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ACKNOWLEDGEMENTS

The author is grateful to James Baker, Director of the Office of Net Assessment at the Department of Defense, for originally suggesting this study and informing it through numerous conversations and exchanges. The author is also grateful to Tom Mahnken and Peter Feaver for their comments and suggestions, to Kamilla Gunzinger for editing and production support, and to Ryan Boone, Jacob Cohn, and Michelle Shevin-Coetzee for assistance with the figures. The opinions and analysis in this study are those of the author; any shortcomings are solely his responsibility. CSBA receives funding from a broad and diverse group of funders, including private foundations, government agencies, and corporations. A complete list of these organizations can be found on our website at www.csbaonline.org/about/contributors.

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Executive Summary

America’s traditional allies are in decline. In the early post-Cold War era, America’s core treaty allies—the NATO allies and the members of Washington’s network of bilateral treaty alliances in the Asia-Pacific region—accounted for nearly one-half of global GDP and over one-third of world military spending. America’s closest and longest-standing allies—the United Kingdom, Japan, Germany, and France—were among the most economically and militarily powerful countries in the world after the United States, while countries that challenged American power and leadership were weak or, in Russia’s case, in precipitous international decline. This highly advantageous configuration of global power added enormously to the strengths that America itself possessed in the early post-Cold War era and enabled the engaged and assertive grand strategy that Washington pursued following the Soviet collapse.

Unfortunately, the distribution of global economic and military power has shifted significantly since the mid-1990s, and key U.S. geopolitical partners have suffered. America’s closest and most powerful allies have all seen their shares of global GDP and military power erode substantially in the past two decades. More broadly, the aggregate shares of global economic and military power wielded by U.S. allies in Europe and the Asia-Pacific have eroded as great power rivals—Russia and especially China—have ascended the tables of global military and economic power. The relative decline of U.S. allies is not universal; those allies continue to contribute significantly to American power and capabilities. But on the whole, the relative strengths of U.S. allies are not what they were in the immediate aftermath of the Cold War.

That decline now poses considerable challenges for U.S. strategy. Regional military balances are shifting adversely as allies decline relative to their regional competitors, making America’s traditional responsibility as guarantor of stability and security in Europe and East Asia more difficult to uphold. In the event conflict occurs, the United States will face even greater challenges in defending its increasingly overmatched allies in these regions. U.S. allies are likewise becoming less capable of making meaningful contributions to the expeditionary military operations that have figured centrally in U.S. policy during the post-Cold War period. Additionally, allied decline is eroding the broader global influence that U.S. allies can bring to bear and weakening the hard-power backbone of the liberal global order. Not least, allied decline is undercutting the soft-power edge that the U.S.-led Western community has enjoyed for decades, and leading American officials to reassess the value and utility of some of the country’s most storied alliances. Amid shifting global conditions, U.S. grand strategy is already under strain; the weakening of traditional U.S. allies is compounding the difficulties for American statecraft.
So how should the United States respond to this situation? Contrary to some recent expert and political discussion, it would be a historic mistake to abandon or deliberately weaken U.S. alliances, given the tremendous value that they have added—and still add—to American statecraft. What U.S. officials should do, rather, is to adapt their alliance management strategy in ways that mitigate and help offset the geopolitical effects of allied decline.

To this end, this report offers a strategic framework for alliance management encompassing 11 recommendations. These recommendations include:

- **Recognize the seriousness of the challenge.** Allied decline is real, and requires a concerted, multi-pronged response.

- **Wring greater efficiencies from existing alliances** through initiatives such as pooling-and-sharing and greater defense specialization.

- **Invest in enablers** to maximize existing allies’ capacity for effective military operations.

- **Encourage more cost-effective allied defense strategies** such as anti-access/area denial and asymmetric approaches in East Asia.

- **Emphasize agility to offset resource shifts** by enabling U.S. alliances to respond more quickly to crises.

- **Develop new approaches for motivating low-spending allies** by emphasizing new positive incentives as well as modest and tactful pressures.

- **Hug the dynamic allies—and ask more of them**, particularly with respect to improving performers such as Australia and Japan.

- **Seek a more multilateral Asia-Pacific** by encouraging denser webs of relationships between U.S. allies and partners alike.

- **Diversify partnerships and court key swing states** to take advantage of more advantageous shifts in the global balance of power.

- **Don’t forget economic statecraft—align trade with geopolitics.** Free trade is under fire now, but it can be pursued in a way that strengthens U.S. allies at the expense of adversaries and rivals.

- **Study more radical options** for coping with allies’ decline, if only as an exercise in intellectual due diligence.

These recommendations are diverse, but the common threads are strengthening and extracting maximum utility from current alliances, while also building new connections, relationships, and partnerships to reflect the changing distribution of global power. There is no single policy the United States can pursue to reverse or fully offset the relative decline of its core allies. But by taking a broad array of steps that cohere around these basic ideas, the United States can still compete effectively in a world in which its allies’ strengths are significant, even if reduced from what they were before.
Introduction

America’s traditional allies are in decline. In the wake of the Cold War, America’s core treaty allies—defined here as the NATO (North Atlantic Treaty Organization) allies and members of Washington’s hub-and-spoke alliance system in the Asia-Pacific—accounted for huge chunks of global military and economic power: nearly one-half of world GDP and more than one-third of world military spending. Close allies such as the United Kingdom, Japan, Germany, and France were among the most economically and militarily powerful countries in the world after the United States, while America’s adversaries and potential adversaries were generally weak or in precipitous decline.¹ This enormously advantageous configuration of power added significantly to the strengths that the United States itself wielded throughout the 1990s and into the 2000s and enabled the ambitious global strategy that America chose to pursue after the superpower conflict ended. The early post-Cold War era was, therefore, a kind of golden age not just for American power but for the relative power and influence of America’s closest allies as well. The United States was not simply the system’s unipolar power; it stood at the head of a veritable “unipolar concert” made up of strong and vigorous democracies.²

Times change, however, and so has the status of America’s closest and most longstanding allies. The distribution of global economic and military power has shifted since the dawn of the post-Cold War era, much to the detriment of key U.S. geopolitical partners. Japan, Germany, France, and the United Kingdom have all seen their shares of global GDP and military power erode over the past 20 years. The overall shares of economic and military power accounted for by America’s European and Asian allies have slipped considerably as the level of economic and military power wielded by America’s most prominent rivals—Russia and especially China—has risen apace. To be clear, the relative decline of America’s allies is not a universal phenomenon, and the military and economic strengths that America’s allies possess are still quite significant by most historical standards. Together, the United States and its core allies still control over half of global defense spending and economic power. And some positive trends have recently emerged with respect to a modest reinvigoration of European and other allied defense efforts. Yet there is no denying that in relative terms—the only terms that really

¹ As discussed below, this paper generally measures power as a function of a nation’s share of global GDP and global defense spending.
² On the idea of a unipolar concert, see Thomas Wright, “The Rise and Fall of the Unipolar Concert,” The Washington Quarterly 37, no. 4, 2015.
matters in a competitive international arena—the strengths of America’s allies are simply not what they were only two decades ago. Ironically, although it is the question of American decline that is so often debated today, this debate frequently misses that the decline of U.S. allies has been much starker.\footnote{As noted subsequently, this paper generally uses the concept of decline in a relative rather than an absolute sense. There are instances, however, in which U.S. allies have suffered from absolute decline (particularly in terms of military capabilities), and this issue is also discussed.}

That decline, in turn, is having pronounced and pernicious effects on American statecraft. It is shifting regional military balances in dangerous ways and making the traditional U.S. role as guarantor of security and stability in those regions both more important and far more difficult to execute. It is making for much harder fights should Washington actually have to come to the defense of its allies in Europe and East Asia, as well as leaving those allies less capable of offering meaningful support in the expeditionary military interventions that have been such a central aspect of American strategy in the post-Cold War era. It is eroding the broader diplomatic and political influence that America’s allies have used to shape the international system in ways generally congruent with U.S. interests and weakening the geopolitical foundation of the liberal global order. Not least, this decline is undercutting the soft-power advantages that the U.S.-led Western community enjoyed in the wake of the Cold War and compelling American officials to think anew about the value and utility of some of the nation’s most longstanding alliances. In sum, the decline of traditional U.S. allies is posing real challenges for U.S. global strategy at a time when that strategy is already under strain.

Because this relative decline is rooted in deep-seated economic trends—as well as in many U.S. allies’ prolonged underinvestment in their own military capabilities—it is unlikely that this phenomenon will be dramatically reversed any time soon. American officials will, therefore, need to get used to living in a world where Washington’s allies have become comparatively less potent than before. This is not a reason to abandon or deliberately weaken America’s alliances—a cure that would be far worse than the disease. What the United States should and can do, however, is to adapt its approach to alliance management in ways that mitigate and help compensate for the geopolitical effects of its allies’ decline, and thereby bolster the interests—and international order—that Washington has long used its alliances to support.

The steps that America can take in this regard include promoting greater defense specialization within NATO, diversifying U.S. partnerships to reflect the changing distribution of global power, strengthening friends relative to their adversaries by better aligning U.S. trade policy with geopolitics, and other steps. More broadly, the common themes that run throughout these initiatives are those of fortifying and wringing maximum utility out of current U.S. alliances, while emphasizing new linkages, relationships, and partnerships in light of changing international circumstances. There may not be any single policy lever that the United States can pull to reverse its allies’ decline. But by pursuing a range of initiatives organized around these basic themes, Washington can position itself to compete more effectively in a global context in which its allies’ strengths—while still considerable—are not as great as they were before.

The remainder of this report proceeds as follows: The first section establishes the “post-Cold War baseline”—the historically high watermark of economic and military power commanded by core U.S. allies in the wake of the superpower conflict, and the advantages that these strengths conferred upon American global strategy. The second explores how the distribution of world economic and military
power has changed over roughly the past 20 years, focusing on the declining status of America’s traditional allies. The third lays out the strategic challenges that this shifting power equilibrium is now posing for the United States. The fourth provides a strategic framework for responding to this situation; it outlines an array of steps that the United States and its allies might take in the face of those allies’ relative decline.

Four brief clarifications with respect to approach and method may be useful at the outset. First, this report focuses mainly on changes in the status of America’s “core allies”—in other words, America’s NATO allies and its treaty allies (and Taiwan) in the Asia-Pacific. This report pays significantly less attention to America’s alliance-like relationships with countries such as Israel, Saudi Arabia, and many others. It does so partly for reasons of analytical clarity, in the sense that once one starts expanding the definition of U.S. allies beyond those countries with formalized, treaty-based (or legislation-based) defense commitments from Washington, it is hard to find a consensus position on where to stop. Yet it also does so because these two alliance systems represent the “hard core” of America’s vast array of international relationships and partnerships, and so focusing on them is the most logical way of getting to the subject under consideration. At the same time, this report considers the prospect that a broadening of America’s core geopolitical partnerships may be a necessary part of addressing the problem discussed here, and this possibility is analyzed in the final section.

Second, this report generally treats economic and military power as a function of what share of global GDP and defense spending a given country (or group of countries) possesses. There are certainly problems with this approach—Saudi Arabia, for instance, currently has the fourth-largest, or perhaps even the third-largest, military budget in the world, but few observers are particularly impressed with the level of military power it can actually exert. In general, however, looking at shares of global GDP and military spending does offer a rough first-cut approximation of what level of economic and military power a country wields relative to other countries, and it probably does so better than any other single metric. Where possible, this report complements this first-cut approximation by providing basic information on force structure, capabilities, and actual military balances—in other

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4 America’s NATO allies, as well as its Asia-Pacific treaty allies (Australia, Japan, the Philippines, South Korea, and Thailand) all enjoy such formal, treaty-based commitments. Taiwan is included as a treaty ally because it has quasi-treaty ally status owing to the Taiwan Relations Act, and my judgment is that this status puts Taiwan closer to the other treaty allies than to the large group of countries to which the United States has less formalized security commitments. Moreover, the U.S.–Taiwan security relationship—although deliberately ambiguous—is part of a larger regional security architecture in East Asia that is characterized primarily by formal alliance relationships. It is worth noting, however, that Taiwan’s share of global (and Asian) power is sufficiently small that including or excluding it does not really change the analysis of the trends discussed here. New Zealand, by contrast, is excluded, because the United States suspended its treaty obligations to that country following disagreements about port calls by nuclear-armed ships during the 1980s.

5 Unless otherwise noted, all figures on military spending used in this paper are derived from the Stockholm International Peace Research Institute (SIPRI) Military Expenditure Database, as of January 2017. Unless otherwise noted, all figures on global GDP are derived from the Economic Research Service of the U.S. Department of Agriculture, “GDP Shares by Country and Region Historical,” available at www.ers.usda.gov/data-products/international-macroeconomic-data-set/aspx, as of January 2017. In discussing levels of economic power, this paper uses GDP as measured at nominal exchange rates rather than at purchasing power parity. There are advantages and disadvantages to either approach, but most analysts believe that the former approach is more appropriate for measuring relative power in a geopolitical context. The trends described in this paper are essentially the same regardless of the approach used.
words, by providing a sense of what a country’s defense inputs actually buy in terms of defense outputs.

Third, this report focuses more on questions of relative power and relative decline than on questions of absolute power and absolute decline. This is a very important distinction. After all, many U.S. allies have increased their absolute level of wealth and/or military capabilities since the mid-1990s, and, as this report discusses, this situation creates a number of opportunities for American policymakers. Yet when the issue is viewed in relative terms—that is, how U.S. allies stack up against other countries and in the broader global scheme of economic and military power—the broad trend is unquestionably one of decline. From an analytical perspective, it makes more sense to view this issue in the latter context than in the former. After all, in the international system, absolute levels of power mean very little; it is the level of power that one wields compared to others that makes all the difference.

Fourth and finally, this paper confines its recommendations to issues that fall within the rubric of alliance/partnership management rather than exploring the much larger array of issues that the United States might address in order to improve its own position—and thereby its allies’ positions—in the world. In some ways, of course, this is an artificial distinction; steps that Washington takes to strengthen its own posture can also represent ways of coping with its allies’ decline. By developing new capabilities to defeat anti-access/area denial (A2/AD) zones in the Western Pacific, for instance, the United States would simultaneously do well by its Asian allies. Yet since virtually anything America does to improve its own international power will also help its allies in some way, expanding the aperture in this manner makes it extremely hard to bound the recommendations offered. This paper, to maintain some coherence in the analysis, focuses its recommendations on questions of alliance and partnership management and on how to address the challenges involved therein amid an evolving global climate.

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6 Unfortunately, there are many cases in which U.S. allies have suffered absolute decline, particularly in military terms.

The Post-Cold War Baseline

The origins of contemporary U.S. strategy can be located in the aftermath of the Cold War. In the wake of that conflict, America did not undertake a thoroughgoing geopolitical retrenchment, as many observers expected at the time. Rather, the nation essentially doubled down on its decades-long, postwar global engagement by electing to pursue a highly ambitious grand strategy meant to continue shaping the international environment to U.S. advantage. American policymakers committed the United States to promoting democracy and free markets overseas, maintaining highly favorable balances of power both globally and in key regions, and heading off the emergence of new existential threats or global rivals on the order of the Cold War-era Soviet Union. Most broadly, they committed the country to preserving and deepening an open, liberal international order with Washington at its apex. And in support of all these goals, the United States also committed to maintaining a sustained and energetic global activism characterized by the preservation and even expansion of Cold War-era alliances, a forward military presence in the world’s key theaters, military interventions to promote American norms and beat back emergent threats and instability, and myriad forms of involvement in locations around the globe. To be sure, the precise manifestations of this engagement have varied from year to year and administration to administration since the early 1990s. But the basic commitment to an expansive and unrivaled global role has been a theme of fundamental continuity in post-Cold War foreign policy.8

America’s ability to pursue such a strategy has been rooted primarily in unparalleled U.S. strength. The period following the Cold War has often been referred to as the “unipolar moment” for good reason; the United States found itself in a truly commanding position after the East-West struggle ended.9

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During the 1990s, Washington accounted for roughly one-fourth of global GDP, a share more than twice that of its closest competitor, Japan. The U.S. share of global military power was even more surpassing. America accounted for between one-third and 40 percent of world military spending throughout the 1990s, more than the share of the next six to ten highest-spending nations combined. During the early 2000s, post-9/11 increases in defense budgets would drive the U.S. share to over 42 percent by 2004, or as much as the next 14–15 nations combined. This spending underwrote the possession of what, in 2002, George W. Bush famously called “military strengths beyond challenge.” Those strengths, in turn, enabled the power-projection capabilities, forward presence, and expeditionary interventions that acted as the military backbone of an assertive global strategy.

The enormously favorable situation that America enjoyed following the Cold War was not simply a matter of U.S. strengths, however, for it also depended on two other factors. The first was the comparative weakness of U.S. adversaries and potential adversaries. Russian power, for instance, was plummeting precipitously during the 1990s from its Cold War heights. Moscow’s share of global GDP plunged by more than half (from 5.4 to 2.3 percent) between 1988 and 1994. Its share of global military spending free-fell from 21.5 to 4.2 percent over the same period, and its actual force structure declined accordingly. Manpower dropped from roughly 5.3 million in 1985 to 1.27 million in 1996, and vast quantities of equipment were junked or moved into long-term storage. Chinese GDP and military spending, by contrast, were already growing rapidly by the mid-1990s, but because they started from such a low baseline (2.2 percent of global military spending and 3.3 percent of global GDP in 1994), it would take time for Beijing to emerge as a top-tier geopolitical rival. Perhaps more important, Russia and China were best classified not as adversaries but as potential adversaries in the mid–1990s. Both countries were then pursuing amounts of cooperation and/or integration with the West that were unprecedented in the post-World War II era. So, even as tensions over important geopolitical issues lingered, the prospect of sustained great power conflict seemed lower than at any time in the modern period.

Second, and equally important, the U.S. position was bolstered by the fact that most of the countries closest to it in overall geopolitical strength—that is, in their share of global GDP and military spending—were America’s closest allies. In economic terms, the collapse of the Soviet Union—combined with the robust postwar growth of the West—meant that during the early 1990s, the next four countries behind the United States were longstanding treaty allies (Japan, Germany, France, and the United Kingdom) with whom Washington had worked closely throughout the Cold War and together accounted for an additional 27.7 percent of global GDP. More broadly, U.S. allies in Europe and East Asia accounted for around 46.9 percent of global GDP in 1994, with NATO allies making up...

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about 30.9 percent, and treaty allies (and Taiwan) in Asia constituting roughly 16 percent. To put it another way, America's two core groups of allies accounted for just under half of global GDP, adding tremendously to the overall economic strength of the Western community that Washington led.

