among these four nations in this respect. First, aside from Ireland, the other three nations have higher than average defense spending relative to the old NATO allies and much higher relative to the new allies. Second, the neutrals tend to maintain higher military personnel than the old NATO allies and even somewhat higher than the new NATO members, particularly after the new members reduced military personnel is a result of the respective reforms. Third, the neutrals also tend to have on average higher indicators for army equipment than the old and the new allies, with the exception of Greece. Finland and Sweden maintain a high level of navy resources that none of the new and only several of the old allies can match including Denmark, Norway, Greece and Portugal. Austria is a land-locked country and does not have a navy, and Ireland maintains very low resources despite its insular geography. Albeit with some variations, it can be concluded that in order to maintain the levels of international peacekeeping similar to their NATO counterparts, the neutral nations tend to allocate or maintain higher resource

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22. Author’s personal interview with Ambassador Antti Sierla.
base compared with the NATO counterparts in Europe. Even though alliance membership matters for the new East European nations, Austria, Finland, Ireland and Sweden prefer to follow their own path, which is not necessarily congruent with the NATO benchmark requirements. The political elites in the neutral nations deal with a specific environment of neutrality at home that can mobilize higher levels of military resources for the sake of maintaining the current policy as shown in Figures 1 and 2.

Figure 1. Military Resources of the EU neutral Nations (Austria, Finland, Ireland and Sweden) Compared with the Average Values for the Old and the New NATO Members

23. The Army equipment variable is a coefficient that averages three land power indicators – battle tanks, AIFV and APC, and artillery; the navy equipment variable as a coefficient of five indicators – Principal Surface Combatants (PSC) including frigates, submarines, patrol and coastal vessels, mine countermeasures and warfare vessels, and other miscellaneous vessels, including amphibious, but excluding craft vessels. Each of these indicators has been divided by the population size (in millions) for 2004. Finally, the five indicators of the navy equipment coefficient have the same weight (.2 or 20 percent each). The air power coefficient is based on a single indicator – the combatant aircraft, divided by the population size of each nation (in millions of people). Sources: The Military Balance (London: International Institute for Strategic Studies), 2004/05; The Europa World Year Book (Taylor and Francis Group, London and New York), Vol. 45 (2004).
Figure 2. Contribution to the International Security and Assistance Force (ISAF) in Afghanistan: Austria, Finland, Sweden and Ireland (2002-2009)

The logic of complementarities explains these observations with the fact that club membership reduces overall defense expenditures because it produces more efficient use resources which are translated into more effective capabilities. This logic applies equally to the current allies, as well as to the prospective members. In the case of the EU neutral nations, however, not joining the club is more valuable politically than the efficient advancement of capabilities. Also, Finland and Sweden have no problems motivating their societies to allocate higher resource for defense based on various political arguments, which is why NATO membership is not attractive for them. These observations are best illustrated with the case of Finland’s neutrality.

Finnish Neutrality and Alliance Politics
The Finnish case is certainly the most specific of all the four EU neutral nations. The Finnish public believes that, despite the changing dynamics of European security...
after the end of the Cold War, the major sources of threat originate from the Northeastern and Southeastern corners of Europe. Alternatively, there are very few indications for potential threats from Southwestern and Northwestern. That is why countries like Ireland, Belgium, and Austria consider the idea of major military attack by foreign force geographically quite remote. Alternatively, “countries that are closer to the former Iron Curtain, even Turkey and Greece” face major concerns for their national security.  

Therefore, given its geography, Finland has decided to maintain neutrality based on strong territorial defense. Several sources of foreign policy behavior could be identified. First, historically the country has been involved in conflicts related to the axis of Berlin, Moscow and Stockholm. Second, Finland was one of two European countries not occupied during the Second World War. As a result, there is a compelling conviction in the Finnish society that the country can rely only on itself as far as its defense is concerned, which is quite different than in many other NATO members, including the new ones. An indication of this self-reliance is the overwhelming support for conscription (more than 80 percent of the young people in Finland). In part, the high support for mandatory military service is because the service is relatively short – only six months – and because it is much of an appreciated ritual to become an adult. Interestingly, sixty percent of the Finns say they would do the military service even if it were not mandatory.

