

NATO and the Claim the U.S. Bears 70% of the Burden: A False and Dysfunctional Approach to Burdensharing

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Not without cause, the furor over President Trump's meeting with Putin has focused on Russia. The fact remains, however, that the NATO Summit meeting and its aftermath may well have been equally, or more, destructive to the security interests of the U.S. and its allies. The day-to-day jockeying for position between the U.S. and Russia is one thing. Undermining the unity and strength of the NATO alliance is quite another.

Part of the potential destructiveness of the NATO Summit meeting lay in the uncertainty of the President's commitment to NATO. On the one hand, he signed a Summit statement that strongly supported the alliance. On the other hand, he also implied that he might make serious force cuts if nations like Germany did not spend more. He also questioned the U.S. commitment to Montenegro. When a Fox News commentator asked him "Why should my son go to Montenegro to defend it from attack?" The President replied, "I understand what you're saying. I've asked the same question." While it was certainly unintentional, his response did bear an unfortunate similarity to Neville Chamberlain's famous statement about Czechoslovakia at the time of the Munich crisis in 1938, "a quarrel in a faraway country between people of whom we know nothing..."

What may do more lasting damage is the debate over NATO burdening sharing. President Trump seems to have relied on an approach to measuring NATO burden sharing that he inherited from NATO and past Presidents. One key aspect of this is an approach that focuses on statistically meaningless national goals like making defense spending reach at least 2% of GDP, and allocating 20% of defense spending to equipment rather than creating the strategy, forces, and military capabilities the Alliance actually needs.

It takes time to explain just how stupid and irrelevant these two goals are to U.S. and NATO security needs – and such an analysis is available in Burke Chair report entitled, *NATO "Burden Sharing": The Need for Strategy and Force Plans, Not Meaningless Percentage Goals*, Third Major Revision, July 19, 2018 (<https://www.csis.org/analysis/nato-burden-sharing-need-strategy-and-force-plans-not-meaningless-percentage-goals>).

Total U.S. Defense Spending is Not a Meaningful or Honest Estimate of the Burden

At the same time, the President has relied heavily on a NATO assessment of the total cost to the U.S. of its role in NATO that is both false and dysfunctional. NATO released updated defense expenditure data the day before the Summit meeting that again showed that total U.S. defense spending has been nearly equal to 70% of the total defense spending of all the countries in the Alliance for well over a decade.

If one uses the average percentages of U.S. spending as a percent of total NATO spending, the NATO defense spending data do seem to indicate that the U.S. spends an average of around 70%. This figure would indicate that the U.S. is spending far more on Europe's defense than Europe, and bears far too much of the "burden." However, these NATO data ignore the fact that almost all European spending is spent on national defense in Europe. It ignores the fact that the U.S. is a global superpower that serves its own interests by spending on U.S. forces and capabilities that meet many other U.S. strategic objectives and that are designed primarily for other missions and regions.

There also is a certain irony in the details of the trends between 2011 and 2018. If one looks closely at the most recent trends in the NATO data, they also imply that Europe is doing more while the U.S. share is shrinking. The NATO numbers in show the U.S. share of NATO – *measured in constant 2010 dollars* – dropped from 71.7% in 2011 to only 66.7% in 2018. If one could take show percentages seriously, they show that the rest of NATO, Europe, and Canada increased their share of the NATO effort by 5% during 2011-2018. This is the exact opposite of the position President Trump took during the July 2018 NATO Summit meeting.

However, these NATO data do not fully reflect the increases in Budget Authority that President Trump has called for in his FY2018 budget request, and their 2011-2018 timeframe cannot reflect the much larger increases in his FY2019 budget request. The latest NATO data on total U.S. defense spending shows a rise from totals of \$656.1 billion in FY2017 (the last full Obama Administration budget) to totals of \$686.0 billion in 2017 and \$ 706.1 billion in 2018, in current US dollars.