This economic strength, in turn, enabled military strength that was similarly imposing. The collapse of the Soviet military and the disintegration of the Soviet Union itself meant that America's most powerful competitor or potential competitor (Russia) accounted for just 4.2 percent of global military spending in 1994. By contrast, the three highest-spending U.S. allies (France, Germany, and the United Kingdom) each topped that share, with 5.9, 4.7, and 5.0 percent, respectively, and Japan accounted for another 3.9 percent.13 Taken cumulatively, the non-U.S. members of NATO accounted for 26.5 percent of world military spending in 1994, giving NATO an astounding 66.7 percent of the world total. U.S. allies in Asia accounted for another 8.8 percent of world spending. In total, then, U.S. allies in NATO and Asia accounted for 35.3 percent of global military spending, which—when added to the 40.2 percent accounted for by the United States in 1994—brought the total share of the United States and its core allies to three-quarters of the world total. The early post-Cold War environment was thus not so much a unipolar system as a “unipolar concert,” one in which the several next-most powerful countries not only declined to balance against the global leader but were tied to it through organic alliances and helped it accomplish key geopolitical objectives.14

Indeed, this situation had a variety of important implications for U.S. strategy in the 1990s and after. Well prior to the end of the Cold War, of course, U.S. alliances had provided Washington with a number of essential benefits. Those benefits included access to key geography and military bases, high degrees of military interoperability with partner nations, a position of legitimacy and leadership in the international arena, and historically remarkable levels of stability in key regions. Not least of all, American alliances multiplied the amount of power and leverage that Washington could bring to bear on key international problems and provided institutionalized forums for cooperation with like-minded nations. In many ways, then, U.S. alliances have served as the keystone of America's geopolitical posture since World War II. As the 2008 National Defense Strategy put it, “The U.S. alliance system has been a cornerstone of peace and security for more than a generation and remains the key to our success, contributing significantly to achieving all U.S. objectives.”15 And in the early post-Cold War era, the fact that so many of the richest and most militarily capable countries in the world were U.S. allies had several additional benefits for American strategy.

First, the post-Cold War configuration of power meant that the United States could maintain favorable regional balances of power—a central plank of its post-Cold War strategy—at lower overall cost. During the Cold War, U.S. allies would have confronted significantly unfavorable imbalances of military power absent American presence, which compelled the United States to make up the difference (or at least a

13 It is reasonable to question whether it makes sense to count Russia as only the fifth most powerful military in the world during the mid-1990s, since it retained a nuclear arsenal that was second only to Washington’s in overall capability and far larger than that of even those U.S. allies (France and the United Kingdom) that possessed their own nuclear arsenals. Yet it is prudent to note how badly other aspects of Russian military power cratered and the quality of the Russian nuclear enterprise atrophied during the 1990s, to an extent that was perhaps even greater than that captured in defense spending statistics. In the post-9/11 years, for instance, there was even some discussion of whether that atrophy had progressed so far that the United States now possessed a disarming first-strike capability against Moscow. See Keir Lieber and Daryl Press, “The End of MAD? The Nuclear Dimension of U.S. Primacy,” International Security 30, no. 4, 2006.

14 Wright, “The Rise and Fall of the Unipolar Concert.”

major part thereof) with historically unprecedented deployments of its own forces. In the post-Cold War era, by contrast, the gap between allies’ security needs and what they could provide on their own was much smaller—and in some cases, was even negative.

**FIGURE 1: U.S. PERSONNEL DEPLOYED BY COMBATANT COMMAND, 1990–2005**

This was true to some degree in East Asia, allowing U.S. force deployments in that region to decline moderately, from 110,165 to 76,065 between 1989 and 1995. Yet the effect was particularly evident in Europe. In that region, NATO Europe accounted for roughly one-fourth of world military spending in 1994, compared to just 4.2 percent for Russia. In terms of force structure, that translated into an advantage of between 2.5-to-1 and 3-to-1 in manpower and tanks deployed in the Conventional Forces in Europe (CFE) zone in the mid-1990s, to say nothing of the fact that Russia was actually far weaker than the numbers indicated during this period due to enormous shortfalls in readiness and a virtually complete halt in modernization. Indeed, so severe was Russian weakness that the Russian military encountered embarrassing difficulties in its war in tiny Chechnya in the mid-1990s. Accordingly, even though Washington maintained forward European presence to preserve stability and deter the emergence of new threats, this improved balance—along with the geographical retreat of Russian forces to within Russia’s own borders—allowed the total number of U.S. troops stationed in Europe to fall from over 287,000 in 1990 to roughly 107,000 in 1995, and to around 98,000 by 2005. That number would subsequently decline further to around 70,000 at the time of Russia’s invasion of Ukraine in 2014. Similarly, the total U.S. overseas presence (ashore and afloat) fell from nearly 510,000 in 1989 to roughly 238,000 in 1995, without any meaningful retrenchment of American interests or commitments abroad. In essence, the combination of the strength of U.S. allies and the

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18 Troop figures from Heritage Foundation Data Set, “Global U.S. Troop Deployments.”
weaknesses of America’s opponents allowed the United States to continue playing the role of geopolitical stabilizer while simultaneously decreasing the burdens that role entailed.

Second, and related to this first point, this advantageous configuration of power also made it easier to shift U.S. forces and operations to those areas where post-Cold War security challenges were greatest. In this regard, the same combination of allies’ strength and adversaries’ comparative weakness that allowed the United States to reduce its footprint in Europe so dramatically also made it possible to devote greater American energies to addressing military challenges in the greater Middle East—from the Persian Gulf crisis in 1990–1991 to the containment of Iraq throughout the 1990s and the post-9/11 conflicts in Afghanistan and Iraq—without having to retrench U.S. commitments in other regions. Likewise, the fact that the South Korean position vis-à-vis North Korea—both economic and military—was significantly stronger than it had been for much of the Cold War facilitated the decision to reduce U.S. forces on the peninsula by roughly one-quarter (from 37,000 to 28,500) in order to provide greater flexibility for post-9/11 contingency operations elsewhere in the world. Indeed, an underlying theme of the Global Defense Posture Review undertaken by the Rumsfeld-era Pentagon was that if such flexibility was necessary in light of the shifting nature of global threats, it was possible because key U.S. treaty allies—the countries in which Washington had long stationed the bulk of its forces overseas—were so strong and secure. As the U.S. overseas defense posture evolved during the post-Cold War era, the comparatively formidable position of America’s allies was thus an important enabler.

Third, the fact that U.S. allies were comparatively rich and militarily capable also meant that they were often able to act as security exporters, providing significant help in the expeditionary interventions that played a key role in American strategy. This effect was evident as early as the Persian Gulf conflict of 1990–1991, in which key allies like France and the United Kingdom provided major contributions of naval, air, and ground forces to the coalition effort to defeat Saddam Hussein—and in which those allies that could not contribute militarily, such as Japan and Germany, footed a large portion of the financial bill for the war. London sent 43,000 troops, including heavy mechanized forces and significant air and naval forces, to the Gulf; the German and Japanese governments together covered over $16 billion of the $61 billion total U.S. cost of the conflict. The same effect would be repeated to varying degrees in subsequent conflicts in locations such as Bosnia, Kosovo, Afghanistan, Iraq, and Libya. In each of these interventions, a range of U.S. allies—primarily but not exclusively from Europe—bore meaningful parts of the burden as part of U.S.- or NATO-led missions. By the late 1990s and early 2000s, in fact, NATO had made these out-of-area operations a core part of its post-Cold War...
agenda, a change that testified to the fact that many key NATO allies now had military capacity to spare.

Admittedly, there has been much debate about how operationally useful allied assistance was in certain interventions, and many U.S. allies’ capacity for effective expeditionary intervention has declined over time. Yet on the whole, these allied contributions represented a clear net positive for American strategy. Allied contributions afforded additional diplomatic legitimacy to U.S. military interventions, particularly in cases—such as in Kosovo—where UN authorization was not forthcoming. Allied contributions also allowed Washington to decrease its own share of the total military and economic burden of these interventions, as well as to undertake missions that might otherwise have been deemed too costly. Non-U.S. NATO members contributed around half of the roughly 60,000 troops that participated in the Implementation Force (IFOR) mission in Bosnia in 1995–1996, for instance, and a majority of the 31,000 troops that constituted the subsequent Stabilization Force (SFOR) mission.23 Australian troops took the leading role in the INTERFET (International Force for East Timor) mission in 1999–2000, allowing the United States to limit its own contribution principally to lift, logistics, intelligence, and over-the-horizon deterrence. Perhaps most significantly, non-NATO contributions to Operation Enduring Freedom in Afghanistan—which peaked at around 40,000 troops—helped sustain that mission when it was losing the competition for U.S. resources due to the Iraq war; they may well have provided the bare margin of spare American capacity needed to execute the Iraq surge at a time when U.S. forces were stretched nearly to the breaking point.24 Whatever frustrations they caused, whatever the difficulties in securing them, allied contributions to American interventions from the 1990s onward actually allowed Washington to punch above its own military and geopolitical weight.

Fourth, the post-Cold War configuration of power benefitted American strategy in less quantifiable but equally important ways. The fact that U.S. allies had such sizable shares of economic and military power meant that they also possessed the formidable diplomatic influence that comes with such assets—influence that they normally used for purposes that were compatible with U.S. interests in an overall strategic sense, if not necessarily on specific issues. That same dynamic also provided the United States with a significant soft-power advantage. The countries that were in Washington’s geopolitical “club” were the “cool kids” in the sense that they were the wealthiest and most militarily powerful countries in the world after the United States—this simply magnified the desirability of being in Washington’s club.

These important if intangible advantages point to a fifth and final benefit, one that encompasses all the issues discussed so far. The fact that the international system rested not on a balance of power, but on a massive overbalance of power, meant that the prospects for the liberal, Western-led global order—the advancement of which was the overarching goal of U.S. strategy in the post-Cold War era—were...
historically favorable. The preponderance of global wealth and power were controlled by countries whose views of the international order were broadly consonant with Washington’s. Those countries were often willing to use not just their diplomatic influence but also their military forces to help the United States advance liberal ideas like human rights and democracy, as well as address emerging threats to a peaceful, open international order. Countries that were hostile or even potentially hostile to that liberal order, by contrast, were much further down the ranks of overall economic and military power. It is hard to overstate the importance of this situation. As analysts like Robert Kagan have noted, international norms and rules are not divorced from power politics; they are directly a function of global power dynamics. Following the Cold War, the strength of America’s allies (and, of course, of the United States) helped ensure that the U.S.-led community was in a stronger position to shape those norms and rules than perhaps at any time before. It is probably no coincidence that the 1990s and early 2000s saw dramatic advances in democracy, human rights, global economic liberalization, and other key characteristics of the liberal order.

In sum, the relative strength of America’s allies has conferred powerful advantages upon U.S. statecraft in the period following the Cold War and served as a key pillar of a forward-leaning American strategy to preserve and extend the favorable international system. Even as the United States was becoming accustomed to these benefits, however, the configuration of global wealth and power was shifting from the post-Cold War baseline, with significant implications for the relative stature of American allies—and for American strategy, as well.

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27 To give just one statistic, the number of democracies in the world rose from 76 in 1990 to around 120 by the end of that decade. See Arch Puddington, Freedom in the World 2013: Democratic Breakthroughs in the Balance (Washington, DC: Freedom House, 2013), available at https://www.freedomhouse.org/sites/default/files/FIW%202013%20Booklet/pdf.
The Shifting Global Balance

The past 20 years have seen significant shifts in the distribution of global economic and military power. Perhaps the broadest—and most remarked-upon—change is that the world’s center of economic and military gravity has moved away from Europe and toward Asia. In 1994, Europe (NATO plus non-NATO countries) accounted for 32.4 percent of global GDP and 31.7 percent of global military spending; the corresponding numbers for Asia were 23.4 percent of global GDP and 14.7 percent of global military spending. By 2015, however, two principal factors—divergent growth rates favoring Asia and the fact that many European countries were decreasing their relative emphasis on military spending as many Asian countries increased theirs—had flipped the standings. Europe now accounted for just 25.4 percent of global GDP and 22.6 percent of world military spending. Asia, by contrast, now possessed 31.5 percent of world GDP and 25.6 percent of world military spending. In short, an advancing Asia surged ahead of a retreating Europe in both economic and military power over the past 20 years—a momentous and fairly rapid shift in the overall global balance.

As one key global shift has thus been occurring, so has another that may prove equally important over time. Since the early post-Cold War era, the share of global wealth and power wielded by the United States and its core allies has eroded. In 1994, it will be recalled, Washington and its core allies accounted for 71.6 percent of global GDP and roughly 75 percent of global military spending. By 2015, the corresponding numbers were 61.2 percent of global GDP and 59 percent of world military spending. In both economic and military terms, then, the United States and its allies still hold a clear majority of global power, but that majority is rather less vast—particularly in the military sphere—than it was two decades ago.

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28 “Asia” is here defined as East Asia, South Asia, and Oceania. The Middle East is not included.
One aspect of this overall decline has been the decrease in America’s own relative wealth and military power. In 1994, the United States controlled 24.7 percent of global GDP and 38.75 percent of world military spending. By 2004, those shares had actually grown to 25.2 percent of global GDP and 42.1 percent of world military spending, thanks largely to the effects of the 1990s-era U.S. economic boom and the post-9/11 surge in American military spending. Since then, however, the trend line has turned unmistakably downward due to sluggish U.S. economic growth, post-2010 defense cutbacks, and rapid increases in the economic growth and military spending of other key nations (namely China). The U.S. share of global GDP fell by roughly one-tenth between 2004 and 2015 to 22.4 percent. The U.S. share of military spending fell more significantly during the same period to 33.8 percent. It would be misleading to suggest that either of these declines has been precipitous, and the United States

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29 This relative increase is owed to the fact that Russian power continued to nose-dive throughout the 1990s and the fact that European allies decreased their military spending by a larger percentage than the United States did during this decade.
still retains large overall leads in both categories. But these changes have nonetheless put the country in a less commanding international position than before.30

**FIGURE 4: U.S. ALLIANCE BLOC AND ADVERSARY GDP, 1990–2015**

In an ideal world, Andrew Krepinevich has noted, “Washington could prevail upon its allies and partners, particularly those that are among the most advanced states of the developed world, to take up some of the slack.”31 But the relative decline has been far sharper among U.S. allies, and NATO has led the way. Thanks to the rapid growth of Asian economies and the stagnation of large parts of Europe since 2007–2008, non-U.S. NATO’s share of global economic power fell from 30.9 percent in 1994 to 26.1 percent in 2015, a reduction of nearly one-sixth. That reduction, in turn, has combined with the continent’s decreasing emphasis on military spending since the 1990s—a phenomenon that has occurred, ironically, as NATO has also expanded its horizons by going out-of-area—to cause the non-U.S. NATO share of military spending to fall by roughly one-third, from 26.5 to 17.6 percent, over this same period. What makes this decline even more striking is that the alliance has expanded from 16 to 28 members during this period, meaning that it has gained a larger overall base from which to draw resources—and that its basic defense commitments have increased considerably, as well.

30 The economic lead, however, only holds if one calculates shares of GDP at nominal exchange rates. If one calculates at purchasing power parity, then China passed the United States in late 2014.


TABLE 1: TOP FIVE COUNTRIES BY SHARE OF GDP, 1990–2015

<table>
<thead>
<tr>
<th>Year</th>
<th>Country</th>
<th>% Global GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>United States</td>
<td>24.09%</td>
</tr>
<tr>
<td></td>
<td>Japan</td>
<td>12.10%</td>
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<tr>
<td></td>
<td>Germany</td>
<td>6.83%</td>
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<tr>
<td></td>
<td>France</td>
<td>5.07%</td>
</tr>
<tr>
<td></td>
<td>Italy</td>
<td>4.65%</td>
</tr>
<tr>
<td>1995</td>
<td>United States</td>
<td>24.64%</td>
</tr>
<tr>
<td></td>
<td>Japan</td>
<td>11.69%</td>
</tr>
<tr>
<td></td>
<td>Germany</td>
<td>6.80%</td>
</tr>
<tr>
<td></td>
<td>France</td>
<td>4.86%</td>
</tr>
<tr>
<td></td>
<td>Italy</td>
<td>4.47%</td>
</tr>
<tr>
<td>2000</td>
<td>United States</td>
<td>25.70%</td>
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<tr>
<td></td>
<td>Japan</td>
<td>10.30%</td>
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<tr>
<td></td>
<td>Germany</td>
<td>6.31%</td>
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<tr>
<td></td>
<td>France</td>
<td>4.74%</td>
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<tr>
<td></td>
<td>China</td>
<td>4.50%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Country</th>
<th>% Global GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>United States</td>
<td>25.04%</td>
</tr>
<tr>
<td></td>
<td>Japan</td>
<td>9.39%</td>
</tr>
<tr>
<td></td>
<td>China</td>
<td>6.16%</td>
</tr>
<tr>
<td></td>
<td>Germany</td>
<td>5.59%</td>
</tr>
<tr>
<td></td>
<td>France</td>
<td>4.43%</td>
</tr>
<tr>
<td>2010</td>
<td>United States</td>
<td>22.88%</td>
</tr>
<tr>
<td></td>
<td>Japan</td>
<td>8.40%</td>
</tr>
<tr>
<td></td>
<td>Germany</td>
<td>5.22%</td>
</tr>
<tr>
<td></td>
<td>France</td>
<td>4.05%</td>
</tr>
<tr>
<td>2015</td>
<td>United States</td>
<td>22.39%</td>
</tr>
<tr>
<td></td>
<td>Japan</td>
<td>7.63%</td>
</tr>
<tr>
<td></td>
<td>Germany</td>
<td>4.94%</td>
</tr>
<tr>
<td></td>
<td>France</td>
<td>3.71%</td>
</tr>
</tbody>
</table>

This general trend of declining weight and power is exemplified by the trajectory of the United Kingdom, France, and Germany: historically America’s three most important and capable NATO allies. These countries have all suffered real diminutions of their share of global wealth since the early post-Cold War era, and far starker reductions in their share of global military power. The UK share of global GDP fell from 4.1 percent in 1994 to 3.6 percent in 2015, and its share of global military spending fell by nearly one-third, from 5 to 3.4 percent. France’s share of global GDP fell by roughly one-quarter, from 4.9 percent to 3.7 percent, over the same period, and its share of military spending plummeted by around two-fifths, from 5.9 to 3.5 percent. Germany’s share of global GDP decreased by around one-third between 1994 and 2015, from 6.9 to 4.9 percent, and its share of military spending fell even more sharply, from 4.7 to 2.7 percent. Over the course of 20 years, then, these countries’ cumulative share of global GDP fell from 15.9 to 12.2 percent, and their cumulative share of global military spending fell from 15.6 to 9.5 percent.

Each of these cases, moreover, highlights a previously noted dynamic—that decisions to shift government spending away from defense and toward other priorities have exacerbated the changes caused by the shifting distribution of global economic power. Like virtually all NATO allies, these three sought to reap a post-Cold War “peace dividend” by slashing defense outlays as a percentage of GDP and reallocating those resources to domestic programs. It was a measure of how secure Europe seemed in the 1990s and 2000s, in fact, that these countries could reap this dividend even as the alliance expanded its frontiers and lent support to U.S.- and NATO-led military interventions outside of the alliance’s traditional borders. In Germany, for instance, the percentage of GDP spent on defense fell from 1.7 in 1994 to 1.2 in 2015; in France, it fell from 3.3 to 2.1 percent; in the United Kingdom, it fell from 3 to 2 percent. Political choices have thus accentuated the effects of more organic economic trends.

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trends, leading to sharper reductions in shares of global defense spending than one might expect simply by looking at the GDP tables.

As a result, these declining shares of global defense spending—a relative measure of military strength—have been translated into severely declining absolute capabilities. In other words, America’s key NATO allies have not continued increasing—or even maintaining—their military capabilities as others have increased theirs more rapidly and sizably. Rather, they have slashed their force structure dramatically.