Finally, although constrained by the 1947 Paris Peace Treaty on the number of troops and certain kinds of weapons systems (including submarines, marine mines and missiles), Finland developed a defense system based on conscription and a large reserve. Helsinki recognized the major threat was coming from the Soviet Union and signed an Agreement of Friendship, Cooperation, and Mutual Assistance (also known as the YYA

24. Author’s personal interview with Ambassador Antti Sierla.
Treaty) with the Soviet Union. Article One of the treaty stipulated that Finland was obliged to resist armed attacks by “Germany or its allies” (which, in fact, meant NATO and the United States and its allies) against the Soviet Union through Finland’s territory. If necessary, Finland was to ask for Soviet military aid to do so. Also, Finland decided to follow the Communist Bloc countries and did not participate in the Marshall Plan and was quite reserved in its military relations with the West. As a result, the country was able to fend off the pressure from the neighboring Soviet Empire and avoid military confrontation with Moscow or its allies during the Cold War. This international position made it possible for Helsinki to become involved on an international level in numerous efforts including peacekeeping under the OSCE, NATO, EU and UN auspices. In 2005 Finland celebrated fifty years of Finnish participation in peacekeeping operations with a total contribution of about 50,000 troops throughout these years, which in and of itself is one of the highest contributions relative to the size of country.

Currently Finland participates actively in the ISAF mission in Afghanistan and together with Ireland, Norway and Denmark, Helsinki is a major European contributor (given the size of the country) to the stabilization efforts in Afghanistan. The active participation in various multilateral peacekeeping efforts reflects an unwritten rule followed by the political elite, namely “to pull [our] weight; not to be a free rider,” which holds to various degrees across the rest of the neutral and non-aligned countries. In essence, Finland is accomplishing tasks similar to NATO and considers itself a security producer. Such a foreign policy orientation is also typical for the other Scandinavian nations and can be attributed much more to the Nordic peacekeeping model, than any

26. Author’s personal interview with Ambassador Antti Sierla.
other institutional or alliance involvement. Nonetheless, when it comes down to a political decision to join NATO, there are several factors that come into play. First, Finland approaches the current distribution of power across the international system somewhat with concern because the neutrality policy worked successfully in the bipolar world and produced a stable and favorable equilibrium for the country. Unlike the countries from Central and Eastern Europe, the Finish public approaches NATO membership with concerns and currently only about 25 percent say that they support their country joining the alliance, while about 60 percent do not support it. At the same time, the support for NATO membership among the new allies usually varies between 50 and 70 percent. Second, the lower approval ratings can in part be attributed to the fact that “it is not very clear for public opinion the relationship between NATO and the United States.” This explanation is consistent with the argument that NATO is perceived as playing a largely supportive role in the U.S. efforts to combat terrorism. Third, the British and the Americans are generally perceived by the Finns as the “hard task masters” and sometimes it is hard for the public to understand U.S. foreign policy interests and, more importantly, to support them. Fourth, the Finnish public equates NATO with other issues of U.S. foreign policy, especially during the Bush administration when the Finns staunchly disagreed with the U.S. position on the Kyoto Protocol, the International Criminal Court, Guantanamo Bay, etc which leads to a “negative sentiment that plays

27. Peter Viggo Jackobsen, “The Nordic Peacekeeping Model: Rise, Fall and Resurgence,” International Peacekeeping, Vol. 13 No. 3 (2006), 381-95. Jackbsen lists five factors that that are specific for the Nordic peacekeeping model and have made “the Nordic governments more inclined to support UN policies than they might otherwise have been: (1) suitability; (2) common interests; (3) distinct national interests; (4) high overlap between national interests and values and UN goals and ideals; and (5) the narrative of success; see Jackobsen, “The Nordic,” 382.
against an early membership."\(^{30}\) Initially the support for NATO membership in this Nordic country in the early and mid-1990s was more than 30% but it dropped significantly after Kosovo and the war Iraq since 2003. When asked whether Finland will ultimately join NATO, the majority (more than 50 percent) of the Finns believe that some day, the membership will happen anyway.

