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For special access to experts and other members of the national security community, check out the new [*War on the Rocks* membership \(/subscribe/\)](#).

When Donald Trump travels to Brussels for his first NATO summit on May 25, an organization he labeled as “obsolete” during the presidential campaign, he will encounter an alliance trying to project a more modern look. Indeed, although it took 18 years from start to finish, the alliance will finally inaugurate its new state of the art headquarters in Brussels (http://www.nato.int/nato_static_fl2014/assets/pdf/pdf_2017_02/20170213_1702-factsheet-nnhq-en.pdf). But the debates during the NATO summit are not likely to be so groundbreaking. Rather, they will cover well-trodden subjects. The U.S. national security

advisor, Lt. Gen. H.R. McMaster, recently announced (<https://www.whitehouse.gov/the-press-office/2017/05/12/press-briefing-press-secretary-sean-spicer-5122017-47>) that Trump intended to go to Brussels to

reaffirm America's commitment to the Alliance while stressing the need for members to pay their fair share, to shoulder responsibility, to share burdens, and for the institution to continue on the path of strengthening the Alliance.

And Trump is likely to focus on the simplest, and most cited, of metrics for burden-sharing, the 2 percent guideline — the target that each member state should spend at least 2 percent of its GDP on defense.

Unfortunately, the 2 percent standard does not meet the burden-sharing needs of the alliance. It is a political, flawed, and narrow metric. Further, if the current trend of rising European defense spending (http://www.nato.int/nato_static_fl2014/assets/pdf/pdf_2016_07/20160704_160704-pr2016-116.pdf) continues (<http://www.reuters.com/article/nato-defence-idUSL8N1FZ2ZZ>), the 2 percent threshold will become less and less relevant as all states move toward that mark. That means NATO will have to define a new and improved burden-sharing indicator. Our proposal — the Alliance Contribution Rating — is still a work in progress, but it seeks to further the debate by developing a superior metric that better captures the contributions of each member state to the NATO's three core tasks (http://www.nato.int/strategic-concept/pdf/Strat_Concept_web_en.pdf): collective defense, crisis management, and cooperative security.

The 2 percent standard is certainly not without its appeal. It is a simple and straightforward metric. It provides an immediate snapshot of burden sharing, dividing the alliance (<http://dailysignal.com/2017/01/24/are-nato-members-carrying-their-weight-only-5-of-28-countries-pay-fair-share/>) between the five states that currently meet the spending guideline — the United States, the United Kingdom, Poland, Greece, and Estonia — and the 23 that do not. It allows member states to signal their commitment to NATO by increasing

their defense spending and either hitting the 2 percent goal or moving toward it. It also stands as a constant challenge for the alliance to underline its cohesion and credibility.

Thus, at the 2014 Wales summit

(http://www.nato.int/cps/cn/natohq/official_texts_112964.htm), all states not meeting the 2 percent target pledged to work toward achieving that spending level within a decade (and states above 2 percent agreed to maintain that level). And American officials, from Robert Gates (<http://www.nytimes.com/2011/06/11/world/europe/11gates.html>) to James Mattis (<https://apnews.com/512100f57ce44ec6acd59de2eed98207>), have consistently relied on the 2 percent guideline to pressure other NATO member states, warning them of dire consequences if they failed to live up to their promises and dedicate more resources to defense.

But for all its political appeal, the 2 percent figure is fatally flawed and does not accurately capture a state's contributions to all of NATO's core tasks. First, 2 percent is a rather arbitrary number. Before being first endorsed in 2006 by NATO's defense ministers, the figure surfaced in response to declining defense spending after the end of the Cold War. According to Professor Sten Rynning (<http://europesworld.org/2015/07/29/natos-defence-pledge-matters/#.WRuakIWcHIW>), "when looking at defence spending 1991-2003, staff at NATO headquarters in Brussels noted that the median was 2.05% — so half the allies already spent over 2%." So, the choice was one of convenience rather than military logic per se. Second, there is a clear lack of a universal definition (<http://www.iiss.org/en/militarybalanceblog/blogsections/2017-edcc/february-7849/counting-to-two-67c0>) of what should be included in "defense spending." NATO's definition does not match, for example, that used by the United Nations (<http://www.un-arm.org/MilEx/WhatToReport.aspx>) or other states.