**FIGURE 7: KEY ALLY SHARES OF GLOBAL GDP**

![Graph showing key ally shares of global GDP from 1990 to 2015 for UK, France, Germany, and Japan.](image)

**FIGURE 8: KEY ALLY SHARES OF GLOBAL MILITARY EXPENDITURES**

![Graph showing key ally shares of global military expenditures from 1990 to 2015 for UK, France, Germany, and Japan.](image)

Even as Germany has become more willing to project power outside its borders since the Cold War, for instance, it has cut deeply into its armed forces. Between 1997 and 2015, the German army shrank from 240,000 to 63,450 personnel, the navy decreased its combined number of principal surface combatants and submarines from 31 to 21, and the number of air force squadrons of fighters and ground-attack aircraft fell from 16 to 8. Over the same period, the size of the French army fell from 220,000 to 115,000 personnel, the navy went from having 42 principal surface combatants and 14 submarines to having 23 and 10, and the number of fighter and ground-attack squadrons in the air force fell from 12 to 9. With respect to the United Kingdom, the army declined from 112,000 to 91,600 personnel, the navy was roughly halved from 38 principal surface combatants (including three aircraft
carriers) and 15 submarines to 19 principal surface combatants and 10 submarines, and the number of Royal Air Force (RAF) fighter and ground-attack squadrons dropped from 16 to 7. Nor do these numbers tell the whole story. In each case—and across NATO more broadly—these reductions have been exacerbated by significant cuts in key enabling capabilities like ISR (intelligence, surveillance, and reconnaissance), lift, and logistics, as well as by major shortfalls in readiness and modernization caused by post-2008 austerity and other factors. In one much-ridiculed episode, German troops were reduced to using painted broomsticks in place of machine guns in a training exercise.

FIGURE 9: DECLINE IN ALLIED ARMY END STRENGTH

![Graph showing decline in allied army end strength](image)

FIGURE 10: DECLINE IN ALLIED AIRPOWER

![Graph showing decline in allied airpower](image)


More recently, there have been indications that the long decline in European military spending may have bottomed out in 2015–2016 due to heavy U.S. pressure and the jolt provided by the Ukraine crisis. But the effects of this positive development have been rather modest so far and will take years to be translated into meaningful capability increases. On the whole, America’s most important NATO allies have been gutting their military capabilities over the past quarter century, thereby accentuating the shifts in global military power underway.

What about the standing of U.S. allies in Asia? Although the trends in that region have been more mixed and less severe than in Europe, one can still see an overall pattern of decreasing relative wealth and military power. One might very well expect that the opposite would be true based on the overall redistribution of global economic and military power from West to East. It is true that some U.S. allies in the region are expanding their outlook, wealth, and capabilities. But because so much of Asia’s gains have been accounted for by countries that are not traditional U.S. allies (such as China and India), and because Japan’s economy has fared so poorly over the past 25 years, the combined standing of America’s Asian allies has dropped off considerably. In numeric terms, the share of global GDP controlled by U.S. treaty allies and Taiwan fell from 16 percent in 1994 to 12.7 percent in 2015 (a decline of around one-fifth), and the percentage of global military spending dropped from 8.8 to 7.6 percent.

As mentioned previously, America’s foremost ally in the region is primarily responsible for both declines. To be clear, Japan’s defense trajectory has been fairly positive, in an absolute sense, due to the development of more advanced capabilities and a greater willingness to use those capabilities in a wider range of circumstances. Japan has also progressively adopted a greater regional role and broadened its outlook on global defense issues. Yet, whereas some U.S. allies (such as the Philippines and South Korea) have either held steady or been on the ascent in terms of their share of global economic and military power since the 1990s, Japan has been in rapid relative descent. Due to a stagnant economy amid strong regional growth, its share of global GDP plummeted by over one-third, from 11.8 percent in 1994 to 7.6 percent in 2015. And because Japanese military spending has effectively been capped at around 1 percent of GDP, absolute Japanese military outlays have roughly stagnated over the past 20 years; Tokyo’s relative share of global military spending has fallen.
significantly, from 3.9 to 2.6 percent. Here as in Europe, then, the broad trend has been the erosion of the relative standing of U.S. allies—and particularly of those that have traditionally been America’s closest and most capable allies.

The full picture comes into view when one looks at America’s two major regional alliance systems together. On the whole, the percentage of global GDP owned by the members of those alliances (excluding the United States) has fallen from 46.9 percent in 1994 to 38.8 percent in 2015. Over the same period, these countries’ aggregate share of military spending has fallen from 35.3 to 25.2 percent of the global total, a reduction of around three-tenths. In economic and particularly in military terms, the relative strengths of America’s allies are still considerable—but they simply are not what they once were.

FIGURE 12: RUSSIA AND CHINA COMBINED SHARE OF GLOBAL GDP AND MILITARY EXPENDITURES

This shift is made more problematic by the fact that, as U.S. allies have lost ground over the past two decades, U.S. rivals and potential rivals have gained it. Combined, America’s two closest competitors—Russia and China—controlled 5.5 percent of world GDP and 6.4 percent of global military spending in 1994; by 2015, their combined shares had jumped to 14 and 17.4 percent. This change is partially due to moderate gains by Russia, whose share of global military spending rose from 4.2 to 5.2 percent between 1994 and 2015, even as its share of GDP remained roughly constant. Because Russian spending had plummeted all the way down to 2.7 percent of the world total by 2004, moreover, its level of both absolute and relative military power has risen quite impressively just over the past decade. Yet the chief driver of this change, of course, has been China’s dramatic advance.

35 The 1 percent constraint has been somewhat loosened in recent years, and Japanese spending has begun to creep upward from that mark.
Double-digit economic growth rates allowed Beijing to expand its share of global wealth more than three-fold between 1994 and 2015, from 3.3 to 11.8 percent. That growing wealth—and the growing ambition that comes with it—have led to even greater annual increases in defense outlays, allowing China to increase its share of world military spending more than five-fold over the same period, from 2.2 to 12.2 percent. Much of the growth has gone into the development or acquisition of power-projection capabilities—from fourth-generation aircraft to China’s first aircraft carrier—designed to give China greater ability to influence events in its regional neighborhood. China has also invested heavily in developing ballistic and cruise missiles, diesel-electric submarines, advanced air defenses, and other tools meant to keep other players—such as the United States—out. This spectacular growth of economic and military power is unprecedented in the post-World War II period, and it has pushed...
China rapidly up the global tables while also contributing markedly to the relative decline of America’s allies.36

Indeed, the result of these trends has been to alter not just the overall global balance of power, but key regional military balances as well. In Europe, non-U.S. NATO members still dominate Russia (a country with a GDP the size of Spain’s) in economic terms, and in military terms, they outspend Moscow by more than 3-to-1. That margin, however, is considerably less than the nearly 6-to-1 advantage that obtained in the mid-1990s, and the recent differentials between Russian and European defense spending increases mean that, in the near term at least, the gap seems likely to shrink further still.37 Moreover, the shifting balance between NATO Europe and Russia has been accentuated by divergent trends in modernization and readiness over the past decade, as well as by the fact that the alliance has expanded into highly exposed geography abutting Russian borders since the end of the Cold War.

The former factor (Russian modernization) has been manifest in upgrades that Russia has made in key areas such as special operations and airborne assault forces, air attack and air defense capabilities, ballistic and other missile systems, and the utilization of concepts such as hybrid or ambiguous warfare in Ukraine and elsewhere. The quality of Russian forces—or at least select components of the armed forces—has improved significantly since Moscow’s poor performance in the war against Georgia in 2008. These developments have all given Moscow a military—particularly an army—that is not just larger than that of any U.S. European ally, but more capable as well. The latter factor (NATO expansion) has more often been perceived as a threat than an opportunity by Russian officials. The irony, however, is that NATO expansion has also had the effect of stretching NATO’s defenses, increasing its geographic vulnerabilities, and giving Moscow—with its resurgent military capabilities—a significant conventional edge along NATO’s eastern flank.38

In East Asia, meanwhile, the steep slope of China’s ascent has made the shifts even more adverse. In 1994, U.S. treaty allies and Taiwan outspent China on defense by a combined four-to-one margin. Japan alone outspent China by around 1.75-to-1, and while China possessed a numerical advantage in naval assets and combat-capable aircraft, that edge was more than negated by Japan’s massive advantages in terms of the quality and technological superiority of its armed forces, particularly with respect to naval power and airpower. Even Taiwan’s military budget was over 50 percent the size of China’s and, here too, the technological edge favored Taipei (particularly in principal surface

36 Judging actual (as opposed to publicly announced) Chinese and Russian military expenditures is, of course, a difficult task, and data on these subjects reflect estimates that probably include a substantial amount of imprecision. Regardless of what data set one uses, however, the basic trend of increasing relative capabilities on the part of these U.S. competitors is clear. Moreover, the trends observed here hold true whether one calculates relative defense expenditures using nominal (exchange rate) expenditures or expenditures adjusted for purchasing power parity (PPP). Adjusting for PPP actually accentuates the U.S. and allied difficulties because it reflects the fact that military input costs per unit are frequently lower for U.S. adversaries than they are for U.S. allies.

37 There was some indication as of 2016 that increased military spending in Europe—particularly in Eastern Europe—might alter this trajectory, but the near-term effect was likely to be quite modest, and whether the trend would endure over time remained to be seen.

combatants and combat aircraft). Taiwan had access to top-quality aircraft such as the F-16C and Mirage 2000, for instance, which were arguably superior to any fighter aircraft in the People’s Liberation Army Air Force; these systems, combined with the superior quality of Taiwanese pilots, would provide a crucial advantage in a battle for air superiority over the Taiwan Strait.39

Unfortunately, the situation has since changed dramatically and across the region. As of 2015, China’s share of global military spending was considerably greater than that of all America’s Asian allies combined (12.2 versus 7.6 percent), and Beijing had made enormous strides in the modernization of its forces. In bilateral terms, China outspent Japan by a factor of more than 4-to-1 and Taiwan by a factor of more than 20-to-1. It also wielded sizable advantages in force structure over these two rivals. China possessed 142 submarines and principal surface combatants, compared to 65 for Japan and 30 for Taiwan; over 2500 combat capable aircraft, compared to 630 for Japan and 223 for Taiwan; and vast superiority in ballistic and cruise missile capabilities. Moreover, all of these numerical advantages were more meaningful due to China’s technological advances, which had transformed the People’s Liberation Army (PLA) from a largely antiquated Maoist force to a far more modern and sophisticated military. “Since 1996, the PLA has made tremendous strides,” one detailed analysis concludes. “Some aspects of Chinese military modernization, such as improvements to PLA ballistic missiles, fighter aircraft, and attack submarines, have come extraordinarily quickly by any reasonable historical standard.”40 The regional balance, in other words, has moved hard and fast away from America’s allies over the past 20 years, confronting them with a far more challenging situation than before.

FIGURE 15: CHINESE AND U.S. ASIAN ALLY DEFENSE SPENDING


In East Asia and in Europe, moreover, such changes have been underscored because they have happened as the prospect of interstate conflict has arguably become greater than at any time since the dawn of the post-Cold War era. During the 1990s and into the early 2000s, the collapse of the Soviet Union—and the U.S. decision to remain engaged in Europe—meant that the possibility of traditional interstate warfare in that region receded further than it had for at least 100 years, if not more. But since 2008, and particularly since 2014, the resurgence of Russian military power and assertiveness has made the possibility seem far more immediate and vivid. The possibility of a Russian attack on a NATO state or a conflict arising out of unintended escalation seems far higher than at any previous point since the Cold War.

In East Asia, too, the same shifts in the military balance described above have enabled an increase in Chinese assertiveness that has fueled regional tensions and made the likelihood of a significant interstate war—over the South China Sea, the East China Sea, or even Taiwan—seem higher than at any time since the North Korean nuclear crisis of 1993–1994, and perhaps at any time since Vietnam. Andrew Krepinevich recently put it well: As the relative military capability of revisionist powers grows, “One cannot rule out their resorting to overt aggression, either by miscalculation or design, to achieve their aims.”42 From the perspective of U.S. allies in both regions, then, the “objective” military balance looks worse than at any time in a generation, precisely as the chance that the balance might truly be tested by conflict looks better than at any time in a generation. This combination is surely not a heartening one, and it highlights the extent to which the circumstances of America’s key allies have evolved since the early post-Cold War era.

To be clear, the foregoing analysis paints a relatively broad-brush picture of developments in global wealth and military spending over the past two decades, and it is important not to lose sight of key nuances or exaggerate negative trends. For one thing, it bears restating that the United States and its allies still control a combined share of global wealth and military power that only pales in comparison to the truly extraordinary situation of the early post-Cold War era. Washington and its core allies may account for “only” around 60 percent of global GDP and world military spending at present, but that amount is still remarkable by most historical standards—and far greater than any foreseeable countervailing coalition could muster. To put it another way, the United States and its allies no longer outspend China and Russia by a factor of more than 11-to-1, as was the case in 1994, but they do still outspend them by a factor of more than 3-to-1. Similarly, America’s core Asian and European allies may no longer outspend those chief adversaries by a factor of over 5-to-1, as they did 20 years ago, but they do still outspend them by around 1.5-to-1.

Second, the theme of relative decline may be broadly present across core U.S. alliances, but it is not uniformly present. A number of U.S. allies—such as Australia, Poland, the Philippines, South Korea, and Taiwan—actually increased their shares of world GDP between 1994 and 2015, in some cases raising their share by as much as one-third. Some of these same allies also registered moderate increases in their shares of global military spending; South Korea has led the way by increasing its share from 1.7 to 2.2 percent, modernizing its forces, and developing greater capabilities for projecting power both within and beyond the Korean peninsula. The Republic of Korea (ROK) has invested heavily in modern aircraft and air defenses, developed advanced strike capabilities such as stealth air-to-surface missiles and bunker-buster bombs, and greatly improved its ISR and the networking of its armed forces. Given that the quality of North Korean conventional forces has atrophied considerably over the same period (notwithstanding the acquisition of an increasingly robust nuclear arsenal), and that Seoul has invested in many of the capabilities needed to attack high-threat North Korean capabilities, South Korea’s position relative to its closest rival has likely improved.43 There are important pockets of progress within America’s alliances, and as discussed subsequently, these pockets merit special attention in thinking about how to compensate for the overall trend.

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42 Krepinevich, Preserving the Balance, p. i.
Third, and related to the second point, even within the overall trend, a number of allies have modified their defense postures in ways that have been quite helpful to U.S. policy. Japan, for instance, has steadily become a larger player in regional and global security over the past twenty years, despite stagnating defense expenditures. It has deployed non-combat forces in support of U.S. operations in both Afghanistan and Iraq, significantly improved interoperability and other forms of cooperation with American forces, engaged more broadly with both traditional and non-traditional U.S. defense partners in Asia, and increased its ability to project meaningful amounts of power—particularly air and naval power—beyond its own borders by acquiring new capabilities and relaxing constitutional restrictions on military activities. Some of Tokyo’s more noteworthy capability advances have come in areas such as helicopter carriers, multirole destroyers, attack submarines, and advanced drones.

South Korea—whose absolute and relative capabilities have grown considerably since the mid-1990s—has also become more involved in operations outside of East Asia, deploying 3,600 troops to northern Iraq after the U.S.-led invasion in 2003.

Likewise, as part of the generally favorable trajectory of its military capabilities, Australia has invested significantly in high-end air and naval power projection assets such as F-35As, air-warfare destroyers, and attack submarines. It has taken a larger role in regional security affairs—witness its leadership of INTERFET in 1999–2000 and its expanding partnerships with India, Japan, and other countries—while maintaining its tradition of deploying forces in support of U.S.-led wars abroad. An important geopolitical story of the past 15 years, in fact, has been the way that some of America’s key Asian partners have expanded their strategic horizons in constructive ways.

Without being Pollyannaish, one could even identify encouraging signs in Europe. Poland and other recently admitted NATO states have been highly supportive of U.S. military interventions in recent years, contributing troops and other capabilities to both Operation Enduring Freedom and Operation Iraqi Freedom—and thus partially offsetting, in both diplomatic and military terms, the fact that more traditional U.S. partners like France declined to participate in the latter conflict. Even within the context of relative military decline, France itself has become more integrated with NATO operations by rejoining the alliance military command; it has also undertaken medium-footprint expeditionary interventions that support U.S. interests, such as the 4,000 troop mission to defeat Islamist militants in Mali in 2013–2014. In these interventions, France has generally shown an ability to make the most of its more limited capabilities by stretching available resources, drawing on U.S. enablers, and using French soldiers’ high level of skill to accept higher levels of risk.

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46 To the surprise of many observers, however, Poland did not participate in NATO’s 2011 air war in Libya.


Similarly, Germany’s share of global military spending has fallen dramatically, but the country has nonetheless shown a willingness to broaden its strategic outlook in helpful ways. Luftwaffe participation in the NATO-led air wars for Bosnia and Kosovo represented Germany’s first large-scale uses of force beyond its borders since World War II. Germany’s contributions to NATO operations in Afghanistan since 2002 have evinced a similar global-mindedness—and persistence that not all NATO allies have shared—as have its more recent contributions to the counter-ISIS campaign.49 These changes have occurred within the broader context of shrinking German power and capabilities, of course, but they serve as a reminder that there have been positive developments. More broadly, since late 2015, there has emerged growing evidence to suggest that NATO military spending has stopped its long post-Cold War decline and begun to increase modestly in response to the renewed Russian threat in the East.50

### Figure 18: Indian Share of Global GDP & Military Expenditures

Fourth, and finally, it is essential to note that global economic and military power are not just moving from U.S. allies to U.S. rivals and potential rivals. That power is also moving to countries that, while formally non-aligned, are increasingly willing and able to work constructively with Washington on important issues of international security. India is the foremost example of this trend. Its share of global GDP jumped from 1.4 to 3.2 percent from 1994 to 2015, and its share of global military spending rose from 1.6 to 2.9 percent, reflecting its investment in a range of advanced naval capabilities, from aircraft carriers to guided-missile destroyers to anti-submarine warfare frigates.51 Meanwhile, shifts in New Delhi’s strategic orientation over the past decade have brought it significantly closer to the United

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49 Germany’s contributions to the counter-ISIS campaign have included providing support to the Iraqi peshmerga, and—more recently—sending naval assets and personnel to accompany the French aircraft carrier Charles de Gaulle. Following the Paris attacks in late 2015, German officials also announced their intention to backfill certain French commitments outside of the counter-ISIS context to allow Paris to bring more of its own assets to bear on that conflict.


States, as well as to key U.S. allies like Australia and Japan. Tellingly, U.S. officials now talk of a “strategic handshake” between America’s Asia-Pacific rebalance and Narendra Modi’s “Act East” policy.52

One can observe a similar phenomenon at work in much of Asia, where a number of fast-growing countries that are increasingly investing in their militaries—Vietnam, Malaysia, Singapore, and others—are also pursuing greater defense, security, and economic cooperation with the United States. Finally, in the Middle East, the Gulf Cooperation Council (GCC) countries—which are aligned with America in all but name—have increased their relative and absolute military capabilities quite markedly over the past 20 years. Much of this investment has, unfortunately, gone toward “prestige” capabilities that GCC militaries are only modestly well equipped to employ. But countries such as the United Arab Emirates (UAE) have developed a fairly capable air force as well as key niche capabilities such as competent special operations forces. As will be discussed, these dynamics offer important opportunities for U.S. officials looking to adapt to the shifting distribution of global wealth and military power.