There are several possible explanations with regard to Finland’s skepticism to join NATO in the long run. First, Helsinki allocates substantial resources for defense and has major contributions to international peacekeeping. Therefore, Finland’s accession to NATO could help the country optimize the use of the available resources which would ultimately enhance the nation’s peacekeeping and crisis management capabilities. NATO membership is expected to reduce substantially the costs to acquire these capabilities. While the Finnish public is not so much concerned about the efficiency of its armed forces, it does take into account the change of the security environment and the subsequent influence of alliance politics. Many of Finland’s neighbors are now NATO allies – Germany, Denmark and Norway – some of them were adversaries during the Cold War such as the Baltic nations and Poland. Nonetheless, Finland is surrounded by Sweden and Russia; two non-NATO neighbors. A potential membership for Finland would, without any doubt, antagonize Russia. At the same time, the growing heterogeneity of the expanded NATO would enhance Helsinki’s participation influence in the transatlantic decision-making with regard to peacekeeping and crisis response and stability operations.

These observations are confirmed by public opinion data, which indicate that Finland is probably the least supportive among the four EU neutrals of the U.S.-led

\(^{30}\) Author’s personal interview with Ambassador Antti Sierla, January 17, 2006.
efforts in the context of the war on terror. For example, in a Eurobarometer study on *Public Opinion in the European Union about America after 9/11* conducted between 2001 and 2003 only 11 percent of the Finns agreed to have their military bases available to the antiterrorist coalition led by the United States, while 83 percent opposed such an idea. At the same time 26 percent of the Austrians and 29 percent of the Swedes supported this idea. With its 38 percent approval Ireland had the highest public support among the four non-aligned countries. When asked whether the EU citizens would agree to put their national intelligence services at the disposal of the anti-terrorist coalition led by the U.S., the Finns had again the lowest approval rate in the EU (34%), while 64 percent of the Irish and 66 percent of the Swedes would support such as measure. Lastly, only 5 percent of the population in Finland (the lowest in the EU) and 8 percent in Austria would agree to send their troops to fight with the United States in the war on terror, while at the same time 20 percent of the Swedes and 26 percent of the Irish would consider such a foreign policy step appropriate. Interestingly, in five European nations more than half of the public expressed approval to send troops overseas in support of the U.S.-led coalition – France, Germany, Italy, Netherlands and the United Kingdom. In a Gallup International survey, *Voice of the People* conducted in 2002, about 33 percent of the Finns, 43 percent of the Austrians, 48 percent of the Swedes and 29 percent of the Irish believed that U.S. Foreign Policy has a negative effect on their country. Canada was the only NATO ally that had more than half of its public view U.S. Foreign Policy

negatively, while only between 15 and 30 percent of the public in the new NATO members perceived the U.S. foreign policy behavior negatively.\(^{32}\)

As far as the European Union and its ESDP is concerned, Finland belongs to the group of European nations supporting the idea that Europe needs a more credible defense less reliant on the United States. At the same time, Helsinki does not reject the significance of transatlantic partnership stressing that it is “vital for the European interest to have the United States as ally, as much as it is a vital American interest to have the Europeans as allies.” There is no doubt that Finland and the other three neutral EU states are important partners in managing various peacekeeping crisis-management and stabilization missions and play a role in managing transatlantic relations the implications of which will be discussed in details in the next chapter of the dissertation.

To sum up, the various sources of neutrality in the case of Finland and the other three nations do not stop them from accomplishing the same tasks that NATO does without joining any alliance frameworks. The politics of neutrality or non-alignment associated with the Austrian, Finnish, Irish and Swedish behavior allows them to use their resources per their own discretion and choose to develop certain capabilities. Since there is no immediate expectation for NATO membership among these countries, there is also no tendency to use the available military resources more efficiently in order to translate them into more effective capabilities. In the end of the day, not being tied to an institutional membership is somewhat an advantage for these four nations and for the alliance as a whole because it offsets the effects of potential crowding and depreciation of the club due to their diverging identities.