Third, as Gordon Adams and Richard Sokolsky recently pointed out

(<https://warontherocks.com/2017/03/penny-wise-pound-foolish-trumps-misguided-views-of-european-defense-spending/>), comparing American defense spending with that of other NATO allies is misleading. After all, the U.S. military serves the country's global ambitions, well beyond Europe. This is not the case for NATO's other member states. Many

of its European members equate defense spending with contributing to NATO. Fourth, the 2 percent figure only focuses on inputs and not outputs. It says very little about the military capabilities of member states, at a time when the problem with European defense spending is as much about how money is spent (<http://carnegieeurope.eu/strategieurope/?fa=59173>), and not just the amount committed to defense. In that respect, comparing the case of Greece and Denmark sheds light on the limits of the 2 percent metric (<http://carnegieeurope.eu/strategieurope/?fa=59767>). Although Greece routinely spends more than 2 percent of its GDP on defense, its economy has contracted in recent years because of the financial crisis. Unsurprisingly, it struggles to project its forces abroad, leading to very limited contributions to major NATO operations. Denmark, for its part, may not meet the 2 percent mark, but it boasts a deployable military that contributed effectively to major alliance operations.

That the 2 percent guideline endures indicates a lack so far of a viable alternative rather than any strong inherent value. Officials and experts are, however, starting to propose different metrics that could either complement or replace the 2 percent guideline. German Defense Minister Ursula von der Leyen spoke recently about an “‘activity index’ that would take participation in foreign missions into account when assessing budget earmarks for defence.” (<https://www.thelocal.de/20170317/germany-wants-change-to-nato-two-percent-budget-goal>) For his part, Wolfgang Ischinger, head of the Munich Security Conference, suggested this year a 3 percent target that would encompass military, development, and humanitarian spending (<http://www.economist.com/news/europe/21717391-under-pressure-donald-trump-herbivores-are-thinking-about-eating-meat-europe-starting>). And NATO developed its own eleven input/output metrics (<http://www.fmn.dk/nyheder/Documents/InputOutputMetrics%E2%80%93DKFactSheet.pdf>) — with two out of the 11 metrics being input measurements, including spending as a percentage of GDP, while the nine remaining metrics are qualitative output measurements. Altogether, these 11 input/output metrics are supposed to provide a more rounded picture of the capabilities of each member state.

These alternative proposals and metrics are a start, but they present their own set of problems. Where von der Leyen's idea lacks in precision, Ischinger's suggestion would downplay the importance of building adequate military capabilities. Intense political horse-trading likely played as much a role as pure military considerations when it came to choosing the internal metrics, and those do not completely address all of NATO's core tasks. The input/output metrics remain, in any case, essentially classified, aside from a few exceptions like Denmark (<https://nato.usmission.gov/ambassador-lute-on-a-panel-the-cost-of-european-security-at-the-carnegie-endowment-for-international-peace/>). In other words, the search for a better metric to replace the 2 percent guideline continues. From our standpoint, any credible alternative should a) be simple and intelligible, b) provide a more nuanced assessment of the contribution of states to NATO's three core tasks, and c) be politically acceptable.

Our proposal starts from the assumption that no single metric is sufficient to capture allied member states' contributions to NATO, and complex ones, such as Ischinger's (<http://www.economist.com/news/europe/21717391-under-pressure-donald-trump-herbivores-are-thinking-about-eating-meat-europe-starting>), have failed to gather political momentum. We suggest instead a composite metric as a solution: the Alliance Contribution Rating. This rating, similar to the credit assessment used by Moody's and others in the financial world, would provide a differentiated and nuanced picture of each state's contributions to NATO.

We argue that all three of NATO's core tasks laid out in the alliance's current Strategic Concept (http://www.nato.int/strategic-concept/pdf/Strat_Concept_web_en.pdf) — collective defense, crisis management, and cooperative security — are “mission critical” at any given moment. Collective defense (http://www.nato.int/cps/cn/natohq/topics_110496.htm), enshrined in the Washington Treaty's Article 5, encapsulates the idea that an attack on one member state is an attack on all allies, and remains the cornerstone of NATO. Another of NATO's fundamental security tasks, crisis management (http://www.nato.int/cps/bu/natohq/topics_49192.htm), involves political and military tools the alliance employs in response to a wide range of crises

globally. Finally, the third core task, cooperative security (http://www.nato.int/cps/en/natohq/topics_77718.htm?selectedLocale=en), advocates for the alliance to take a proactive stance toward anticipating changes in the international security environment, working mainly through partnership programs with other countries and organizations. For the rating, states would receive a grade on each of NATO's core tasks, ranging from A through F, with the final rating forming a three-letter grade.