The trend-lines, then, are hardly all bad, and it is easy to overstate what has changed in the past 20 years. What remains undeniable is that the distribution of global wealth and military power has indeed been changing in ways that have significantly reduced the relative standing of America’s traditional allies since the early post-Cold War era. The next section considers the challenges that this trend poses for American strategy.

Strategic Challenges and Implications

The commanding position that Washington and its allies occupied in the early post-Cold War era offered several important benefits for American statecraft. Yet even as the United States has enjoyed those benefits over the past 20 years, the shifting distribution of economic and military power has begun to erode them and introduce a series of strategic challenges in their place. These challenges cut to the core of the ambitious strategy that the United States has pursued since the Cold War, and they imply added geopolitical burdens and difficulties at a time when America’s global posture is already coming under strain.53

Understanding these strategic challenges requires comprehending a key analytical point. It is easy to dismiss or downplay the shrinking margin of power wielded by the United States and its allies because that margin remains considerable by most historical comparisons. Yet because the current U.S. strategic paradigm is so expansive and global in its ambitions—and because it was established at a time when that margin of power was perhaps at its historical peak—changes of the sort witnessed over the past 20 years have nonetheless severely complicated the assumptions, arrangements, and commitments upon which that paradigm rests. There are six key areas, in particular, in which the relative decline of U.S. allies is already exerting an important, and generally adverse, effect on U.S. strategy.

First, this relative decline means that the U.S. role as guarantor of stability and security in key regions—a central pillar of America’s post-Cold War strategy—has become more important than it was two decades ago. To be clear, even at the peak of U.S. allies’ relative wealth and power during the early post-Cold War era, American presence and security commitments in key overseas regions played a significant role in reassuring allies and hedging against the possibility of new or resurgent threats.54 This was, in fact, precisely why the United States maintained its forward troop deployments and

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54 This is a point that even critics of U.S. overseas presence concede. See John Mearsheimer, “Why is Europe Peaceful Today?” European Political Science 9, no. 3, 2010.
alliance commitments even after the threat that had initially evoked those arrangements—the Soviet Union—had vanished. This mission has only become more crucial in recent years as U.S. allies have become comparatively less wealthy and powerful and key regional balances have shifted in disadvantageous ways. In this changed environment—and with more assertive behavior by countries like Russia and China increasingly disputing prevailing regional orders—the salience of American presence and guarantees, and of Washington’s overarching mission to uphold favorable regional equilibria, is probably greater than at any time during the post-Cold War era. This is the message being conveyed by numerous U.S. allies (as well as other countries) in East Asia and Europe, and there is little reason to doubt the authenticity of that message.55

The U.S. mission of upholding favorable regional balances is also becoming more difficult, however, and this is a second, related strategic challenge. During the early post-Cold War era, the relative strength of U.S. allies and the relative weakness of adversaries and potential adversaries allowed the United States to play its longstanding role of geopolitical stabilizer at a lower level of cost and exertion than before. As the balance has shifted away from U.S. allies, the requirements of playing that role have again begun to rise. The demands of effective U.S. extended deterrence are presumably increased in a situation in which one’s allies have become weaker relative to their plausible adversaries; the requirements of effective reassurance are increased as well. As U.S. partners become less capable of upholding the balance in their own regions, in other words, the burdens of America’s own role become progressively greater.

These dynamics are clearly evident today in both East Asia and Europe. In East Asia, the power shifts that have occurred over the past 20 years are clearly making U.S. allies and other countries feel increasingly insecure, while Chinese leaders are increasingly confident about their ability to act more assertively in pursuit of their own interests. It is surely no coincidence, for instance, that Chinese coercion and gray zone activities against countries from Japan to the Philippines to Vietnam has intensified as the local balance has changed in Beijing’s favor. These power shifts are thus compelling the United States to devote a greater proportion of its resources and attention to the East Asian theater to maintain extended deterrence, reassure increasingly anxious allies, and bolster a regional order that seems to be growing increasingly fragile. These were precisely the goals of the Obama administration’s Asia-Pacific rebalance, as well as the less-publicized efforts to strengthen the U.S. posture in the region during the George W. Bush years.56 No less, these shifts are fostering tensions and crises—in the South China Sea and East China Sea, for instance—that underscore just how much more difficult and dangerous these tasks have become as U.S. allies have declined relative to their competitors. “This rapidly changing security environment poses a major and increasingly difficult challenge for the United States,” one collective assessment recently concluded. “Efforts to enhance regional cooperation, reassure allies and friends, and deter and shape potentially destabilizing behavior” are becoming more demanding.57

55 See, for instance, the analysis in Derek Chollet and Julianne Smith, “America’s Allies Want More from the U.S.,” Defense One, August 3, 2015.


In Europe, meanwhile, similar challenges are apparent. Within NATO, declining relative and absolute capabilities have combined with rapid Russian military modernization—and more aggressive Russian behavior—to expose gaping holes in many NATO members’ ability to confront the threats they now face. To offer one example, the Very High Readiness Joint Task Force (VJTF), which is to be composed primarily of European forces and meant to demonstrate NATO’s ability to respond rapidly to Russian provocations or other contingencies, has consistently faced force generation shortfalls because its members are unable to provide the envisioned contributions. Despite recent upticks in military spending in some NATO countries, shortfalls in naval forces, armor, maneuver battalions, aviation, logistics, tactical airpower, air defense, and other capabilities that would be essential in an Eastern European or Baltic contingency are ubiquitous. “America’s European allies have minimal combat-ready heavy forces,” two defense analysts note; land force elements and high-intensity warfare capabilities have atrophied severely since the Cold War. The gap between what NATO allies need to deter and defend against key security threats and what they can provide on their own is, therefore, greater now than at any time since the 1980s. In the absence of significant corrective action, the U.S. role in filling that gap and ensuring continued stability and security in Europe will become far harder to play than it was two decades ago—as U.S. budgetary constraints and competing priorities make the task more difficult still. “Europe’s decision to abdicate on defense spending,” one U.S. official remarked in 2013, “increasingly means it can’t take care of itself.”

This concept of a growing security gap is closely related to a third challenge, which is that the unfavorable power shifts involving U.S. allies are making for harder fights should deterrence fail and the United States need to use force to defend its allies. In virtually any contingency involving a Chinese effort to alter the existing East Asian regional order by force, for instance, the United States would confront a far more daunting challenge than was the case 20 years ago. A great part of the change, of course, has to do with the shifting balance of U.S. and Chinese capabilities resulting from Beijing’s multi-decade buildup and recent American defense austerity. This dynamic also reflects the growing imbalance between China and U.S. allies in the region, which is making it much more difficult for those allies to hold their own in a conflict with Beijing—and thereby raising the costs and risks of U.S. intervention to assist those allies. Put differently, tipping the balance in a relatively evenly matched contest is one thing; defending an ally that is badly and increasingly overmatched by its adversary is quite another.

The foremost examples of this dynamic can be found in East Asia. Open-source analysis has shown the extent to which the shifting balance between Japan and China, for instance, would put Tokyo at a

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60 This trend, combined with relative U.S. military decline in key regions, is also increasing the likelihood that the United States might have to place greater emphasis on strengthening extended nuclear deterrence, and on considering what role nuclear weapons and warfighting might play in a conflict to defend an ally in Eastern Europe or East Asia. On this subject, see Evan Montgomery, *Extended Deterrence in the Second Nuclear Age: Geopolitics, Proliferation, and the Future of U.S. Security Commitments* (Washington, DC: Center for Strategic and Budgetary Assessments, 2016).

marked disadvantage in the event of conflict with Beijing, and would require significantly greater American exertion and costs in order to resolve that conflict on favorable terms. Twenty years ago, U.S. intervention would have been a key feature of any such conflict, but, even without that intervention, Japan would have enjoyed a significant overall military edge over China. Today, however, the situation has radically changed. Despite their high quality and superior training, Japanese forces would risk being overwhelmed by superior Chinese numbers of aircraft, ballistic and cruise missiles, submarines, fast-attack craft, and other fruits of Beijing’s multi-decade military buildup, thus placing higher demands on the U.S. forces that would likely come to Tokyo’s aid. Although Japan and China “started at very different levels of technology and force composition,” one detailed analysis concludes, “it is increasingly clear that China is overtaking Japan in several key military areas, and that Japan is growing more, not less, dependent on the United States for its defense.”62

An even starker illustration of this challenge involves Taiwan. As recently as the late 1990s, Taiwan’s relatively high degree of military strength vis-à-vis China, augmented by its technological superiority and the advantages conveyed by geography, made it seem likely that Beijing would face massive difficulties in any bid to conquer or even successfully coerce Taiwan. Chinese forces would probably be unable to neutralize Taiwan’s air and naval capabilities to the extent needed to mount a successful invasion; Taiwanese forces, for their part, would be able to inflict staggering losses on any Chinese amphibious force and, probably, on Chinese airpower forces as well. In one thorough analysis, defense policy expert Michael O’Hanlon concluded that the military balance was such that “China could not take Taiwan, even if U.S. combat forces did not intervene in a conflict,” and that, if U.S. intervention were indeed necessary, then this relatively favorable balance would make it a simple matter for American forces to tip the scales. Looking forward, O’Hanlon even suggested that Taiwan’s defensibility “may actually improve with time” because “it possesses a more advanced economy, and greater access to foreign arms, than does China.”63 Another thorough analysis conducted in 2000 predicted that only relatively modest U.S. intervention would be necessary in case of a Chinese assault on Taiwan. “The amount of force needed to support Taiwan in the near-term appears to fall considerably short of what is usually thought of in the Pentagon as that needed to prosecute a major theater war”—perhaps a “single wing of land-based fighters, two carrier battle groups (CVBGs), and a dozen or so heavy bombers.”64

Much has changed since then. Due in part to drastically declining military expenditures as a percentage of GDP, Taiwan’s share of global military spending has fallen by half since the mid-1990s as China’s has risen more than fivefold. What was a relatively even balance in the Taiwan Strait has eroded significantly as China has staked a 20-to-1 advantage in military spending over Taiwan and devoted a sizable share of its buildup to developing or acquiring short-range ballistic missiles, advanced fighter and ground-attack aircraft, attack submarines, and other capabilities needed to

neutralize Taiwanese (and U.S.) forces in a cross-strait scenario. As noted above, China now possesses 70 submarines to Taiwan’s four, 72 principal surface combatants to Taiwan’s 26, 223 patrol and coastal combatants to Taiwan’s 51, and over 2500 combat-capable aircraft to Taiwan’s 485, along with significant advantages in missile forces. Chinese missile and air forces could now subject Taiwan to a withering bombardment from the outset of a conflict, perhaps crippling its air force and navy within short order. As early as 2009, in fact, one RAND Corporation analysis noted that Taiwan would now face the prospect of “hundreds of ROCAF [Republic of China Air Force] fighters burning on their parking ramps, trapped behind cratered runways, or hiding in underground shelters . . . The air war for Taiwan could essentially be over before much of the blue air forces have even fired a shot.”

In the worst case, such an assault would imperil Taiwan’s ability to extend a conflict long enough for America to intervene. Yet even in a more favorable scenario, the massive bilateral imbalance between Taipei and Beijing would place a much heavier burden on Washington should it act to defend Taiwan. “It is clear that Taiwan’s defense capability relative to that of the PRC [People’s Republic of China] has not been maintained,” writes one analyst, and this shifting balance would have pronounced implications for U.S. intervention in a cross-strait conflict. Far more forces—naval and air—would be needed than was projected back in 2000, and this assumes that such forces could gain access to the area inside the first island chain without suffering unacceptable losses. One could provide additional examples involving different contingencies, but the fact remains that prospective uses of U.S. military power are growing steadily more challenging as the relative position and capabilities of U.S. allies have become weaker.

Unfortunately, this dynamic holds true not only when it comes to the defense of treaty allies. A fourth challenge raised by ongoing trends is that U.S. allies are also becoming less capable of providing meaningful military support in expeditionary interventions outside of their respective regions. This phenomenon has been somewhat masked by the fact that those allies have, in fact, contributed meaningfully to American-led interventions over the past 20 years, as discussed previously. Yet it is unmistakable and has begun to manifest itself in numerous ways—particularly where NATO is concerned.

In Afghanistan, for instance, the benefits that the United States has reaped from its allies’ willingness to play a large and sustained role over the past decade and a half have unfortunately been counterbalanced by the fact that many of those allies have increasingly lacked the capabilities needed to operate at the desired level of effectiveness. As Seth Jones has related, from the outset of the NATO mission in Afghanistan in 2002, the post-Cold War drawdown in European military capabilities was

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67 Dennis Hickey, “Imbalance in the Taiwan Strait,” Parameters 43, no. 3 Autumn 2013, p. 46.
68 In some ways, in fact, the participation of U.S. allies in expeditionary interventions such as Afghanistan exacerbated the underlying trend. To support and sustain those interventions, European allies often accepted significant tradeoffs in longer-term modernization, force structure, and readiness—chickens that have now come home to roost in the form of significantly reduced military capabilities for either out-of-area or Article 5 operations.
already ensuring that many NATO allies faced shortfalls in precisely those assets that were vital to the success of the mission: maneuver battalions, close-air support, heavy- and medium-utility helicopters, smart munitions, intelligence resources, and digital command-and-control assets. “NATO found itself in the position of fighting its first foreign war without the resources to win,” Jones writes. As the mission then expanded in size and ambition—and NATO countries began to encounter significant budgetary difficulties from 2008 onward—these shortfalls worsened and often were exacerbated by “national caveats” that restricted where and how a given country’s troops could be employed. The Afghan experience thus marked not only the peak of NATO’s out-of-area ambitions but also the point at which the decline in its members’ military capabilities became increasingly apparent.69

If anything, the problem has gotten substantially worse since then because post-2008 austerity has cut deeply into the expeditionary capabilities once possessed by NATO countries and the resource tradeoffs required to sustain NATO operations in Afghanistan have come home to roost. Operation Unified Protector, the NATO intervention in Libya in 2011, demonstrated just how deep the cuts had become. That operation was meant to showcase European NATO members’ ability to take the lead in a significant out-of-area intervention, allowing Washington to play a lower-key, supporting role. Unfortunately, despite some encouraging signs—such as France playing a relatively strong role in the intervention and the NATO allies showing gains in the interoperability of allied naval and air forces—the message that Unified Protector ultimately conveyed was quite the opposite.

When the NATO-led intervention began, for instance, U.S. forces were the only ones able to carry out the SEAD (Suppression of Enemy Air Defenses) mission needed to establish a no-fly zone—and this against an enemy as weak as Libya. And when those U.S. forces subsequently stepped back from that initial lead role, severe capacity gaps quickly emerged. The participating NATO countries encountered major shortfalls in ISR, personnel to staff the Combined Air Operations Center (CAOC), aerial refueling tankers, and precision-guided munitions (PGMs), requiring the United States to fill the gap in each case. Sustainability also proved a major problem; just a few months of relatively light combat against an extremely inferior adversary severely taxed allied naval and air capabilities. Just as striking, Unified Protector “had the lowest participation rate [roughly 50 percent] of any NATO intervention in history.” Some nations declined to participate on policy grounds, and others lacked much useful capacity to contribute. As then-Secretary of Defense Robert Gates commented, “Frankly, many of those allies sitting on the sidelines do so not because they do not want to participate, but simply because they can’t.”70 The intervention ultimately succeeded in protecting Libyan civilians and toppling Qaddafi but in doing so revealed just how badly NATO expeditionary capabilities had eroded.

The conflict shined a particularly harsh light on one key area in which those capabilities had eroded: enablers. America’s NATO allies badly lacked the satellites and unmanned aerial vehicles (UAV) needed to gather critical intelligence and ensure adequate targeting; they equally lacked the logistical

69  Jones, *In the Graveyard of Empires*, pp. 238–255, especially p. 245.
capabilities—particularly tankers—needed to sustain air operations. The United States ultimately provided around 70 percent of the aerial refueling capacity used during the conflict, without which the mission might well have collapsed. Moreover, despite the glaring weaknesses that the conflict laid bare, this “enablers gap” will likely get worse before it gets better. Even relatively capable countries like France and the United Kingdom have slashed ISR and other enablers as a way of preserving nominally full-spectrum capabilities at a time of austerity, meaning that these nations have only become more dependent on the United States to make good the deficit.

Indeed, the decline of UK military capabilities offers a particularly stark national example of the overall European trend. Through the 1990s and early 2000s, the United Kingdom was by far the most important U.S. partner in conflicts ranging from the Persian Gulf War to the Iraq War, fielding roughly 43,000 troops in the former conflict and 12,500 in the latter. In recent years, however, the British military has largely divested itself of the capabilities needed to play that role. “In operations in the Middle East in 1991 and 2003, the British were able to field and sustain division-sized mechanized units with multiple fighter-bomber squadrons for support,” notes one study. “This type of engagement is now impossible.” Significant reductions in mechanized capabilities and Army end strength mean that for the next several years, the United Kingdom will probably be able to deploy and sustain no more than a brigade (around 6,500 troops) in overseas combat missions. Regarding expeditionary airpower, the Royal Navy currently has no operational aircraft carriers, and, even though two carriers are slated to become operational in the next several years, it is unclear whether they will carry a full complement of British aircraft. Moreover, with “much of the RAF’s airborne intelligence, surveillance, and reconnaissance (ISR) capability...on track to being demobilized,” and with RAF combat forces shrinking to the size of roughly five U.S. Air Force squadrons, London will face severe constraints on its ability to engage in sustained air operations overseas. Those constraints—combined with declining political will to use force overseas—have already been felt in the ongoing counter-ISIS air campaign, to which the United Kingdom (like many NATO allies) has only been able to make a very modest contribution.

The broad decline in allied expeditionary capability—of which British decline is but one notable part—is troubling enough, given the central role that such missions have played in American strategy since

72 Larrabee et al., NATO and the Challenges of Austerity, pp. 7–9.
74 Roughly one year into the campaign, in late 2015, the British contribution to counter-ISIS operations totaled 22 aircraft and 25 troops. The UK was not alone in being able to make only a modest contribution to this campaign; many other Western allies found themselves in the same position due to shortages of PGMs and other key capabilities. In response to the erosion of UK military power and international influence, the British government did begin to make some course corrections in late 2015 as part of the release of the Strategic Defense and Security Review. Specifically, the Cameron government announced plans to increase defense spending by a total of 7 percent over the next 10 years, acquire 138 F-35s and new maritime patrol aircraft to help narrow the ISR gap, extend the life of its Typhoon fighter jets to stretch the number of RAF combat squadrons from five to seven, and form two strike brigades “comprising as many as 5,000 men each and including 600 armored vehicles, which will be able to deploy rapidly.” There are still many questions, however, about whether all of these advances are possible within existing budget constraints, and in any case, many of these capabilities will not be available for several years at earliest. Moreover, if the UK departure from the European Union leads to slower economic growth, or even to renewed attempts at Scottish secession from the United Kingdom, British defense resources may again be squeezed. See Nicholas Winning, “U.K. to Boost Spending on Military Equipment: Prime Minister David Cameron is Expected to Announce 7% increase in budget for next 10 years,” Wall Street Journal, November 23, 2015.
the end of the Cold War. Yet this decline also poses important challenges from a diplomatic perspective. At present, the legal, diplomatic, and political premium on multilateralism in military intervention is probably higher than ever before, partially due to the precedents that the United States itself has set in the post-Cold War era, as well as the extremely adverse European reaction to perceived American “unilateralism” in Iraq.