While Austria, Finland, Ireland and Sweden have not indicated clearly their desire to join NATO, other nations like Azerbaijan, Georgia and Ukraine have indicated that they want to become a part of the Alliance. Should NATO expansion continue? The logic of complementarities and the evidence from the previous waves of expansion imply two foundational axioms. First, NATO does not need to incorporate in its structures countries that face at home major bureaucratic resistance at home or have to deal with various hurdles in the relations with their neighbors as these would be detrimental for the club and the collective defense that it provides. The negotiations over Macedonia’s membership and the subsequent Greek veto in 2008 present a good example in this respect. NATO decision-makers were allured in the 1990s by argument that NATO expansion would automatically bring democracy and prosperity in Eastern Europe and they underestimated the scope of the challenges associated with this process. Instead of focusing on the payoffs for the club associated with the admission of new members, they chose to bargain on the political acceptability of the invitees, which ultimately strengthened the anti-expansionist case in the long run. As the club grew bigger NATO became more experienced in managing the expansion process. The Alliance improved the admission standards because of concerns for crowding and possible negative externalities associated with the incorporation of unprepared or underprepared members.

Second, NATO’s experience with the accession of new members made the admission process more streamlined and target-oriented. The experience of the 2004 and 2009 waves indicated that the applicants’ capacity and commitment to resolve disputes with the neighboring countries, their military contributions to various alliance activities and degree of interoperability with the other members have been carefully monitored.
The aspirant nations were encouraged to work together in the context of the Vilnius Group and the Adriatic Charter. In order to meet the membership criteria, applicants were required to optimize their resource base and, thus, alleviate the potential consequences of the congestion as a result of the expansion. Therefore, the expansion dynamic indicates that not the size of the individual applicants but the level of progress matters in the selection of the new members. Nonetheless, if the applicants meet the benchmark requirements, there is no reason to deny them the prospects of membership.

The logic of club goods theory has also important policy implications for the future of NATO expansion, which is particularly relevant in the context of Azerbaijan, Georgia and Ukraine’s expected bids for membership. Even though the notion of complementarities is primarily theoretical, it has several important implications for NATO’s decision-making. From 1997 to 2009 the expansion process has become more institutionalized, longer, and somewhat more difficult for the applicants. Even though all but one of the Membership Action Plan nations graduated successfully with membership status, the process is far from streamlined. The success of the expansion process has always been shaped not only by the demand for specific allied capabilities but also by the preparedness of the applicants to meet the membership criteria. NATO has vested interests to work closely with certain nations and has no reason to deny them membership insofar as the applicant nations contribute to the much needed allied capabilities. Nonetheless, the current pool of potential applicants does not seem prepared to meet the benchmark requirements of the Alliance any time soon.
Potential Entrants: Azerbaijan, Georgia and Ukraine

Aside from the Macedonia, which expects invitation pending the resolution of the name dispute with Greece, three other East European nations have expressed desire to join NATO – Azerbaijan, Georgia and Ukraine. Ukraine formally maintains a special relationship with NATO outlined in the Partnership Charter. In 2002 the Prague Summit introduced the NATO-Ukraine Action Plan, the purpose of which was to “to identify clearly Ukraine’s strategic objectives and priorities in pursuit of its aspirations towards full integration into the Euro-Atlantic security structures and to provide a strategic framework for existing and future NATO-Ukraine cooperation under the Charter.” The plan set short and long-term objectives and provides for semi-annual and annual assessment meetings. The Ukrainian bid to join NATO was given a serious consideration after the pro-Western and pro-reformist government of Viktor Yushchenko came to power as a result of the Orange Revolution of 2004-2005. In January 2008 the President, the Prime Minister and the Speaker of the Parliament wrote a letter to NATO asking it to accept Ukraine into the Membership Action Plan, as first step en route to full membership. Nonetheless, the U.S., NATO and Ukrainian officials agree that the country needs a thorough public debate before its entry to the Alliance. Currently Kiev has to overcome several crucial constraints. First, Ukrainian society is deeply divided and “the polls indicated until recently that two-thirds of the population opposes membership.” Second, the political balance at home is quite volatile as Kiev remains divided between