These NATO totals only cover the U.S. Department of Defense and exclude the cost of U.S. nuclear weapons and other defense expenditures in its Department of Energy – some \$30-31 billion a year. The U.S. Department of Defense "Green Book" for its FY2019 defense budget request shows totals for both Departments of \$656.3 billion in 2017, \$683.2 billion in FY2018, and \$726.8 billion in FY2019. Using these figures, the rise President Trump called for in FY2018 was \$26.9 billion. The rise in the FY2019 request is \$70.5 billion over the FY2017 budget – a rise of nearly 11% over the last Obama budget.

NATO's total defense spending estimates also do not include pension costs and retiree health costs – which are very real parts of real-world defense spending, and where America pays far more than most other NATO states. The total annual costs of the U.S. Veterans Administration were \$182.1 billion in FY2017 and \$186.5 billion in FY2018, and the Administration has requested a raise to \$198.6 billion in FY2019. According to NATO data, three European countries with the highest total defense budgets in Europe do not spend even half the total the U.S. spends on the Veteran's Administration alone: Germany spent \$51.0 billion in 2018. France spent \$52.0 billion, and the United Kingdom spent \$61.5 billion.

None of these data credit NATO European states with offsetting some U.S. costs – but these expenditures –as well as the costs to the U.S. and Europe of funding NATO-wide activities – are trivial in comparison with total defense spending.

Guesstimating the Real Cost to the U.S. of Its Forces for NATO

Unfortunately, there is no official U.S. or NATO source that does estimate the actual portion of total U.S. defense spending that should be allocated to NATO. Such U.S. estimates were made in the past as a result of legislative action in the Senate Armed Services Committee by Senator Nunn and Senator Warner. The requirement for such reporting has long since lapsed, however, and there are no official U.S. estimates of what the U.S. currently actually spends on NATO.

Outside guesstimates of the costs of deploying U.S. forces outside the U.S. have uncertain credibility, but their size does show that they are only likely to be a fraction of 70%. For example, one recent low-end estimate puts the incremental cost of *every* U.S. overseas base and deployment at roughly \$150 billion a year. This total would be only 24% of the low \$706.1 billion total that **Figure A1** shows NATO reports for total U.S. defense spending in current dollars in 2018, and only 16% of the total of \$706.1 billion it reports for all of NATO. And once again, it should be

stressed that this guesstimate of the burden, however, includes all U.S. forces in Asia, the Middle East, Africa, and in the rest of the world.

An admittedly rough estimate by the International Institute of Strategic Studies (IISS) has far more credibility.¹ It only attempts to estimate the cost of U.S. forces in Europe and estimates that, "direct US expenses on defense in Europe (in current dollars) are estimated to range between US \$30.7bn in 2017 and US \$36.0bn in 2018, or between 5.1% and 5.5% of the total US defense budget, as measured by the IISS (\$602.78 billion). These numbers, it could be argued, put the total defense spending of European NATO allies – US \$239.1bn – in something of a different light." The \$36.0 billion figure for 2018 would be only 5.1% of the \$706.1 billion total reported by NATO – making the 70% some 64.9% higher.

As the IISS points out, however, simply costing the U.S. forces in Europe does not include the cost of any forces in the U.S. that are effectively dedicated – or earmarked or assigned to reinforcing NATO in a credible emergency or warfighting case. If one somewhat arbitrarily assumes that the total cost would be some three times higher than the cost of U.S. forces actually in Europe, a round number of \$100 billion might be as good a guess as any. This would still, however, be a maximum of 14.1% of the U.S. total of \$706.1 billion in current dollars that NATO reports for the U.S. in 2018. It would also be only 25% of the revised \$ 407.3 billion total cost for NATO in 2018 – which would include \$285.7 billion for NATO Europe and \$21.6 billion for Canada.

Does the U.S. Want to Remain a Major Global Power?

These guesstimates also assume that the U.S. would have to spend just as much to be a "superpower" if it did not deploy forces in Europe and or both deploy in Europe and maintain equally large power projection forces in the U.S. This raises the critical issue as to whether a "burdensharing" cost analysis should assume the U.S. should play its current strategic role as a superpower – a critical aspect of any rational approach to analyzing burdensharing.

President Trump has hinted that he may question whether the U.S. should play its current role in Europe and the world, but his strategy documents, his FY2019 budget request, and the statement he signed at the July 2018 Summit meeting all specifically commit the U.S. to playing its current role.