The problem is that U.S. allies’ capacity to contribute to interventions that are truly multilateral, as opposed to just nominally multilateral, has fallen off significantly. Put differently, the gap between what international and domestic norms involving multilateralism demand—and what U.S. partners’ military capabilities actually allow—is becoming wider than ever before. In the future, this trend may increasingly confront the United States with an unpalatable choice: either lose international and political legitimacy by intervening unilaterally, or seek to round up an acceptable set of allies via diplomatic exertions that are out of any proportion to the operational or cost-sharing benefit that multilateralism provides.

This diplomatic conundrum touches on a fifth and somewhat broader challenge, which is that if the relative strength of U.S. allies created a range of significant but intangible diplomatic benefits for American strategy in the early post-Cold War era, then the power shifts that have occurred since then threaten to negate those benefits. To the extent that there was a soft-power advantage that derived from having the wealthiest and most powerful countries in the world as part of the U.S.-led “club,” for instance, that advantage is now diminishing. Moreover, it stands to reason that as traditional U.S. allies become less economically and militarily potent relative to others, they will have less relative diplomatic influence that they can exert in causes where American and allied interests overlap. The decline of those countries that most closely share the U.S. vision of an open, liberal international order and have been willing to use their national power in support of that order can only be a source of concern. Particularly at a time when authoritarian countries like Russia and China are challenging key aspects of the international order more aggressively than before, the ebbing of the Western “overbalance” could begin to weaken the foundations of that order all the more.

These considerations are admittedly somewhat abstract and difficult to quantify. But one can easily imagine how the shifting distribution of economic power could affect the world’s economic rules of the road: by necessitating changes in relative voting power within key international financial institutions like the International Monetary Fund (IMF), and thus gradually changing the dominant norms and objectives of those institutions; by reducing the relevance of U.S.-led, developed country groups like the G-7; or by shrinking the relative size of the resources that U.S. allies can pursue to mobilize their international economic agendas over time. There are, in fact, clear signs that such developments are already happening. In 2015, for instance, IMF voting quotas were shifted to reflect both the growing economic weight of countries like China and the decreasing economic weight of U.S. allies such as Japan and many NATO countries. In the political sphere, some analysts have argued that the recent

stagnation, and perhaps even recession, of democracy in the world reflects a geopolitical environment in which authoritarian powers are rising, while actors that have traditionally put democracy-promotion near the center of their policy agenda—such as the Europeans—are becoming relatively less potent and vigorous. Nailing down a hard causal relationship between these factors is difficult, of course, but the correlation between global power shifts and democracy’s fortunes in recent years makes this thesis plausible. Should America’s closest allies continue to be in relative decline, then, the prospects for key elements of the international order that the United States has long sought to advance may decline as well.

A sixth and final challenge is that the changing global distribution of power is likely to affect—and indeed, is already affecting—how Americans and their leaders view their alliances. At a minimum, the fact that many traditional U.S. allies are in relative decline may very well prompt a reconsideration of which partners and arrangements are likely to be most useful to Washington in the future. To give just one example, will the U.S.–UK relationship continue to be so special to Americans if London can no longer play its customary part as Washington’s indispensable partner in overseas military interventions? This prospect, heretical as it would have seemed just a decade ago, is now increasingly discussed—even in public—among U.S. officials. Looking beyond the U.S.-UK relationship, it is not at all implausible that present trends could eventually cause Americans to become less willing to bear the costs of maintaining the country’s traditional alliances—NATO in particular. Then-Secretary Gates put it directly in 2011:

The blunt reality is that there will be dwindling appetite and patience in the U.S. Congress—and in the American body politic writ large—to expend increasingly precious funds on behalf of nations that are apparently unwilling to devote the necessary resources or make the necessary changes to be serious and capable partners in their own defense.

With the election of Donald Trump as U.S. president in 2016, the prospect of an “agonizing reappraisal” that might fundamentally alter the terms of Washington’s relations with its allies seems even more real. If shifting global power dynamics mean that the burdens and challenges of honoring U.S. commitments become continually greater while traditional allies’ ability to contribute to U.S. policy objectives continually diminishes, then Americans and their leaders may increasingly ask what the good of having those allies is in the first place.

To sum up, the shifting balance of economic and military power has significant implications and poses real challenges for the global strategy that the United States has pursued in recent decades. The question, then, is how American policymakers should adapt to this changing situation. That question is addressed in the section that follows.

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Recommendations for American Strategy

Any assessment of how the United States should respond to the shifting distribution of economic and military power must be framed by an assessment of whether the trends sketched above are likely to continue. There is a vast body of analysis bearing on this question, and a detailed effort to assess the probable future trajectories of the relative military and economic power of U.S. allies could itself constitute a lengthy essay. But in the absence of such an effort, the basic assumption that frames the subsequent recommendations is that, while it is difficult to predict the future with any certainty, it seems reasonable to expect that the trends of the past 20 years will not be reversed dramatically in the near or medium term.79

To be clear, this does not mean that recent trends are inexorable. After all, it is axiomatic that the economic policies that countries choose to follow will have a significant long-term impact on their respective growth rates. Moreover, there are already medium- and long-range trends at work—the probable Russian economic and demographic decline, for instance, and the tapering off of Chinese economic growth—that may work to the relative advantage of the United States and its allies over time. But given that these trends will take time to make themselves felt; that their full impact remains deeply uncertain; and that many U.S. allies—particularly in Europe, but also Japan and other Asian allies—face their own long-term demographic and economic problems, it still seems prudent to assume that Washington should get used to living in a world where its allies are less rich and powerful than they were in the halcyon days of the early post-Cold War era.

In these circumstances, the basic goal of American strategy ought to be to preserve as much of the geopolitical advantage that comes with having strong and vibrant allies as possible and for as long as

possible. It is true that America and its allies are unlikely to go back to the degree of overmatch that they enjoyed in the 1990s. And one could conceivably envision a scenario in which U.S. allies’ relative decline, extended and accentuated over a long enough period of time, makes the burdens of maintaining U.S. alliance commitments so high and the geopolitical payoffs so low that the best option for Washington might be to roll back some, or perhaps even all, of those commitments. 80

Yet given the benefits that the United States has long derived from its alliances, particularly the advantages that it has wielded in the post-Cold War era due to the relative strength of its traditional allies, the goal of U.S. strategy should not be to hasten such a paradigm shift, but to push it as far into the future as possible. Indeed, given that the United States and its traditional allies still control over half of world GDP and military spending, an amount far greater than any potential countervailing coalition, the emphasis should be not on jettisoning the assets that have so aided U.S. efforts to shape the global order, but on managing U.S. alliances and alignments more adeptly, so as to compete more effectively within a context that is still quite favorable, even if significantly more challenging than before.

With that general objective in mind, what follows are a series of basic principles and recommendations meant to guide American policymakers as they address the challenges of alliance management in coming years. These ideas are not necessarily intended as fully detailed and elaborated policy prescriptions; many of them would benefit from more refinement than is possible in the space available here, and the precise nature of the initiatives that American officials might pursue at any given time will shift according to changing international circumstances. What these recommendations are intended to constitute, rather, is a basic strategic framework for approaching the problem of traditional allies’ relative decline and positioning the United States to compete as effectively as possible within that context.

**Recognize the Seriousness of the Challenge**

A first imperative is to recognize the seriousness of the challenge. As noted, there is certainly a danger in exaggerating the gravity of that challenge because Washington still leads a system of alliances that American rivals can only envy, and the decline of traditional U.S. allies has left those alliances in a position that is disadvantageous compared only to the unique circumstances that prevailed in the wake of the Cold War. Yet that decline has nonetheless begun to create serious strategic challenges for the United States and that seriousness needs to be recognized in order to address the problem properly.

To recapitulate, the relative standing of America’s traditional allies has fallen significantly in both economic and military terms since the early post-Cold War era. That phenomenon, in turn, has undermined some of the key strategic advantages the United States had enjoyed when the strengths of its core allies were at their peak and introduced a set of growing difficulties and dilemmas into American statecraft. From the rising challenges associated with providing reassurance and deterrence to the prospect of facing harder fights should conflict erupt and the weakening of allies’ capacity to offer meaningful aid in an expeditionary context, the relative (and sometimes absolute) decline of U.S. allies is complicating key aspects of America’s post-Cold War strategy. And while there may be grounds

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80 This is similar to the argument made by “offshore balancers” such as Christopher Layne and Barry Posen. For a critique of that argument, see Hal Brands and Peter Feaver, “Risks of Retreat,” *Foreign Affairs* 95, no. 6, November/December 2016; and Hal Brands, “Fools Rush Out? The Flawed Logic of Offshore Balancing,” *The Washington Quarterly* 38, no. 2, Summer 2015.
to hope that this trend will be reversed over the long-run, there are also plenty of trends indicating that one should not plan on finding a great deal of near- or even medium-term relief.

The purpose of reiterating these issues is not just to drive home a point. Understanding the seriousness of the challenge is central to thinking about the range and type of approaches that American officials might consider in response. It illuminates that there is no single measure or option that is likely to solve the problems that the United States and its allies confront, and doing so will likely require an array of responses just to mitigate those problems to a strategically acceptable degree. It underscores the need to think expansively about what those particular responses might be. Finally, it highlights the reality that there are relatively few cost-free measures that Washington and its allies can take so as to position themselves better in a more adverse context, so a willingness to consider difficult tradeoffs is imperative.

**Wring Greater Efficiencies from Existing Alliances**

One area in which such tradeoffs obtain is the search for greater efficiencies in existing alliances. As will be discussed subsequently, strengthening the military capabilities of U.S. alliances ultimately requires augmenting the resources that U.S. allies make available for defense. Yet it is also possible to get more out of these alliances by seeking greater efficiencies in the way that U.S. allies expend their available resources. To the extent that Washington can promote intra-alliance cooperation geared toward rationalizing multilateral defense efforts, it can help strengthen overall alliance capabilities within a resource-constrained environment.

The most opportune setting for such efforts is NATO, which boasts two key features—a high degree of institutionalization and habits of deep and longstanding multilateral cooperation—that are essential if those efforts are to succeed. At a relatively low level of ambition, NATO might coordinate greater sharing of defense reform and acquisition best-practices in view of the fact that America and many European allies have gained greater experience with initiatives meant to cut overhead and rationalize acquisitions in recent years.

More ambitiously, the United States might promote greater pooling and sharing of NATO defense resources. This approach could entail pooling resources in the development of defense capabilities, sharing access to capabilities already in existence, sharing the costs of activities ranging from operations to training and education, or collaborating in other programs aimed at producing defense-related synergies. At a still higher level of ambition, the United States might seek to push NATO further along the path of defense specialization. This approach would entail exploiting NATO’s high levels of internal cooperation and military interoperability to orient most allies away from full-spectrum capabilities and toward an emphasis on developing high-quality, specialized capabilities in areas where they boast significant expertise and comparative advantage. The goals of these initiatives—particularly pooling-and-sharing and specialization—would be to eliminate redundancies, achieve economies of scale, reduce single-nation costs for access to given capabilities, and allow countries to concentrate their military spending where it can have the greatest impact. The cumulative effect would be to stretch finite defense resources further than would otherwise be possible.

Efforts to achieve greater efficiencies have a long history within NATO and have received greater emphasis since the adoption of the Smart Defense Initiative in 2012. There are, moreover, both historical and more recent examples of useful initiatives in these areas. The longstanding arrangement to share operational costs for NATO Airborne Warning and Control System (AWACS) aircraft has generally proved its worth; the Strategic Airlift Capability Initiative, a 12-member consortium that
deployed C-17 transport aircraft that can be called upon by member nations on an as-needed basis, has likewise played an important role in facilitating operations in Afghanistan and Libya. With respect to specialization, the Baltic Air Policing initiative has allowed NATO’s relatively resource-poor Baltic members to opt out of high-cost efforts to develop their own air superiority capabilities and instead specialize in other areas. Other specialization projects are in prospect or underway in the areas of logistics, sustainment, and ISR.\(^{81}\)

Progress on such initiatives has so far been modest in the aggregate, however, and a critique common among NATO analysts is that efforts to date have simply picked low-hanging fruit.\(^{82}\) Nor is this surprising, because efforts to foster meaningful specialization or pooling-and-sharing face a number of inherent difficulties. Concerns about loss of national sovereignty, sensitivities about sharing crucial capabilities, fears that common capabilities may not be available to a particular nation in time of crisis, and the desire of countries like France to maintain the full-spectrum of capabilities necessary for unilateral action are all roadblocks. Additionally, defense rationalization efforts can create vulnerabilities as well as efficiencies. It risks removing redundancies that can be critical in large-scale or longer-term operations and leaving the entire alliance vulnerable to the unexpected defense cuts—or an unexpected decision not to participate in a given mission—of a single country.\(^{83}\) Given that NATO has increasingly taken an a la carte approach to intervention in recent years—some countries opt in, while others opt out—this is potentially a very serious problem. Finally, as critics of such endeavors have sometimes pointed out, the impact of efforts to rationalize NATO defense spending should not be oversold. Although initiatives such as specialization and pooling-and-sharing can create greater efficiencies and stretch defense resources, they cannot “easily make up for sustained drops in defense spending” or consistently inadequate levels of funding across an alliance.\(^{84}\)

These points notwithstanding, there are still two essential reasons to prioritize this approach in coming years. First, there is simply no good alternative to achieving greater rationalization of NATO defense efforts in light of the significant drops in both absolute and relative capabilities that the alliance has undergone, the significant geopolitical and military challenges the alliance faces, and the fact that existing efforts along these lines have so far alleviated the resulting pressure only very modestly. “We need to be thinking as an alliance about the potential advantage in specialization,” Deputy Secretary of Defense Robert Work noted in 2015. “We just can’t float along at the resource levels that the alliance is giving to defense right now.”\(^{85}\) This point will remain true even if resource levels increase somewhat in the coming years. Second, and related to this first point, the most plausible alternative to deliberate

\(^{81}\) A number of these initiatives are discussed in Daniel Goure, *NATO’s Last Chance: Invest its Scarce Resources Wisely or Accept Strategic Irrelevance* (Washington, DC: Lexington Institute, 2014); W. Bruce Weinrod, “Pooling and Sharing: The Effort to Enhance Allied Defense Capabilities,” in Schmitt, ed., *A Hard Look at Hard Power*; and Kington, “Russian Aggression Drives Increase in European Defense Spending.”


\(^{84}\) Larrabee et al., *NATO and the Challenges of Austerity*, p. xvi.

specialization is not members preserving capable, full-spectrum forces, but rather members simply narrowing their range of capabilities on an ad hoc, uncoordinated basis. Since 2008 (and even before) NATO members from the United Kingdom to Eastern Europe have eliminated entire swaths of capability—in effect, making the cuts that specialization requires. But they have done so largely in a unilateral fashion that forfeits the ability to offset reductions via greater rationalization and efficiency, and recent upticks in defense spending have not nearly compensated for earlier cuts. If NATO must live in reduced circumstances, at least in the near term, it might as well approach that challenge as systematically and cooperatively as possible.\textsuperscript{86}

There are numerous areas in which such work is possible. As one recent study has suggested, for instance, pooling-and-sharing could be extended so as better to incorporate the “development of a multinational cyber defense capability; creation of a multinational chemical, biological, radiological, and nuclear battalion with pooled equipment and training; establishment of a multinational aviation training center for helicopter pilots and ground crews; and [greater] pooling of allied, maritime patrol aircraft.”\textsuperscript{87} Other possibilities include further developing nascent cooperation among Eastern European countries, as with the June 2015 agreement between Bulgaria, Croatia, Hungary, and Slovenia to cooperate in developing special operations and aerial capabilities, as well as building on existing efforts at greater defense industrial cooperation by pairs of nations such as Germany and Poland, Germany and France, and France and the United Kingdom.\textsuperscript{88} Yet perhaps the best place to start would be the precursor activities that are needed to address extant obstacles to rationalization and set the basic conditions for success. These would include greater coordination of long-term defense planning, greater sharing of information on national procurement processes and acquisitions, efforts to work out arrangements for accessing common military assets during a crisis in advance, and a more detailed net assessment of NATO capabilities that would identify areas of duplication and highlight opportunities for specialization.\textsuperscript{89} To the extent that these precursor steps lay the groundwork for more intensive defense rationalization, they can help NATO make the most of its capabilities.

**Invest in Enablers**

The United States might also get the most out of its traditional allies by prioritizing investment in critical military enablers. Since the 1990s, America has derived significant benefits from its allies’ ability to mount expeditionary military operations. And while the entire range of military tools that produced that capability have been in decline in many cases, nowhere has allied weakness been more pronounced than in enablers. Shortfalls in critical enablers have hampered NATO operations from Afghanistan and Libya to Mali and the counter-ISIS campaign. Even America’s most capable European allies—France, Germany, and the United Kingdom—have become highly dependent on Washington to plug the yawning enabler gaps they now confront. Crucially, those gaps are not only threatening the

\textsuperscript{86} The point is concisely made by NATO itself. See “Smart Defence,” NATO, September 1, 2015, available at www.nato.int/cps/en/natohq/topics_84268.htm.

\textsuperscript{87} Weinrod, “Pooling and Sharing,” 292.

\textsuperscript{88} Kington, “Russian Aggression Drives Increase in European Defense Spending.”

\textsuperscript{89} Many of these issues are discussed in Daniel Goure, *NATO’s Last Chance: Invest its Scarce Resources Wisely or Accept Strategic Irrelevance* (Washington, DC: Lexington Institute, 2014).
allies’ ability to operate out-of-area; they are also threatening their ability to operate in an Article 5 context.\textsuperscript{90}

The ideal solution to this problem might be for the allies—especially in Europe—to invest more heavily in enablers as part of a broader recapitalization of their military forces, and it is certainly fair for U.S. officials to encourage such investment as part of efforts to spur greater allied defense spending. But even with modestly increased defense spending, there will remain limits to the ability of European countries to invest heavily in enablers without compromising other capabilities. Moreover, an insistence that U.S. allies be fully capable of operating independently would cut across a growing emphasis on specialization, and it would subvert the ethos that has long guided NATO. As one RAND Corporation report notes, “NATO is not, and never has been, designed to fight wars without the United States participating—in fact, the whole point of the Alliance originally was to tie U.S. and European defense together, making each indispensable to the other.”\textsuperscript{91} Indeed, the United States has always brought unique capabilities to NATO in its role as leader of the alliance—this is a core, designed feature of the institution.

With this in mind, Washington might work to minimize the military effects of its European allies’ decline by investing in the enablers that will maximize those allies’ capacity for meaningful military intervention, whether within Europe or elsewhere. By prioritizing investments in capabilities such as ISR, in-flight refueling, lift and logistics, electronic warfare, and SEAD, the United States can provide the critical pieces of the puzzle that allow allies to bring their capabilities to bear in contingency operations; it can also help those allies free up funds to make their own investments in other critical capabilities. In effect, dedicated U.S. investments in enablers can serve as an essential force-multiplier for allies under strain.