35. Author’s Personal Interview with Dr. Samuel Wells, director of the West European Studies Program, Woodrow Wilson Center, Washington DC, September 28, 2006.
the pro-Russian and pro-Western camps and, therefore, the proponents and opponents of NATO membership have approximately the same influence. This situation does not ensure much needed continuity of Kiev’s foreign policy and may lead in long run to unpredictable outcomes. Ukraine needs first and foremost a consensus-based decision at home in order to seek membership to NATO. As one NATO official put it “the minimum and perhaps the only requirement that NATO might have for Ukraine to join the alliance is that the country should have a government and the government has to ask to get in.”

Third, together with Russia, Ukraine has always maintained a special relationship with Brussels due to its size, geography and strategic importance being next to Russia, sharing common “border and resources with Russia, where the population is fairly evenly divided whether they want to be in the alliance or not.” Nonetheless, the logic of heterogeneous clubs and the notion of complementarities indicate that the progress made at home to transform its military and the extent to which the country can contribute effectively to NATO’s new missions are the decisive factors in Ukraine’s potential bid for membership. Even though Kiev has been active in Afghanistan, its military requires substantial reforms and adaptation under MAP before it can meet the membership criteria.

In the 2010 elections in Ukraine President Yushchenko and pro-Western government suffered a stunning defeat by the pro-Russian candidate Yanukovich who confirmed his intentions to reverse Ukraine’s position on NATO. These developments confirmed that Ukraine is not ready to join MAP and that no further plans for membership can be made until the political elite in Kiev reaches a consensus on the issue.

36. Author’s Personal Interview with Dr. Jeremy Shapiro, September 29, 2006, Washington DC.
37. Interview with Samuel Wells.
of NATO membership. All previous applicants who jointed the Alliance in the years following the end of the Cold War had already reached wide consensus among different political groups and strata of society on this issue.

Georgia’s application was put on the table after the Rose Revolution in November 2003 led by President Mikhael Saakashvili. The new reformist government focused on law enforcement and reforms of the state bureaucracy aimed at reducing corruption and improving transparency in the country. Georgia also upgraded its relationship with NATO under the PfP. In September 2006, NATO announced that Georgia’s application for Intensified Dialogue with the alliance was approved and the country formally became a part of this cooperative framework in December 2007. This was a substantial step forward for Tbilisi, whose efforts for military reforms was praised by the NATO Assistant Secretary General John Colston noting that “the alliance was impressed with Georgia’s progress.” Thus, Georgia’s bid for membership was the strongest among all PfP nations. Georgia is among the few NATO applicants that held a referendum on January 5, 2008 asking the citizens of this former Soviet republic whether they would like to join NATO. Georgian voters backed the bid for membership with 72.5 percent approval. In the mean time Tbilisi substantially increased its defense spending, which is now more than a five percent of the government’s total budget.

41. “Georgia Referendum To Include NATO Membership Question,” Agence France-Presse, Tbilisi, November 26, 2007 and “Russia's NATO Ambassador: Georgia Unqualified to Join NATO,” Agence France-Presse, Moscow, January 18, 2008.
Not surprisingly, NATO membership is highest priority for the government in Tbilisi, but a major obstacle en route such a membership is the status of the two break-away republics Abkhazia and South Ossetia.\textsuperscript{43} After the break up of the Soviet Union, the majority of the population in these autonomous territories was loyal to Moscow and wanted eventually to join the Russian federation. Both of these territories are located in the Georgia and since 1992 effectively controlled by Ossetian, Abkhazian, Russian and Georgian peacekeepers. The parties agreed to minimize the use of force, in the settlement of these conflicts. Even though the international community overwhelmingly recognized Georgia’s territorial integrity, the status of the two break-away territories has remained unsettled.