Is Total Defense Spending Even Relevant?

An equally serious question arises over whether defense spending is the metric that should be chosen for measuring burdensharing and how you count it. The absurdity of the 70% figure is even more striking if one looks at the number of active military deployed in Europe – a measure which does to some extent measure actual military strength. If one looks at the NATO version of the total manpower data shown in **Figure A6** in the Annex to this report, the U.S. had a total of 1,314,000 active military in 2018 – counting every active man and woman in uniform deployed anywhere in the world. NATO Europe had a total of 1,791,000.

Even if one ignores the fact that only a tiny minority of U.S. military forces are deployed in Europe and only a very limited additional amount would deploy in any currently probable scenario, the total worldwide U.S. figure is only 41%.

As is discussed in more detail later in this study, the number of U.S. forces actually deployed in Europe is far, far smaller. **Figure Seventeen** shows the total break out of all U.S. forces actually in deployed in Europe in March 2018. The total in all countries – including the Ukraine and neutral states is 65,545. The total in NATO countries is 65,123. If one looks at U.S. European command

reporting, USEUCOM only counts 84% of the total U.S. manning in NATO Europe as directly supporting NATO.² *But, even if one counts all the U.S. forces in Europe, the U.S. total is only 4.4% of the NATO European total. Moreover, if one doubles the U.S. manpower share you get 8.8%. Triple it, and you get 13.2%.*

Who Took the Largest Peace Dividend that Must Now Be Reversed?

Put differently, **Figure Seven** to **Figure Twelve** later in this report compare the peace dividend key NATO Europe countries took between 1991 and 2018. These European countries cut their forces by levels ranging from 50% to some 66%. In contrast, the U.S. European Command (EUCOM) reported in 2016 that, "At the height of the Cold War, more than 400,000 U.S. forces were stationed across 100 communities on the European continent. Today, U.S. forces on the continent have been reduced by more than 85% and basing sites reduced by 75%."

Figure Thirteen, Part II shows the U.S. had a nominal ceiling of 350,000 on deployments in Europe before the Cold War began to end in 1998- 1991. The U.S. military manpower total of Europe of 65,545 is only 19% of that total. Again using a metric that is more valid than military spending, the U.S. not only does not come close to 70%, it has taken the largest single "peace dividend" in NATO. *This is also a level of cuts that that might be even more embarrassing to claims that the U.S. provides 70% of the total NATO effort if the U.S. would publicly report the major cuts it has made in the number of major land weapons like tanks it deploys in Europe, or in the combat aircraft it now deploys that are actually earmarked or assigned to NATO missions.*

Losing a Liars' Contest

It should be stressed that taking such revisionist approaches seriously is only marginally less unreal and dysfunctional as using the 70% figure. Such calculations do not reflect U.S. rapid reinforcement capabilities. They do not reflect the comparative quality and impact of U.S. aircraft, land weapons, missile defense systems, ships, IS&R systems, or the U.S. nuclear forces that provide extended deterrence. They give the U.S. no extra credit for the fight against extremism and terrorism outside the NATO area –although the American critics of the European and Canadian effort match this by never giving any ally credit for their support in Afghanistan, Iraq, Syria, and the other countries where the U.S. defends itself by fighting extremism overseas.

The key point is this: all of these numbers are a long, long way from 70% – or 66% for that matter. And one thing is all too clear. None of the way these totals mattered when no one used them to analyze burden sharing. They do matter now. President Trump should fire any U.S. "expert" that uses such numbers, and NATO Europeans and Canadian should laugh them out of the room.

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¹ Lucie Beraud-Sudreau and Nick Childs, "The US and its NATO allies: costs and value," *Military Balance Blog*, International Institute of Strategic Studies, July 9, 2018, <https://www.iiss.org/blogs/military-balance/2018/07/us-and-nato-allies-costs-and-value>.

² Source: U.S. European Command (EUCOM), "U.S. Military Presence in Europe (1945-2016)," May 26, 2016, eucom.stuttgart.ecce.list.media-ops-mba@mail.mil.