The U.S. military services have not traditionally made such investments in enablers (and particularly in enablers intended for multinational or coalition use) a key part of their force structures. Yet defense analysts have broached interesting ideas about what such an investment might look like. As Clark Murdock and Samuel Brannen have recommended, the Pentagon might emphasize strategy and force allocation decisions that “encourage services to keep ‘fenced’ more unique enablers on a Global Response Force-like basis.” It might also develop standing Concepts of Operations (CONOPS) “to quickly provide critical U.S. enablers such as regional access, logistics, C2 [command and control], . . . lift, [and] ISR” in times of crisis.\textsuperscript{92} Along the same lines, Washington might pursue more formalized arrangements through which it will provide enablers for counter-terrorism or stability operations in a specific area such as the Maghreb—a region in which allies like France have the political will and many of the tools needed to take the lead in combat missions, but have often required American support to initiate and sustain those missions.\textsuperscript{93} By developing such approaches and investing in the capabilities needed to support them, the United States can bolster traditional allies—and wring maximum military utility out of them.

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\textsuperscript{90} On these issues, see the discussion in the previous section and Goure, \textit{NATO’s Last Chance}, p.97.
\textsuperscript{93} On this point, see Larrabee et al., \textit{NATO and the Challenge of Austerity}, p. 105.
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Encourage More Cost-Effective Allied Defense Strategies

Getting maximum utility from U.S. allies does not simply mean enabling them to bring capabilities to bear in contingency operations. It also means—particularly in Asia—encouraging them to develop more cost-effective strategies and capabilities that will mitigate the decline in their relative positions. As discussed, a central problem for U.S. strategy is that key allies like Japan and Taiwan are increasingly outspent and outgunned by China. To compensate, the United States should push its allies to invest in tools and approaches that will achieve greater bang for the buck, thereby helping to sustain deterrence even as the resource balance shifts.

So far, there has been only limited progress in this direction. Despite some recent shifts in acquisition priorities, the Taiwanese military continues to place a premium on high-end conventional capabilities that fit within the legacy defense strategy of seeking to leverage superior technology to defeat Chinese invasion or coercion attempts at a distance. Similarly, although advances in Japanese power-projection capabilities are certainly a boon for the United States, Tokyo has not sufficiently accompanied these advances with the development of the more numerous (and less prestigious) capabilities needed to meet the Chinese threat in a conflict over the East China Sea. In sum, these U.S. allies have yet to really assemble the strategies and capabilities that might allow them to offset the growing quantitative mismatch and hold their own should conflict erupt.

One option for Washington to use U.S. leverage—in the form of diplomatic suasion, military-to-military ties, arms sales, foreign military financing, and other tools—to encourage these allies to place relatively greater emphasis on strategies that would employ more numerous, lower-end capabilities to impose higher costs on China in the event of war. In Japan’s case, this would likely mean establishing a Japanese variant of a robust A2/AD zone stretching across the Ryukyu Island chain, so as to constrain Chinese access to the East China Sea and “dim the prospects for rapid Chinese success on the battlefield.” In the face of a deteriorating numerical and technological balance, Tokyo would prioritize investment in submarines; naval mine-laying capabilities; “swarms of stealthy, speedy, missile-armed crafts;” and truck-mounted anti-ship and anti-aircraft missiles that could easily be concealed and deployed from the many islands that make up the Ryukyus. In coordination with other measures such as the dispersal and hardening of Japanese air bases, these relatively cheap measures would require comparatively expensive Chinese responses (such as minesweeping or the expenditure of large quantities of precision-guided munitions) to counter or suppress, thus tipping the cost-exchange ratio in Japan’s favor. As Toshi Yoshihara writes, “Abundant, survivable inexpensive weaponry... could coax China into exhausting more costly and scarce offensive weapons for more meager territorial gain and uncertain prospects of a breakthrough into Pacific waters.” There have, in fact, been some promising initial steps in this direction; in August 2016 Japan announced the development of a new mobile land-to-sea missile that would be used to defend Japanese-controlled features in the East China Sea.

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94 See the sources cited in footnotes 99, 100, and 101.
95 Yoshihara, Going Anti-Access at Sea; and Swaine et al., China’s Military and the U.S.—Japan Alliance in 2030.
Sea. Additional anti-aircraft missile batteries have also been deployed on East China Sea islands in recent years.97

A similar approach might strengthen the position of other U.S. allies and near-allies. In the case of the Philippines, for instance, an emphasis on acquiring cheap and plentiful A2/AD capabilities—from coastal anti-ship defenses to relatively inexpensive surface-to-air missiles—would help offset, even if only marginally, the overwhelming military imbalance that Manila faces versus Beijing.98

Taiwan stands to benefit even more from such a strategy. “More affordable, more effective, and less destabilizing means of defense against precision bombardment, invasion, and blockade are. . . available,” analyst William Murray has written. “But to take advantage of them, Taiwan must rethink its defense strategies.”99 Rather than continuing to prioritize top-shelf conventional capabilities so highly, such as major surface combatants, advanced attack submarines, and Patriot missiles, Taiwan might give greater emphasis to investments in fast missile boats, midget submarines, mobile anti-ship and anti-aircraft missiles, naval mine-laying capabilities, and other relatively low-cost capabilities—ones that could inflict considerable damage on an approaching enemy force and require expensive, prolonged Chinese efforts to suppress. The goal here would be to complicate Chinese efforts to establish the maritime and aerial supremacy needed to stage an invasion of Taiwan; should Chinese forces nonetheless make it ashore, Taiwanese land forces would rely on land mines, guerrilla warfare, and other protraction and cost-imposing strategies. By raising the price and extending the timeline of a prospective Chinese invasion, analysts at the Center for Strategic and Budgetary Assessments have argued that Taiwan might improve its chances of survival in the event of invasion while decreasing the chances that such a conflict would even occur. “The conventional military gap between Taipei and Beijing has grown so wide and is projected to continue widening at such a pace for the foreseeable future that Taiwan can no longer hope to prevail in any remotely symmetrical form of warfare;” asymmetrical approaches are thus imperative.100

Admittedly, such defense strategies are not without their own risks and dilemmas, and they need to be seen as complements to—rather than replacements for—other approaches. Taiwan cannot invest wholly in a “porcupine” strategy, for instance, for this strategy would leave it deprived of the capabilities needed to respond to coercion short of invasion and keep any conflict with China as far away from high density population centers as possible. Likewise, Japan must not simply forsake power-projection capabilities in favor of a “defensive crouch,” because higher-end, power-projection capabilities such as multirole destroyers and high performance aircraft are, as Yoshihara acknowledges, “the very tools that a normalizing Japan needs to fulfill its global responsibilities

commensurate with its economic prowess.” Ideally, then, these changes should be made in concert with an expansion of overall defense spending—which, as discussed subsequently, represents another change the United States must work to promote. If this is not possible, then these countries’ abilities to invest in new approaches to defense would be more limited, and a keen sense of balance would be needed in pursuing them. Yet, given that the consequences of not enabling more resource-efficient defense strategies vis-à-vis China are so unattractive (and potentially costly for Washington), it may be worth using what influence America possesses to encourage such a shift, even if it is possible only at the margins.

**Emphasize Agility**

Encouraging allies to invest in more cost-effective strategies is one way of strengthening deterrence amid shifting regional military balances. There are also other things that Washington and its allies can do to produce the same effect. Focusing primarily on steps that can be taken without major infusions of new resources, one important possibility would be to emphasize initiatives that help offset adverse military shifts by improving the agility with which U.S.-led alliances can respond to threats and crises.

Agility, or rather the lack thereof, has always been an issue for American-led alliances. Alliances that are truly consultative in nature and made up largely or entirely of democratic states tend to move more slowly than do authoritarian rivals and the coalitions they lead. And as regional military balances become less favorable to U.S. allies, this problem is assuming greater salience. In areas such as the Baltic region, the Taiwan Strait, or the South or East China Seas, U.S. allies can no longer have great confidence that they would be able to weather a conflict with Russia or China long enough for help to arrive. Instead, they now face the prospect of a fait accompli that, once established, would seem prohibitively costly for Washington and other allies to reverse. Strengthening the agility of American alliances—the ability to act decisively under potentially severe time pressures—is thus central to reinforcing deterrence and reassurance as regional equilibria change.

There are a variety of moves that the United States and its allies could make in this respect. The permanent stationing of survivable U.S. or other allied forces in vulnerable areas like Eastern Europe or the Baltics could reduce the prospect of a successful fait accompli and enable quicker responses to Russian aggression. The Enhanced Forward Presence initiative undertaken by NATO in 2016 represents a good start in this regard. As defense analysts have emphasized, however, what is essential is the deployment of truly survivable forces that are sufficient to deny Russia a rapid victory and confront it with the prospect of a long war against NATO. Such a deployment might not be prohibitive in financial terms; one recent report estimated that stationing a force “of about seven brigades, including three heavy armored brigades—adequately supported by airpower, land-based fires, and

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102 This is one of the points emphasized in A. Wess Mitchell, “The Case for Deterrence by Denial,” *The American Interest*, August 12, 2015.
other enablers on the ground and ready to fight at the onset of hostilities,” would cost around $2.7 billion annually.103

Similarly, the Supreme Allied Commander Europe (SACEUR) could be given pre-delegated authority to deploy the Very High Readiness Joint Task Force (VJTF) and begin tapping critical equipment caches once a crisis begins—without seeking further approval from national governments as represented in the North Atlantic Council.104 The alliance could also shorten the elaborate decision-making process required for action in a crisis, by compressing procedures that are currently separate (such as reaching an agreement to approve military plans and generate forces and reaching a subsequent agreement to deploy those forces) into a smaller number of steps. These measures could build upon recent efforts to streamline NATO procedures by improving advanced planning. Such steps are not to be taken lightly, for many of them would require NATO members to surrender additional sovereignty.105 But it is worth remembering that the alliance operated on something far closer to a tripwire basis during the Cold War, and that the situation today—in which NATO does not have large numbers of troops in the areas of likely aggression, as it did during the Cold War—places a high premium on being able to generate and move additional forces rapidly. And given the extent to which agility is again becoming a necessity in strengthening reassurance and deterrence, the advantages of being postured to move quickly outweigh the disadvantages.

The same is true for an additional initiative that would be useful in both the European and East Asian contexts: developing a greater ability to execute no-notice or short-notice military exercises. Significant U.S. and allied military exercises can take months or even years to plan; China and particularly Russia seem to be able to execute major snap exercises with little to no warning. Closing this gap is no easy feat for a variety of structural reasons, such as the nature of U.S. and allied political systems and the inherent difficulties of coalition decision-making. But shrinking the timeline for both unilateral and joint exercises, perhaps by compressing the logistical buildup prior to such exercises, should be possible. In view of the growing strategic premium on agility, efforts to demonstrate—to all parties—that it is possible for Washington and its allies to move rapidly in the event of crisis are worth prioritizing in years ahead.

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103 Shlapak and Johnson, Reinforcing Deterrence on NATO’s Eastern Flank, pp. 1–2; and Elbridge Colby and Jonathan Solomon, “Facing Russia: Conventional Defence and Deterrence in Europe,” Survival 57, no. 6, 2015.

104 At present, SACEUR has authority “to alert, stage and prepare our troops to be ready to go once the political decision is made.” (Italics added for emphasis.) See Jens Stoltenberg, NATO Secretary General, Press Conference, June 24, 2015, available at http://www.nato.int/cps/en/natohq/opinions_120967.htm?selectedLocale=en.

Develop New Approaches for Motivating Low-Spending Allies

Seeking greater efficiencies, emphasizing agility, and developing more cost-effective ways of reinforcing deterrence and reassurance is all to the good. But as Bernard Brodie once wrote, “Strategy wears a dollar sign,” and the fact is that far too many U.S. allies—including some of the richest countries in the world—have allowed their relative and absolute military capabilities to erode because they have chosen to underspend significantly on defense.106 This is certainly true in NATO, where only 5 of 28 countries met or exceeded the alliance target of 2 percent of GDP in 2016. The trends are moving in the right direction in the aftermath of Russian provocations in Ukraine and the Baltics—many countries now have plans for increasing defense spending, even up to 2 percent. But outside of Eastern Europe, the positive trends have mostly been quite modest so far.107 The same basic point holds in East Asia, where—to give just one example—Taiwan’s military spending as a percentage of GDP has reached historic lows (around 1.9 percent in 2015), even as the challenge from China has grown continually more acute. Getting America’s allies to spend proportionally more on defense or accelerate and enhance proposed increases in spending is thus a key imperative of any strategy meant to address the challenges posed by those allies’ relative decline.

Given that Washington has been hectoring its allies to spend more on defense for roughly as long as it has had allies, this may seem like a quixotic quest. Yet such fatalism is not entirely warranted, for American pressure and persuasion can have an impact on allies’ spending, even if only at the margins. In the case of the United Kingdom, for instance, consistent U.S. messaging that dipping below spending 2 percent of GDP on defense would cause a significant diminution of London’s already reduced influence in Washington seems to have played a key part in the Cameron government’s surprise decision in mid-2015 to keep outlays above that threshold. “We understand how important and iconic the 2 percent is to the Americans,” one British defense official had earlier acknowledged.108 U.S. engagement has similarly helped improve the trajectory of Baltic and broader European defense spending over the past two years, and the desire for closer relations with Washington is one factor that has pushed Japan to revise its defense posture and improve its capabilities in recent years.109 In other instances, American pressure has given advocates of robust defense spending—whether in Europe or in Asia—a weapon to use in domestic debates on that subject. Although the effect of American diplomacy

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106 Bernard Brodie, *Strategy in the Missile Age* (Santa Monica, CA: RAND Corporation, 1959), p. 358. The word “chosen” is used deliberately here. Yes, many European allies have faced severe budgetary crunches in recent years, exerting significant downward pressure on defense. Yet how countries allocate available resources is ultimately a function of political choice as much as it is a function of economic imperatives, and the fact is that many of these countries have chosen to put other priorities ahead of defense for decades. Their ability to do more on defense is constrained less by economic weakness—although that has been a problem in recent years—than by an unwillingness to make greater cuts or tradeoffs in other areas.


has not been dramatic in any of these cases, admittedly, in many of them, it has been fairly constructive.

Because the current state of affairs still leaves so much to be desired, it is necessary to develop additional ways of giving U.S. allies incentives to do more. One useful measure here—discussed in more detail subsequently—is to “hug” those allies showing some dynamism in their defense postures, thereby more explicitly linking the prestige and other benefits of being a top-tier U.S. ally to a country’s degree of contribution to American security objectives. Poland, for instance—which meets NATO’s 2 percent threshold and has contributed to a number of expeditionary interventions over the past 15 years—could be a good candidate for such treatment.

Another more specific possibility might be opening the position of SACEUR to European candidates while retaining a U.S. veto in the selection process. The idea behind such a change would be to hold out the possibility that reliable allies might have one of their officers selected for NATO’s most prestigious and powerful position, thereby fostering a sort of virtuous competition for “reliable ally” status. There are, certainly, legal and other issues that would have to be addressed to make such a change possible, but if the United States seeks to motivate greater military outlays from reluctant allies, then those issues might be worth confronting. Additionally, if the United States sought to mix positive incentives with a somewhat harder-edged approach to alliance politics, it might make explicit statements to the effect that additional U.S. military presence in any key country or region must be linked to greater contributions from local partners. There is relevant historical precedent for such an approach. To give one example, the initial U.S. decision to send several divisions of troops to Europe in 1950 was conditioned on the allies’ agreement (in principle) to increase the European contribution to NATO’s defense by permitting German rearmament.

As this example demonstrates, pressure does have its role in generating greater allied contributions, and the United States has not been above using fairly bare-knuckled tactics in the past. If one were looking to replicate such tactics today, one further possibility might be to consider modest steps to sanction allies that consistently fall below a given military spending threshold—NATO’s 2 percent marker, for instance. This might include measures such as excluding those allies from certain military exercises. At the most extreme end of the spectrum, Washington might privately and discreetly make clear to some of its most geographically exposed and underperforming allies, such as Taiwan, that U.S. defense commitments will be hard to sustain over time absent firm and well-defined programs for strengthening their own defenses.

In considering such pressure tactics, however, some cautionary notes need to be sounded. First, following through on such threats could be counterproductive—which means that making them may be unwise in the first place. Excluding a delinquent spender from a NATO exercise could cause sharp

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111 One limitation to this approach is that it would only really be credible if the threat were made against an exposed, frontline state. Threatening to throw Luxembourg out of NATO, for instance, might not have much effect because NATO must protect Luxembourg, for reasons of geography, in order to protect the rest of Europe.
tensions within the alliance, corroding interoperability and readiness all the more. Likewise, explicitly putting the U.S. defense commitment on the line would be an extremely hard-nosed move that might alienate allies (and not just those that were on the receiving end of the threat) and put Washington in the position of issuing an ultimatum that it would be very painful and potentially self-defeating to carry out.

Second, although the United States has sometimes used pressure tactics to good effect, those pressure tactics have generally worked best when part of a campaign of reassurance that includes putting more U.S. “skin in the game” by increasing the American commitment to the allies’ defense. This was true of the Lisbon program for increasing NATO military spending during the early 1950s, for instance, or the NATO long-term defense program of the Carter-Reagan years. When Japan expanded its defense horizons during the early 1980s, this positive change also came in the context of increased American efforts to contain and push back against Soviet influence. Carrots and sticks generally go best together, in other words, and relying too heavily on the latter can be a dangerous approach.

**Hug the Dynamic Allies—and Ask More of Them**

The idea of promoting greater activism within U.S. alliances is tied to another recommendation, which is to prioritize relationships with—and seek more from—those allies with promising trajectories. If the general theme of decline has been pronounced within U.S. alliances over the past 20 years, this is not universally the case. Some U.S. allies have increased their share of world GDP and military spending during the post-Cold War era; others have at least modified their defense and security postures in ways that contribute to American strategic interests. There are, in other words, pockets of progress and dynamism among U.S. allies. Those pockets create opportunities to forge deeper and more productive relationships, to reward and reinforce positive geopolitical trends, and to obtain additional assistance in strengthening regional security architectures and addressing pressing global problems.

Such opportunities exist in Europe. Here, Eastern European countries such as Poland have emerged as increasingly important security partners for the United States, while France has—despite significant military cuts—demonstrated a commitment to expeditionary counter-terrorism operations that seems likely to tighten the bilateral relationship with Washington in the years ahead. Given the extent to which the world’s center of military and economic gravity is shifting from West to East, however, it may be that the more consequential opportunities to identify and hug dynamic allies are to be found not in Europe, but in East Asia.

Australia is one obvious candidate. Like nearly every U.S. ally, Canberra has had to face defense austerity in recent years. Yet Australia remains a critical and indispensable ally, serving as both a

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113 See Tsuyoshi Hasegawa, “The Soviet Factor in U.S.–Japanese Defense Cooperation, 1978–1985,” *Journal of Cold War Studies* 15, no. 2, Spring 2013. The Soviet threat was also essential to eliciting greater allied defense efforts in all of these instances. But U.S. allies were more likely to respond to threats in helpful ways when Washington was also reassuring them and increasing its own efforts.