Since 2004 Georgia has been very active diplomatically in proposing plans to settle these frozen conflicts and enjoyed the support of the West (the United States, The European Union and NATO) in its international efforts to settle these conflicts. Nonetheless, a settlement is possible only with Russia’s active participation and acceptance. The Russians has always disapproved Georgia’s aspirations to become a NATO member and the conflicts in Abkhazia and South Ossetia give Moscow additional veto power that it did not have when the three Baltic nations joined NATO. In 2006 Defense Minister Sergei Ivanov made it clear that “Russia was preparing for war in light of the likelihood that NATO would soon be at its southern border.”\textsuperscript{44}

\textsuperscript{43} Abkhazia and South Ossetia are located in Georgia’s North and Northwest close to the border with Russia. Both entities broke away from Tbilisi in 1992 and sought protection for independence from Russia. Since then the conflicts are practically frozen, little progress has been achieved over the years. While overall the region has been peaceful, there were outbreaks of tension in 2004 and 2006.

The government in Tbilisi was the only one to organize in 2008 a referendum on NATO membership after Spain in 1986. The public overwhelmingly supported the membership bid – over 77 percent of Georgians voted in favor. Nonetheless, Georgia’s main obstacle en route to membership is its territorial integrity and the status of the breakaway republics of Abkhazia and South Ossetia, which led to the short-lived war between Georgia and Russia in the summer of 2008. The political leadership in Tbilisi led by President Saakashvili made multiple unsuccessful attempts to unite the country, some of which involved, to a different degree, the use military force. The latest of these attempts was in summer of 2008 when Georgia began a military operation in South Ossetia claiming that it was provoked by the pro-Russian breakaway region of South Ossetia. Russia responded immediately on August 6 with a full scale military assault which lasted five days before peace was brokered.\(^{45}\) Three weeks later Russia recognized the independence of South Ossetia, an act that was condemned by the UN, EU, NATO and all other major international organizations. As a result, the 2008 war between Georgia and Russia substantially decreased Georgia’s chances for NATO membership unless a final settlement of the status of Abkhazia and South Ossetia is reached. Despite the West’s sympathy with Georgia’s position on the status of Abkhazia and Ossetia, Washington and Brussels made it clear that Tbilisi’s progress toward Euro-Atlantic integration is contingent upon the improved relations with its northern neighbor.

Currently NATO membership seems unlikely for Georgia in part because all the new coming allies are required to settle their territorial disputes in line with the so-called “Basic Treaties” and the Pact on Stability in Europe. Prior to joining NATO in 1999 and

2004 Hungary, Romania and Slovakia were advised to sign bilateral agreements in the early and mid-1990s. In the so-called “Basic Treaties” the NATO applicants declared that they have no territorial disputes with their neighbors. The agreements specifically regulated status of the large Hungarian minorities in Slovakia and Romania and became known as the *Pact on Stability in Europe*.\(^{46}\) Only after these Central European nations settled their bilateral relations, NATO agreed to expand Article Five to Eastern Europe. In the same token, unless the status of Abkhazia and South Ossetia is permanently settled, Georgia’s membership to NATO seems unrealistic because the large majority of NATO allies would not agree to extend Article Five into territories that could get into a military conflict with Moscow.\(^{47}\)

Even though gaining MAP status will be a major recognition by Brussels for Tbilisi’s efforts, Georgia has a long way ahead to improve its relations with neighboring Moscow before its bid for membership is seriously considered. The 2008 war rekindled the spirit of the Cold War among some decision makers in the West, who argued that NATO should admit Georgia in order to prevent Russia from bullying its neighbors.\(^{48}\) The logic of complementarities, nonetheless, has a different take on this issue: the incorporation of new members should be contingent on their ability to settle the disputes with its neighbors and contribute effectively to the allied missions, not to balance out former, current or potential rivals. It is inaccurate to argue that the incorporation of new members like Georgia would influence the course of NATO-Russian relations (and *ipso*...
facto Western-Russian relations). In addition to improved relations with its neighbors, another key criterion for membership is the level of military reforms. In this respect, Tbilisi has already undergone or plans to complete reforms that would enhance its allied capabilities. The country continues to allocate a substantial share of its National Product for defense, even though it GDP is much lower than any of the current NATO members ($3,900 per capita measured in PPP). The Georgian economy was growing very quickly prior to the 2008 war and the start of the global recession (on average with 8-10 percent annually). Therefore, as long as it is able to reverse the deteriorating relations with its northern neighbor, Tbilisi could become an attractive candidate not only in terms of geography but also allied capabilities. Saakashvili’s plummeting popularity has also eroding effect on Tbilisi’s bid for membership and the support for Georgia’s Euro-Atlantic integration, which is one of the highest in all of the former Soviet Republics. Paradoxically, a possible change of guard in Tbilisi could actually, at least partially, alleviate the tensions with Moscow and improve Georgia’s bid for NATO membership.