This rating system is still a work in progress and one that would need to be fine-tuned. But we believe that this system would be politically palatable because member states prioritize the three core tasks for NATO very differently. As such, individual member states could showcase the part of the rating they care about, and hopefully do well on, while still allowing for the broader metric to be useful for NATO as an organization. Furthermore, this rating system allows NATO to clearly identify areas where member states can focus to improve their contributions to the alliance. This rating also provides a snapshot in time of alliance contribution by a specific member state. If the priorities of the alliance shift, the indicators used for the ratings could change, while keeping the rating system consistent.

Each of the three parts of the rating would rely on a number of independent indicators, some already in use, some novel, to measure performance for allied member states. These indicators would be then weighted and combined to form one part of the letter grade for the rating. The indicators for each of the three core tasks could include the following:

Collective Defense Grade Rating

This part of the rating centers on a member state's mainly passive contributions to NATO's collective defense tasks. It measures how much an ally spends, but also how well they do so, because not all defense spending is created equal. In our view, collective defense contributions must reflect an allied military's robustness, readiness, and preparedness for the future, along with the political will necessary for sustained defense spending. Even so, not all spending is captured in the defense budget. Participating in programs that are central to NATO's defense and deterrence also are important.

Possible indicators we suggest for this part are:

- Percentage of a member state's GDP spent on defense,
- Proportion of defense spending committed to major equipment, including research and development (both of these are in line with NATO's Wales Declaration (http://www.nato.int/cps/ic/natohq/official_texts_112964.htm)), and
- A qualitative assessment of a member state's passive contributions to collective defense, including, but not limited to: hosting NATO bases or Force Integration Units; participating in NATO's nuclear deterrence through assets or the nuclear-sharing program; and taking part in NATO-the-organization's capabilities, for example NATO's Airborne Early Warning and Control Force (<http://www.e3a.nato.int/>) or the Alliance Ground Surveillance System (http://www.nato.int/cps/sl/natohq/topics_48892.htm).

Crisis Management Grade Rating

In the post-Cold War security environment, NATO is no longer only interested in maintaining a defense deterrent, as missions and crisis management form a second and important role the alliance has taken on. We are attempting to determine to what degree a member state is capable of taking part in missions if the need arises along with whether it actually does so, as capacity itself is not the same as intent and implementation. Moreover, sustaining these alliance contributions to crisis management functions is vital as well, thus our indicators include a control for time commitment.

The indicators we propose for this core task are the following:

- The ratio of mission-ready, deployable assets that a member state possesses,
- The ratio of these deployable assets that are actually deployed in NATO missions (these two metrics form part of NATO's internal input/output metrics (<http://www.fmn.dk/nyheder/Documents/Input-Output-Metrics-Fact-Sheet-Denmark-2013-14.PDF>) as land forces/sea vessels/airframes),
- The proportion of NATO missions an allied state contributes to, and
- The number of years in total a member state has spent participating in NATO missions, accounting for years of membership in the alliance.

Cooperative Security Grade Rating

Finally, NATO does more than deter conflict through passive resource commitments and manage crises through active mission participation. The alliance is also committed to fostering cooperative security through actively anticipating changes in the security environment. Our metrics here measure individual member states' involvement in inter-NATO anticipation processes, such as exercises, and peri-NATO activities, including confidence and security building measures. Our proposed metrics are the following:

- Proportion of NATO exercises a member state has taken part in,
- A qualitative assessment of member state future planning activities, such as hosting NATO Centers of Excellence (<http://www.act.nato.int/centres-of-excellence>) and other Allied Command Transformation (<http://www.act.nato.int/>) contributions, and
- A qualitative assessment of member state contributions to NATO's partnership initiatives, such as the Istanbul Cooperative Initiative (http://www.nato.int/cps/en/natolive/topics_52956.htm) or the Partnership for Peace (http://www.nato.int/cps/en/natolive/topics_50349.htm), or to NATO's defense capacity building efforts (http://www.nato.int/cps/en/natohq/topics_132756.htm).

It took 18 years for NATO, once it committed to building a new headquarters, to follow through and complete the project. Let us hope that it will not take so long for NATO to find an alternative to the 2 percent guideline, once it decides to shed that flawed metric.

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Image: U.S. Air Force photo by Jonathan Stefanko

Book Reviews

“COME AND GET THEM”: PRYING OPEN THE BLACK BOX OF EUROPE’S POWER POLITICS

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Commentary

THE TEN MAIN DEFENSE CHALLENGES FACING MACRON’S FRANCE

(<https://warontherocks.com/2017/05/the-ten-main-defense-challenges-facing-macrons-france/>)

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