114 There are also possibilities in this regard vis-à-vis the Baltic states, which are dramatically ramping up defense spending, although limited capabilities do restrict what can be achieved with these countries. On rising Baltic defense spending, see (as one example) Jaroslaw Adamowski, “Lithuania to Acquire Javelin Missiles, Hikes Defense Spending,” *Defense News*, December 22, 2015.
“gateway to the Indo-Pacific” and a source of strategic depth for the U.S. position in the region.115 Moreover, its overall post-Cold War trajectory (in both economic and military terms) remains positive, and Canberra has reaffirmed its commitment to robust defense expenditures and a broader security role. Building on an initiative undertaken by its predecessor, the Turnbull government has pledged to raise defense spending to 2 percent of GDP by 2023, and Canberra has acquired or is acquiring advanced power-projection capabilities such as F-35As, EA-18Gs, P-8As, air-warfare destroyers, attack submarines, and new amphibious craft. The Australian military is increasing its interoperability with U.S. forces and assuming a larger collaborative role in areas such as cyber warfare, intelligence collection, and ballistic missile early warning. Moreover, Australia has been one of the more active contributors to the counter-ISIS campaign, and it has roughly doubled (to 2,500) the number of U.S. troops it is willing to host.116 Finally, even though Australian officials remain wary of being caught in a clash between Washington and Beijing, they increasingly recognize the threat that Chinese expansionism in the South China Sea and elsewhere poses to the existing regional order. In short, Canberra is becoming a more important and assertive player located in an increasingly important part of the world.117

These advances offer Washington a chance to highlight and laud progress where it has occurred and further leverage Australian desires for a deepened bilateral relationship to reinforce this progress. The United States, for instance, might encourage Canberra to take a more active role in the South China Sea by increasing its participation in patrols, exercises, or even Freedom of Navigation operations, as well as by cooperating more closely on plans to impose increased costs on China should its South China Sea offensive continue.118 It could work to achieve greater Australian support for U.S. submarine operations in the Indo-Pacific, including the use of key ports on Australia’s Western coast. It might even encourage Australia to participate in quietly drawing up joint plans to support or participate in a distant blockade of China in the event of conflict, or to contest Chinese attempts to control key Southeast Asian waterways such as the Indonesian straits, should conflict erupt in the region.119 Washington might also support the further development of Australian defense relations with countries such as Vietnam or Malaysia that sometimes find it easier to cooperate with U.S. allies than with the

116 This figure assumes that ongoing cost-sharing issues regarding additional deployments can be negotiated.
118 The need for such measures is a principal theme of Ross Babbage, Countering China’s Adventurism in the South China Sea: Strategy Options for the Trump Administration (Washington, DC: Center for Strategic and Budgetary Assessments, 2016).
119 Australia has already been moving toward stepping up aerial patrols of the South China Sea. On these issues, see also Ben Schreer, “Strategic Posture Review: Australia,” World Politics Review, November 26, 2013; Shearer, “Australian Defense in the Era of Austerity”; and Thomas, Cooper, and Rehman, Gateway to the Indo–Pacific.
United States itself. It might find additional opportunities to encourage (as it currently does) greater defense industrial cooperation with U.S. allies such as Japan.\footnote{See, for instance, Michael Green and Andrew Shearer, “Mr. Turnbull Goes to Washington,” The National Interest, January 17, 2016. The Australian decision to purchase French rather than Japanese submarines in early 2016 represented a blow to such aspirations, but there are likely to be more such opportunities in the future.}

As discussed in greater detail below, both of these lines of effort would be useful in developing a more multilateral Asia that is better suited to resisting Chinese expansionism. (See the subsection below on this issue.) Additionally, the United States can look for opportunities to deepen bilateral engagement with Canberra via additional rotations of forces through Australia and greater joint training with the Australian military. Finally, it can seek to continue building the high-visibility dimensions (such as AUSMIN meetings and other high-level dialogues) of a relationship that is already fairly well institutionalized in areas such as military-to-military and intelligence cooperation. Doing so will signal—both to Australian leaders and others—the increasing value of the relationship to Washington; it may be helpful in identifying still other opportunities to augment the partnership.\footnote{Some of these issues are discussed in Prashanth Parameswaran, “U.S., Australia Should Boost Defense Ties Amid China’s Rise: Ex-Defense Official,” The Diplomat, December 11, 2015.}

Another opportunity for engagement is the U.S. relationship with Japan. That country does not obviously fit the definition of “dynamic.” Its economic stagnation means that it has been losing ground in relative terms for a quarter century, and that decline is largely responsible for the eroding collective position of U.S. allies in Asia. Yet Tokyo has been quite dynamic in other ways. In the defense realm, it has made numerous positive changes, such as taking a more forward-leaning approach to security challenges in East Asia and beyond and investing in a range of advanced naval and air capabilities from new submarines to helicopter carriers to multirole destroyers. Moreover, as Japan has become increasingly sensitive to the growing threat posed by China, its government has become more willing to expand its defense horizons, both in the interest of regional stability and in hopes of tightening a U.S.-Japan relationship that now seems more important than at any time in recent decades. Prime Minister Shinzo Abe has remarked that Japan must “shoulder more responsibility,” and his government is showing strong interest in upholding freedom of navigation in the South China Sea and East China Sea, achieving greater interoperability with U.S. forces, and establishing stronger ties with U.S. allies and other countries in East Asia.\footnote{Shinzo Abe, “Asia’s Democratic Security Diamond,” Project Syndicate, December 27, 2012. See also Justin McCurry, “Japan Reveals Record Defence Budget as Tensions with China Grow,” The Guardian, January 14, 2015; Tim Kelly and Nobuhiro Kubo, “Exclusive: Japan’s Far-Flung Island Defense Plan Seeks to Turn Tables on China,” Reuters, December 18, 2015; “ Fooling Up: Japan’s Military Spending,” The Economist, September 1, 2014; and “Japan Wades Further Into the South China Sea Dispute,” Stratfor, January 12, 2016.} In early 2017, for instance, Abe concluded an agreement to provide Vietnam with six new maritime patrol boats, clearly part of an effort to enable stronger regional resistance to Chinese assertiveness.\footnote{Mai Nguyen and My Pham, “Japan Pledges Boats to China as Dispute Simmers,” Reuters, January 16, 2017.}

These are tendencies that the United States can profitably encourage by lending the Abe government political and diplomatic support as it seeks to alter Japan’s defense posture and by working to shape Tokyo’s engagement in key areas. News reports indicate, for instance, that Tokyo might be induced
either to participate in or support U.S. Freedom of Navigation operations in the South China Sea at some point in the future or—at the very least—to increase its naval presence through additional deployments and patrols.124 Japan could also reinforce DoD’s Southeast Asia Maritime Security Initiative by taking complementary actions to develop defense and military ties with South China Sea littoral states and other regional partners. In these regards, recent Japanese legal reforms have made enhanced intelligence sharing between Washington and Tokyo possible, something that might well prove useful in enabling expanded bilateral initiatives. Tokyo is clearly looking to increase its regional role at a time when the region is showing unprecedented receptivity to greater Japanese assertiveness.125 The United States should seize the opportunity to support these inclinations and steer Tokyo’s engagement into areas where it can have the greatest and most constructive impact.

Indeed, from a broad, strategic perspective, taking steps to hug the dynamic allies can offer a variety of benefits. First, and most obviously, these efforts can be useful in bringing additional allied energies to bear on key security challenges and—as touched on below—facilitating the web of interlocking geopolitical partnerships that the United States should seek to cultivate in Asia. Second, because countries such as Japan and Australia—as well as a host of other key U.S. partners—value the prestige that comes with being identified as a top U.S. ally, hugging these countries can be a way of strengthening positive tendencies and helpful leaders. Third, and not least of all, steps that the United States takes to reward its more dynamic allies also cut an implicit contrast to its relations with allies that are showing less dynamism, sending the message that the closeness of U.S. relationships with its key partners hinges significantly on how much those partners contribute to American security objectives. In the current geopolitical context, sending that signal is eminently worthwhile.

Seek a More Multilateral Asia

The idea of hugging dynamic U.S. allies in Asia is related to another recommendation, which is to seek an Asia that is more interconnected and multilateral in terms of its security relationships. In Europe, one of the great strengths of NATO over the years has been that the multilateral, deeply institutionalized nature of the alliance promotes strong cooperation not just between the allies and the United States, but between individual allies and groups of allies as well. One of the historical limitations of the U.S. alliance system in Asia, by contrast, has been that the hub-and-spoke model of that system has not fostered nearly as high a degree of multilateral cooperation. In the current context, promoting a more multilateral Asia—one characterized by a denser and more extensive web of relationships linking U.S. allies as well as non-allies—represents a way of strengthening regional security at a time of geopolitical flux.126

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126 To be clear, use of the word “multilateral” does not imply that all relationships in the region must be multilateral in nature. It simply means that it will be beneficial to complement the largely bilateral U.S. alliance structure with additional relationships that connect U.S. allies with each other, as well as with non-allies in the region.
There are, certainly, good reasons why the hub-and-spoke system has persisted for decades, as well as why a denser web of multilateral cooperation has been slower to take shape, in Asia. As Victor Cha has noted, the hub-and-spoke system originally allowed Washington to maximize its own power within a given alliance and exert greater control over unruly and potentially dangerous allies such as Taiwan’s Chiang Kai-Shek. Additionally, the more diffuse geography of East Asia meant that U.S. allies in that region were never all truly in the same boat in the way that its European allies were, and thus militated against the formation of a stronger regional community. These factors allowed longstanding historical tensions (between Japan and South Korea, for instance) to linger to a greater degree than was the case in Europe; in some cases, those tensions continue to stand in the way of greater cooperation between key U.S. allies and partners.

The past still casts a long shadow in the Asia-Pacific, but the overall situation in that region is now changing quite rapidly. In recent decades, the development of regional institutions—namely ASEAN, the Association of Southeast Asian Nations—has created a framework more conducive to multilateral coordination involving U.S. allies and non-allies alike. Moreover, the rise and growing assertiveness of China have lately pushed numerous states in the region to seek strength in numbers. Military and diplomatic ties between China’s rival claimants in the South China Sea are proliferating, with countries such as Vietnam and the Philippines building nascent partnerships. Among the region’s larger powers, countries such as India, Australia, and Japan are developing tighter security relations among themselves; they are also deepening military, defense industrial, diplomatic, and economic cooperation via a host of bilateral and trilateral relationships with other countries. In short, although the hub-and-spoke model of U.S. alliance relations remains, the region is starting to become far more interlinked and integrated in the face of China’s rise.

The United States is already supporting this trend, by helping to forge overlapping trilateral and quadrilateral relationships between itself, India, Australia, and Japan; by increasingly investing in ASEAN as an institution; and by touting the prospect of a “principled and inclusive regional security network” consisting of traditional allies and newer partners alike. Looking ahead, this policy of seeking a more multilateral Asia should be continued and developed so as to encourage additional integration and deepen the multilateral linkages that already exist.

The execution of the Southeast Asia Maritime Security Initiative is an important step in the right direction. This program focuses on building shared maritime domain awareness among the South

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China Sea littoral states, a step that will strengthen these states’ individual capabilities while simultaneously linking them closer together. There are also other opportunities to pursue this agenda: by establishing additional trilateral relationships (between Washington, Jakarta, and Tokyo or between Washington, Canberra, and Jakarta, for example); by regularizing existing multilateral engagements; by continuing to multilateralize existing bilateral military exercises; by utilizing relatively non-sensitive activities such as disaster relief and counter-piracy as building blocks for new relationships; and not least by leveraging Washington’s role as security provider to nudge traditional enemies like Japan and South Korea to work past the past. \(^{131}\)

Indeed, the United States can often use its unique role in the region to act as a broker and pivot of key multilateral relationships involving U.S. allies and/or partners and focus those relationships not on persistent bilateral irritants but on shared security challenges. In other cases, Washington can best remain in the background, quietly encouraging relationships—like that between Vietnam and the Philippines, Vietnam and Japan, or Vietnam and Australia—in which it is not formally represented. This type of cooperation represents a sort of indirect route for U.S.-Vietnam engagement. It allows Hanoi to draw closer to the United States and its key partners and allies (and thus complements direct U.S.-Vietnam ties such as the lifting of remaining restrictions on lethal arms sales in 2016) without antagonizing China as sharply as more direct interactions with Washington might.

To be clear, the United States should not expect that efforts to develop a more multilateral region will result in the creation of some sort of Asian NATO. Yet this approach can have a variety of strategically beneficial effects. It can foster a regional context in which mutually reinforcing political and security ties are more common, thereby strengthening the overall capability—and will—of the region to resist Chinese expansionism. It can dim Beijing’s hopes that it might be possible to divide and conquer weaker nations—either diplomatically or militarily—in disputes involving the South China Sea. Not least, it can lay the foundation for even greater cooperation—sometimes involving the United States, and sometimes not—in years to come. At a time when the traditional U.S. mission of providing security and stability in the Asia-Pacific is becoming more difficult, these benefits are not to be discounted.

**Diversify Partnerships and Court Key Swing States**

The idea of developing more extensive webs of security ties is linked to an even more fundamental strategic imperative, which is that of diversifying American partnerships and courting key international “swing states.” \(^{132}\) America’s traditional allies may collectively be in relative decline, but that hardly means that all global influence and dynamism are flowing to U.S. rivals. Over the past 20 years, economic and military power has also flowed to a range of formally non-aligned states, some of which are already quite closely tied to the United States, as well as others that are more substantively non-aligned yet willing to pursue greater cooperation with Washington. Diversifying America’s key international partnerships by courting states that are poised to play pivotal roles in either a regional or

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a broader global context can help the United States compensate for its traditional allies’ travails and exploit the more advantageous aspects of a shifting geopolitical balance.

A primary virtue of this approach is that it plays to what is a unique American strength—the fact that Washington is far better positioned than any other power to create new partnerships and deepen nascent ones. America boasts unmatched experience in forming and leading international coalitions, and its great power tends to be seen as more benign than dangerous by most countries. The United States occupies a position of geopolitical centrality that gives it an unrivaled breadth of international contacts, and it possesses diverse sources of power that provide numerous options for engaging other actors. These assets are all points of tremendous comparative advantage for Washington vis-à-vis U.S. competitors. Moreover, efforts by Russia and China (or other revisionist powers such as Iran) to gain greater influence can make the United States a more attractive partner to non-traditional interlocutors, by reinforcing the need for those interlocutors to develop new security relationships as a way of offsetting the pressure being exerted by revisionist regional powers.

And in fairness, the United States has pursued this basic approach fairly diligently in recent years. Washington has cultivated a growing strategic and defense partnership with India and sought—with varying degrees of success—to develop greater cooperation with other key swing states like Indonesia and Brazil. It has forged issue-specific partnerships such as the Proliferation Security Initiative and the Global Coalition to Counter ISIS, which have brought together an array of allies and non-allies. It has developed deeper relationships with new security exporters like Colombia and the UAE and worked to empower such countries to take a more prominent role in meeting regional threats. Finally, the United States has significantly diversified its relationships in key regions like East Asia, complementing its existing alliance ties with emerging partnerships with countries such as Vietnam, Singapore, and Indonesia. The intimacy and parameters of these relationships have varied considerably, but all have addressed important regional or global security issues, and all have helped begin the process of adjusting U.S. statecraft to an era in which America’s traditional allies are no longer so powerful. Continuing to develop and expand such partnerships will thus be a central imperative.

There is certainly no shortage of opportunities to do so in the years ahead. In U.S.-Brazil relations, there are new openings for developing defense industrial ties, cooperating on major military exercises, and promoting stability in areas like West Africa. In U.S.-Colombia relations, there are opportunities to help Bogota further develop the capabilities that have allowed it to act as a security exporter to other countries in Latin America and beyond, as well as to play matchmaker with countries that desire Colombian expertise but find it politically more palatable to have the United States broker the

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133 This theme is stressed in Anne-Marie Slaughter, “A Grand Strategy of Network Centrality,” in Fontaine and Lord, eds., America’s Path.


135 Some of the basic ideas behind these initiatives are referenced in the 2006, 2010, and 2015 versions of the National Security Strategy of the United States.
relationship.\textsuperscript{136} As the Colombian military transitions away from counter-insurgency following its half-century civil war, there may also be opportunities to deepen interoperability in other areas and help Colombia become a more globally oriented actor. In the South China Sea, there are myriad opportunities to develop habits of cooperation through efforts to build capacity in the maritime security realm and draw key countries such as Malaysia (and perhaps eventually Indonesia) closer to the United States.\textsuperscript{137} In the Middle East, the generalized crisis of stability in that region presents new possibilities for U.S.-GCC collaboration to address threats ranging from ISIS to Iran. It provides an opportunity, particularly, to deepen U.S. relations with the UAE, which has proven itself to be, perhaps, the most capable friendly military actor in the Persian Gulf.\textsuperscript{138}

Given this broad range of possibilities, a full discussion of how the United States might seek to diversify its partnerships and strengthen ties with non-aligned swing states is beyond the scope of this paper. What can briefly be noted here are three key points that might orient U.S. efforts.

First, the U.S.-India relationship should represent the keystone of any program of diversifying America’s strategic relationships and receive priority as such. India is not just a regional power; it is potentially a key global power. India’s growing economic and military clout, its investment in a range of advanced power-projection capabilities such as aircraft carriers and ballistic missile submarines, its potential utility to the United States in a long-term strategic competition with China, and its ability to play an important and constructive role in areas stretching from Africa to the Western Pacific make India’s geopolitical orientation crucial to the course of international affairs in coming decades.

Moreover, although the pace of U.S.-Indian relations has been far less torrid than many observers (probably unrealistically) hoped following the breakthroughs of 2005–2006, there has been progress on increased defense and defense industrial cooperation in recent years. There are also realistic, near- and medium-term possibilities for further movement on these and other fronts. Expanding defense industrial cooperation and military exercises as anchors of the budding relationship, encouraging greater cooperation between India and key U.S. allies such as Australia and Japan, collaborating to counter the growth of Chinese influence in Africa and elsewhere along the Indian Ocean littoral, and eliciting greater Indian activism in support of an open maritime order in Southeast Asia are all options.

Looking further ahead, the United States may even find opportunities to cultivate and strengthen India as a land power on China’s Western frontier in order to divert Chinese military resources from the Western Pacific. To be clear, India’s tradition of non-alignment remains strong and will impose limits on any partnership with Washington. Yet it should be possible to make incremental progress in areas

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\textsuperscript{136} The matchmaker concept is derived from conversations the author had with SOUTHCOM (U.S. Southern Command) officials in 2014; it is also briefly referenced in Hal Brands, “Not Critical, but Contested: Assessing the State of U.S. Influence in Latin America,” a paper prepared for the U.S. Southern Command Policy Roundtable Series, March 2014.

\textsuperscript{137} Unfortunately, one of the best extant opportunities to do so was through enactment of the TPP, from which the Trump administration withdrew shortly after taking office.