Finally, Azerbaijan is an interesting case of a current PfP nation that has also expressed interest in becoming a NATO member. The country is pressing ahead with plans to overhaul the country’s armed forces in order to bring them up to North Atlantic Treaty Organization standards. Furthermore, a special group has been formed in the Azeri Parliament whose task is to adopt a new strategic and military doctrine by the end of 2009. 49 President Ilham Aliyev named integration into NATO a “top foreign policy priority for Azerbaijan.”50 The country participates in NATO’s Individual Partnership

Action Plan (IPAP), a two-year renewable plan that encompasses various cooperative activities, reform plans and political dialog. Turkey, a NATO member with strong ties to Azerbaijan, has stepped in to assist in expediting Baku’s military transformation and the two countries established a high-level military commission to coordinate their bilateral cooperation. Azerbaijan’s military transformation is supported financially with the revenue generated by its oil and gas export, part of which can be used successfully to modernize the country’s armed forces.

Nonetheless, Azerbaijan also faces major challenges at home – it has the highest democratic deficit of all PfP nations, which raises serious concerns whether Baku will be able to reform and democratize its political system in order to manage effectively the revenue from its mineral deposits. In addition, Azerbaijan remains locked in the unresolved conflict with neighboring Armenia over the break Nagorno-Karabakh, which significantly reduces the possibility for the country to meet the current enlargement conditions of resolving territorial disputes with neighboring countries and, thus, contribute to the security in the North Atlantic Area as provided under Article Ten of the Washington Treaty.

The issue of NATO expansion continues to stimulate a vehement discussion among the different allies – the members tend to be much more enthusiastic about inviting new nations than their counterparts from old Europe. The Visegrad and the Baltic nations to a certain degree tend to approach this issue from an emotional perspective. They highlight the importance to use bilateral and multilateral diplomacy and encourage in every possible way applicants like Ukraine and Georgia to conduct reforms and prepare for membership especially if they have already shown “significant progress in terms of

domestic, political and economic reforms in order to meet the standards of democracy.”  
Alternatively, members like Germany and France, are more skeptical about new entrants. France, which has been overall supportive of the expansion process, has raised several important concerns. First, expansion should not result in deteriorating relations with other major powers like Russia as could be the case of Ukraine and Georgia. Second, the expansion process needs to be managed very carefully. These concerns are related primarily to NATO’s decision making process that require consensus but also the bigger issues of NATO’s capacity to absorb new members before it reaches a point of congestion. 
In the same token, Germany’s official position is that in light of an upcoming wave of expansion, NATO should proceed carefully, so that “Russia should not be scared.” Berlin is also concerned that public opinion in countries like Ukraine is deeply divided, while in the case of Georgia the concern is that geographically the Caucuses barely fits the confines of the North Atlantic Area. These diverging perspectives on the future of NATO expansion reflect a broader debate about how the alliance should function efficiently as a club of twenty-eight (or twenty-nine) members while at the same time overcoming the constraints associated with the increased membership.

The evidence from these European nations which are not a part of NATO confirmed that, unlike the allies, the management of these countries’ military resources follows a different path which does not necessarily help them develop new capabilities. Some nations like Finland and Sweden choose to advance peacekeeping and crisis response

52. Author’s Personal Interview with Jan Michal, January 24, 2006.
53. Author’s personal interview with a representative from the French Delegation to NATO, January 19, 2006.
54. Author’s Personal Interview with a representative from the German Delegation to NATO, January 20, 2006.
capabilities as a part of their identity and culture of neutrality. Others like Ireland and some of the former Soviet Republics have a very limited contribution to international and NATO-led peacekeeping efforts as shown in Figure 3.

**Figure 3.** Contribution to the International Security and Assistance Force (ISAF) in Afghanistan: Azerbaijan, Georgia and Ukraine (2002-2009)

Unlike Austria, Finland, Ireland and Sweden, NATO membership has always been appealing for most of the former Soviet satellites after 1990 and served as a tool to stimulate reforms of the armed forces of these countries and mobilize their resources to develop new capabilities on the road to membership. At the same time, such membership has remained unattractive for several European nations that joined the European Union, but are not interested in becoming NATO members. The latest developments of the mission in Afghanistan confirm that NATO needs additional allied capabilities for its out-of-the-area missions. These can be reached in multiple ways including by adding new members or by transforming the military of the current members in order to adjust them
for the needs of NATO’s out-of-the-area missions. Even though the concept of complementarities does not advocate in favor or against the incorporation of new allies, it highlights the challenges and responsibilities that the new members need to address.

In conclusion, the advancement of new capabilities is a result of non-coercive bargaining among the different allies in which the distribution of benefits reflects the relative bargaining power of the members. The advantages of such cooperation are higher than the costs associated with it. The logic of complementarities indicates that NATO does not need to incorporate in its structures countries that face various forms of domestic political and military problems or major bureaucratic resistance to transformation because this would be detrimental for the club and the collective defense that it provides. This issue has always been NATO’s concern and the applicants had been monitored before invitations were extended. Prior to 1997, NATO did not have much experience with the admission of former Soviet allies and Brussels did not know the exact scope and types of reforms needed in these countries. However, as the club grew bigger and the problems associated with these countries became clearer, NATO was able to formulate more precise standards and monitoring mechanisms for the potential applicants.

After the incorporation of Albania and Croatia in 2009, there are not many “quality” applicants in the North Atlantic Area that can prepare for membership and meet the criteria in the near future. The membership of Macedonia, the last of the three nations from the Adriatic Charter, was tabled in 2008 and is contingent upon the successful settlement of its long-standing name dispute with neighboring Greece. The other NATO partners include Serbia, Bosnia and most of the Central Asian Republics which have

55. The Heads of State and Government agreed to invite Albania and Croatia at the Bucharest Summit, while the invitation of Macedonia was tabled until the name dispute with Greece is being settled.
developed partnership with the Alliance but for a variety of reasons are not interested to become members. Even though Azerbaijan, Georgia and Ukraine have expressed their interest to upgrade relations with NATO, so far none of them qualifies for the Membership Action Plan. The aftermath of the Rose and Orange revolutions confirmed that these societies are deeply divided and the support for Atlanticism in Kiev and Tbilisi is very fragile. The negotiation of several Pacts on Stability with the help of NATO could significantly facilitate Georgia or Ukraine’s further integration into the North Atlantic structures. Otherwise, by the virtue of Article Five NATO faces the risk of fighting an unnecessary war with Moscow over tiny, remote and sparsely populated territories in the remote corner of the Caucuses.

The neutral EU nations are a different story. Austria, Finland, Ireland and Sweden can afford to maintain higher or lower resource base compared to their NATO counterparts because these nations have not been constrained by any alliance membership. Their political elites have to deal with the culture of neutrality at home which requires mobilization of additional military resources to maintain this policy. Even though the logic of complementarities holds that club membership reduces overall defense expenditures because it provides economies of scale, Austria, Finland and Sweden prefer to remain neutral because they choose independence in policymaking over efficiency. This is particularly relevant in the case of Finland, where the domestic support for neutrality allows the Finnish decision-makers to use ample resources in order to further their national defense and develop new peacekeeping and crisis-response capabilities. Thus, Helsinki is able to accomplish the same tasks that NATO does without being constraining by alliance membership.
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