\textsuperscript{138} For an earlier proposal of how U.S. alliances and partnerships might adapt to address transnational security challenges emanating from the Middle East, see Evan Braden Montgomery, Reshaping America’s Alliances for the Long Haul (Washington, DC: Center for Strategic and Budgetary Assessments, 2009), pp. 21–35.
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where U.S. and Indian interests are most congruent, perhaps developing patterns of cooperation that will become more pronounced over time.139

Second, and looking beyond U.S.-Indian relations, American policymakers should keep in mind that a shifting global threat environment poses possibilities as well as perils. The emergence of threats that are often much different than those confronted when America’s core alliances were created during the Cold War will certainly test the resiliency and utility of those alliances in the coming decades. Yet those threats will also highlight the potential for, and imperative of, cooperation between Washington and a range of non-traditional security partners around the world. Crises, then, can be leveraged to create new relationships that may ultimately outlive the initial impetus for collaboration, just as NATO outlived the Cold War. If viewed opportunistically, they can serve as the building blocks for a diversified portfolio of strategic partnerships.

Third, although the necessities of building new relationships and courting new partners will vary significantly by case, American policymakers will generally need to be patient, flexible, and farsighted in pursuing these ends. In many cases, they would do well to conceive of nascent partnerships as “joint ventures” that focus “on a slate of shared pursuits on which interests converge”—be they counter-terrorism, maritime security, or the need to counter disruptive regional powers like Venezuela, Iran, or China—rather than as proto-alliances in the making.140 They will need to understand that dramatic breakthroughs will probably be the exception rather than the rule, and that gradual gains are eminently worth seeking. U.S. officials will need to be mindful that many of these partnerships may require ethically distasteful compromises—on human rights and democracy in dealing with interlocutors such as Vietnam and the UAE, for instance—and that a degree of pragmatic flexibility is crucial. Not least of all, American officials would be well advised to keep the big picture in view—to remember that developing new partnerships is essential not just in addressing discrete issues, but in constructing the broader and more varied architecture of relationships that can provide the United States with greater geopolitical options in the future and collectively mitigate the strategic effects of more traditional allies’ relative decline. To the extent that American statecraft can achieve this mixture of patience, flexibility, and vision, it can perhaps make the most of global change and position the country more advantageously for the long run.


140 The “joint venture” concept is borrowed from Kaye, Nye, and Ayres, Working with a Rising India.
Don’t Forget Economic Statecraft—Align Trade with Geopolitics

Most of the policy concepts advocated here are political-military in nature. That is largely because it is more difficult to address (on any near- or even medium-term timeline) the economic roots of allies’ relative decline and because many of the initiatives that might have this effect are essentially the province of domestic economic policy among U.S. allies. There are, however, some alliance-management steps that Washington could plausibly take in this regard. One possibility worth exploring would be that of adopting an international economic agenda that seeks to align trade more closely with geopolitics. In this scenario, Washington would not actively undercut the existing global trade architecture that has served its and its allies’ interests so well, nor would it take steps leading to an outright trade war with competitors such as China. Such an approach would hurt the United States economically and weaken U.S. alliances by alienating America’s allies. It would, however, focus henceforth on promoting free-trade agreements and other forms of deep economic integration within groups made up of key geopolitical partners and/or prospective partners, leaving competitors like Russia and particularly China on the outside of those arrangements.  

In some ways, this approach would actually hew fairly closely to recent trends in American economic statecraft and international trade—at least through the close of the Obama administration in late 2016. The Doha Round of global trade talks has been essentially moribund for years, meaning that most recent progress on international trade has been regional or bilateral rather than global. Moreover, the two most important trade and investment pacts that the United States pursued during the past decade—the Trans-Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (TTIP)—were made up primarily of U.S. allies and prospective geopolitical partners and excluded, at least at the outset, rivals such as Russia and China. The major changes required to enact this approach would have been: a) making clear that China would not be allowed to enter the TPP absent major changes in its geopolitical orientation (as opposed to simply in its economic policies, which was the prevailing line in the Obama years); and b) establishing that geopolitically themed trade pacts such as these represent the future of U.S. policy and will henceforth receive priority attention.

To be blunt, this approach would court real risks and tradeoffs, and it faces high hurdles at present. Most concretely, openly excluding China from regional trade deals (whether the TPP or some future incarnation of the same) would heighten Sino-American frictions; it would underscore concerns that Washington ultimately aims to contain and undermine Beijing; it would risk alienating U.S. allies and partners in East Asia who view China as a key trade partner and fear Sino-American confrontation. More broadly, this approach would require jettisoning the longstanding U.S. presumption that the best way to avert conflict with potential rivals like Russia and China is to integrate them into a thriving, open-to-everyone global trade system. Finally, and most seriously from a near-term perspective, the

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142 Although China was not part of the TPP negotiations, the position of the Obama administration was that Beijing would have been welcome to join the accord if it sufficiently liberalized its economy and met other economic standards.
fact that the Trump administration has withdrawn the United States from the TPP and called for a
revival of economic protectionism poses a severe challenge to any strategy of this sort—
notwithstanding its broader threat to the international economic order that the United States has led
for several decades.

That said, this approach might still usefully be considered should the Trump administration shift its
position on trade (or should this approach be considered under a future administration). This is
because it offers several important potential benefits. First, aligning trade with geopolitics could boost
economic integration and growth within U.S.-led groupings and divert trade and investment away
from excluded countries, thereby strengthening America’s allies at the expense of its competitors.143
Second, forging deeper economic links with current and prospective geopolitical partners would help
improve the overall cohesion of these groups while decreasing the ability of countries such as China to
use economic statecraft and coercion against these countries. Third, this approach could ultimately
exert a magnetic pull on nonaligned countries, demonstrating the economic value of closer geopolitical
ties with the United States and its allies, thus creating opportunities to expand the range and overall
weight of American partnerships. Indeed, should the economic effects of these arrangements become
manifest, other key actors—India and Indonesia, for instance—might recognize the economic benefits
closer geopolitical alignment with Washington and its allies. “There is awareness in Indian
bureaucratic, political, and policymaking circles that the world is moving towards a new trade order
and India must respond,” one observer writes.144

To be clear, any such effort to employ economic statecraft on behalf of America’s alliances seems
difficult to enact at the moment, given the tone of the new U.S. administration’s economic rhetoric. But
economic statecraft can be a powerful tool for reinforcing and strengthening those alliances, and
deepening free trade and integration among like-minded nations represents a potentially valuable
approach to doing so.

143 Precisely what the economic impact of such an approach would be is difficult to say. Estimates of the impact of TTIP predict that EU
countries will eventually see their growth rates improve by as much as 0.5 percent annually should an agreement be reached. See Erik
Brattberg, Toward a Transatlantic Renaissance? TTIP’s Geopolitical Impact in a Multipolar World (Washington, DC: German
Marshall Fund of the United States, December 2015), p. 5. Estimates of the impact of the TPP are more diffuse, but according to one
projection (and assuming that the United States had remained part of the pact), Japanese national income could have been as much
as 2 percent higher in 2025 than it would have been without the TPP, while Vietnam “would see income gains in 2025 on the order of
one-quarter of the country’s 2014 output.” China, conversely, would have suffered modestly had the TPP proceeded with China on the
outside, perhaps losing 0.3 percent of income relative to baseline projections for 2025. See the data cited in Michael J. Green and
Petri, Michael Plumer, and Fan Zhai, The Trans-Pacific Partnership and Asia-Pacific Integration: A Quantitative Assessment
the TPP?” The Diplomat, October 7, 2015.

144 Rachit Ranjan, “Should India Join the TPP?” The Diplomat, October 9, 2015.
Study More Radical Options

What if the foregoing recommendations—even relatively disruptive ones such as taking a more relative-gains approach to trade—are insufficient to mitigate the effects of the relative decline of U.S. allies and preserve the advantages to which U.S. officials have become accustomed? American policy certainly should not welcome this eventuality, nor should it embrace more drastic departures—such as a dramatic retrenchment of U.S. alliance commitments—prematurely, in light of the great utility that those alliances still offer. Yet in view of the trends of the past 20 years and the problems that those trends are beginning to cause, the United States should at least begin more intensively to study the more radical options that might become pertinent in a scenario of continued decline.

There are a number of options that might profitably be studied in this regard. At the very modest end of radical, U.S. officials could explore how NATO might revert to a more modest and manageable strategic posture should the allies’ relative position continue to deteriorate. If the alliance reaches a point at which it can no longer reconcile out-of-area missions with Article 5 responsibilities, for instance, then perhaps it should take a “back to basics” approach that divests the former role as a way of refocusing on the latter. 145 This step would have significant implications for U.S. efforts to address counter-terrorism challenges and persistent instability in out-of-area regions such as the Middle East, of course. So it is worth considering now how Washington might adapt to a less globally ambitious NATO, as well as how—or whether—other partnerships could fill the resulting gap. 146

U.S. officials might also—if only for purposes of intellectual due diligence—consider the question of under what circumstances a selective retrenchment of alliance commitments might become necessary. To be clear, such a retrenchment is certainly not warranted today, and the goal of American statecraft should be to ensure that it does not become necessary in the future. But one can conceivably envision a scenario in which some NATO allies are simply unable or unwilling, over a prolonged period of time, to meet their military obligations to the alliance. One can also imagine a scenario in which NATO simply cannot or will not generate the resources needed to maintain credible deterrence in the Baltic region, or in which Asian allies like Taiwan and the Philippines are so overmatched as to make the U.S. defense commitment untenable. Purely as a red-teaming exercise, it might be worth pondering where the breaking point might come in terms of some degree of alliance retrenchment becoming necessary, as well as whether it is even possible to discard or lessen some alliance commitments in a region without undercutting others. 147 It seems likely that such an exercise would reveal that the problems and perils of such retrenchment are quite severe, but it may generate useful insights about the state and future of U.S. alliance relations.

\text{146}  \text{ Some dimensions of this question—pertaining specifically to the idea of forging a more formal alliance to combat international jihadism—are discussed in Montgomery, Reshaping America’s Alliances, pp. 21–35.}  \\
\text{147}  \text{ The question of whether giving ground in one area compromises a great power’s broader credibility is much debated. For representative arguments, see Daryl Press, Calculating Credibility: How Leaders Assess Military Threats (Ithaca, NY: Cornell University Press, 2005); and Alex Weisiger and Karen Yerhi-Milo, “Revisiting Reputation: How Past Actions Matter in International Politics,” International Organization 69, no. 2, 2015.}\]
The same goes for a third radical option worthy of study—that of seeking to minimize the military effects of a changing global balance by encouraging, or even actively helping, key U.S. allies develop nuclear weapons. The attraction of this approach is, at least in theory, fairly straightforward. Nuclear weapons constitute a comparatively cheap way of deterring large-scale aggression or coercion by a more powerful adversary and can serve as a “great equalizer” in international affairs. As Michael Horowitz has written, “possessing even a single nuclear weapon” powerfully influences a potential challenger’s strategic calculations, and “seems to make coercive success harder.”\footnote{Michael Horowitz, \textit{The Diffusion of Military Power: Causes and Consequences for International Politics} (Princeton, NJ: Princeton University Press, 2010), p. 106.} If the United States helped selected allies in Europe and East Asia develop their own nuclear arsenals, those countries would be better positioned to hold adversaries at bay, thereby compensating for the effects of a shifting economic and military equilibrium and reducing the long-term demands placed on Washington itself. Moreover, it might help the United States avoid some of the more difficult emerging issues surrounding its own extended nuclear deterrence—such as whether it should place a greater reliance on nuclear deterrence and warfighting in areas such as Eastern Europe and the Western Pacific to make up for deteriorating conventional balances.

“Selected,” of course, would have to be the key word here. It is hard to imagine any circumstances in which the United States would adopt a blanket policy of helping allies proliferate. Under a selective proliferation scenario, rather, it might encourage and perhaps assist some of its most important and responsible allies to develop secure nuclear arsenals. Countries such as Germany, Japan, Taiwan, Australia, and South Korea have all been good international citizens for decades, and all could benefit from the relatively low-cost security gains that nuclear weapons might provide. All of these countries have at least actively considered developing nuclear weapons in the past, and all possess the scientific-technological capabilities needed to do so in relatively short order today. In some of these countries, in fact, some commentators appear to be reconsidering the nuclear option today in light of increased security risks and concerns about the long-term viability of U.S. commitments.\footnote{Some Australian analysts have recently sought to reopen discussion of the country’s nuclear status. See Christine Leah and Crispin Rovere, “Get Ready, China: This is Why Australia Needs Nuclear Weapons,” \textit{The National Interest}, November 21, 2015; Barbara Demick, “More South Koreans Support Developing Nuclear Weapons,” \textit{Los Angeles Times}, May 18, 2013; and Philip Iglauer, “Nuclear Weapons for South Korea,” \textit{The Diplomat}, August 14, 2014.}

Any proposal to permit—let alone encourage—nuclear proliferation often meets with derision, which may well be justified. Yet there are also reasons to at least think about under what circumstances such a change of policy might be warranted and how it might be executed if it became necessary. For one thing, the U.S. commitment to non-proliferation has always been selective rather than absolute, in the sense that Washington has repeatedly made exceptions—even if only reluctantly—for its allies and partners.\footnote{See Ori Rabinowitz, \textit{Bargaining on Nuclear Tests: Washington and its Cold War Deals} (New York: Oxford University Press, 2014); and Avner Cohen, \textit{Israel and the Bomb} (New York: Columbia University Press, 1998). At the dawn of U.S. efforts to create a nuclear non-proliferation regime, in fact, selective proliferation was one of the options that was considered and ultimately discarded. See Hal Brands, “Rethinking Nonproliferation: LBJ, the Gilpatric Committee, and U.S. National Security Policy,” \textit{Journal of Cold War Studies} 8, no. 2, Spring 2006.} Just in the past decade, in fact, the United States has essentially wiped the slate clean with India on non-proliferation matters in recognition of that country’s responsible behavior as a nuclear power and its growing geopolitical importance. Second, although the United States has long sought to prevent many of its allies from developing nuclear weapons, one could well reach a situation where the
military and geopolitical status quo becomes untenable if current trends continue. That day is not yet here, but when it does arrive, the selective proliferation option might no longer seem so absurd.

To be very clear, there are myriad reasons why selective proliferation might well turn out to be undesirable and even profoundly dangerous. Those reasons include the risk of proliferation cascades in key regions and the fact that crises between regional rivals like Japan and China would now have a dangerous nuclear dimension. Selective proliferation could also introduce the prospect that the Chinese might consider development of Taiwanese or Japanese nuclear weapons as cause for war, as well as the stubborn reality that allies’ nuclear capabilities might not actually deter the low-intensity, salami-slicing tactics that rivals like Moscow and Beijing are now employing. Likewise, encouraging “good” nuclear proliferation by countries such as Germany, Poland, or Japan might make it harder to restrain or punish “bad” nuclear proliferation by malign actors such as Iran and North Korea. As recent analyses have emphasized, moreover, a world with more nuclear powers is likely to be a world in which it is more difficult to assess the nuclear balance, in which nuclear arms races between geopolitical competitors are more likely, and in which crisis instability could become both more pronounced and more pernicious as the number of nuclear players increases and the amount of geography separating them diminishes. Finally, in view of recent research indicating that nuclear deterrence between the superpowers was perhaps less robust than sometimes believed, any proposal to increase the number of states possessing nuclear weapons should be treated skeptically. In view of these and other dangers, the balance sheet of selective proliferation certainly remains negative today—and it may remain so in the long term.151

To study, then, is not to advocate. But it may be worthwhile to assess the balance sheet on selective proliferation on the basis of fresh and systematic analysis, if only to confirm that the dangers will continue to outweigh potential advantages. As the United States seeks to compete in a world where its allies’ relative strengths are less impressive, studying these and other radical options will be essential to keeping U.S. strategic thinking sharp amid changing geopolitical circumstances.

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151 On certain of these dynamics, see Andrew Krepinevich and Jacob Cohn, *Rethinking Armageddon: Scenario Planning in the Second Nuclear Age* (Washington, DC: Center for Strategic and Budgetary Assessments, 2016); and Andrew Krepinevich, *Critical Mass: Nuclear Proliferation in the Middle East* (Washington, DC: Center for Strategic and Budgetary Assessments, 2013). For a recent, and more general, critique of “proliferation optimism,” see Matthew Kroenig, “The History of Proliferation Optimism: Does It Have a Future?” *Journal of Strategic Studies* 38, no. 1-2, 2015.
Conclusion

America’s core alliances have long served as centerpieces of its global posture, and the imposing strengths of U.S. allies have provided great benefits for Washington during much of the post-Cold War era. Those alliances continue to be enormously valuable strategic assets today, and undercutting or discarding them would almost certainly lead to a world in which the United States was less influential and less secure, and would ultimately have to pay higher costs—in money and perhaps lives—to defend its interests overseas. But shifting global power dynamics have nonetheless been rendering the relative strengths and benefits of American alliances less impressive in recent years. There can be little doubt that the relative decline of core U.S. allies is real—and that it is causing real dilemmas for U.S. strategy.

Fortunately, the United States has options at its disposal for coping with these problems and positioning itself—and its allies—to compete effectively in a more adverse international context. To make the most of these options, U.S. officials will have to act creatively and expansively; they will need to take multiple, reinforcing steps to strengthen and rationalize existing alliances; they will need to further develop the broader array of relationships, partnerships, and linkages that can fortify America’s position and bolster the international order in light of changing global conditions. They should even begin grappling intellectually with some of the more significant departures that might be necessary over the long term in a scenario of continued allied decline—if only to ensure that the longstanding reasons for not pursuing such departures remain valid. Given the obstacles and tradeoffs involved in these tasks, there should be no expectation that any of these things will come easily. But given the fundamental strategic importance of U.S. alliances and the challenges that allied decline are now presenting, there should be few more pressing priorities for American policymakers in the years ahead.
LIST OF ACRONYMS

AWACS  Airborne Warning and Control System
A2/AD  anti-access/area denial
ASEAN  Association of Southeast Asian Nations
AUSMIN  Australia-United States Ministerial Consultations
CVBG  carrier battle group
CAOC  Combined Air Operations Center
C2  command and control
CONOPS  Concept of Operations
CFE  Conventional Forces in Europe
DoD  Department of Defense
EU  European Union
FY  Fiscal Year
GDP  gross domestic product
GCC  Gulf Cooperation Council
IFOR  Implementation Force
ISR  intelligence, surveillance, and reconnaissance
INTERFET  International Force for East Timor
IISS  International Institute for Strategic Studies
IMF  International Monetary Fund
ISIS  Islamic State of Iraq and al-Sham
MAD  Mutually Assured Destruction
NATO  North Atlantic Treaty Organization
PLA  People's Liberation Army
PRC  People's Republic of China
PGM  precision-guided munitions
PPP  purchasing power parity
ROC  Republic of China
ROCAF  Republic of China Air Force
ROK  Republic of Korea
RAF  Royal Air Force
SFOR  Stabilization Force
SIPRI  Stockholm International Peace Research Institute
SEAD  Suppression of Enemy Air Defenses
SACEUR  Supreme Allied Commander Europe
TTIP  Transatlantic Trade and Investment Partnership
TPP  Trans-Pacific Partnership
SOUTHCOM  U.S. Southern Command
UAE  United Arab Emirates
UK  United Kingdom
UN  United Nations
UAV  unmanned aerial vehicle
VJTF  Very High Readiness Joint Task Force