

## A Strategic Challenge: Building Capabilities in an Age of Austerity - ACT

Written by Ambassador Ravic Huso, United States of America, Political Advisor to the NATO Supreme Allied Commander Transformation and Mr. Alexandre Escorcia, France, Former Deputy Political Advisor to the NATO Supreme Allied Commander Transformation

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**In a period of economic constraint, when increases in defence spending are not an option anymore, Smart Defence and the Connected Forces Initiative represent the proper answer for the preservation of the Alliance's capabilities to address today's challenges and the development of new ones to tackle tomorrow's threats.**



"At a time of complex security challenges and financial difficulties, it is more important than ever to make the best use of our resources and to continue to adapt our forces and structure."

### An Unfamiliar Challenge

This quote from the May 2012 Chicago Summit Declaration highlights an unfamiliar strategic challenge now facing the transatlantic Alliance: how to retain and acquire the capabilities it needs for the future during "the worst crisis since the Great Depression". What one European official has described as a "budgetary winter" is shaping the discussion regarding defence spending, with uncertain consequences for the ability of NATO to respond to today's conflicts and prepare for tomorrow's threats. The assertion by then-Chairman of the Joint Chiefs of Staff Admiral Mike Mullen that the current US debt level poses "the single biggest threat to national security" correctly identifies the fact that defence budgets cannot be seen in isolation from the broader economic and political context in each allied nation.

Despite the changing and challenging economic context, NATO's original purpose has remained constant through the decades, and the 2010 Strategic Concept reiterates it in a language that could have come from the 1949 Treaty: to safeguard the freedom and security of all its members by political and military means. What has evolved is the range of security

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challenges that threaten NATO nations, but also, crucially, the public's perception of these threats and the resources needed to confront them.

However, the debate on how much and how the Allies need to spend for their collective defence must be solidly informed by the current strategic landscape. Today's emerging powers are not neglecting their defence expenditure. Quite to the contrary, China will increase its defence budget by an estimated 19 percent a year until 2015, and Brazil has already seen an increase of 30 percent between 2001 and 2010. The same trend can be identified for countries as diverse as Russia, Indonesia, South Africa and even Japan. Admittedly, these countries are still far from matching the collective capabilities of NATO allies, and there is no direct connection between their defence spending and the threat level experienced by NATO. However, the fact that countries that face significant challenges in raising the living standards of their population place such a priority on defence expenditure is a signal that should not be underestimated.

### **Smart Spending**

In the current economic climate, pleas for protecting defence spending only have a chance to be heard if they are linked with realistic, achievable proposals on how to spend better. At the Munich Security Conference in 2011, NATO Secretary General, Anders Fogh Rasmussen, presented a new approach to defence spending in a time of economic constraint, Smart Defence, which refers to "ensuring greater security, for less money, by working together with more flexibility." The Chicago Summit showed that the key means to this end is increased multinational cooperation among like-minded grouping of nations to acquire and maintain capabilities that they could not afford individually. An important element is to chart the way towards specialization by design, rather than by default – the unfortunate consequence of uncoordinated defence cuts – in areas where nations are ready to do so.

Allied Command Transformation, the only NATO command in North America, has been working hard on such an agenda. NATO Secretary General's special envoy on Smart Defence, French General Stéphane Abrial, while he was SACT, toured the NATO nations in order to hear their views and ideas on how best to promote multinational cooperation and other innovative solutions to capability development. The aim has been to build a construct that matches national interests to NATO capability requirements to help meet the Alliance's level of ambition.

### **Achieving Interoperability**

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As NATO Secretary General underlined at his monthly press briefing on 5 March 2012, "Smart Defence is about building capabilities together. But we also need to be able to operate them together." As a complementary measure to Smart Defence, the Connected Forces Initiative was launched to address this issue. While Smart Defence puts the emphasis on efficiency, the Connected Forces Initiative focuses on effectiveness, software and the human factor, and is closely linked to the enhancement of our training and exercise principle and processes.

The Smart Defence initiative has already yielded tangible results. In particular, a number of multinational projects in specific priority areas – such as air policing, intelligence and surveillance, and logistics – have been identified and will be implemented by nations, thus building trust that can result in projects of greater scope and scale over time. But longer-term, lasting results will not happen overnight. They will require hard work centred on guiding principles agreed to by the Alliance. Allied Command Transformation stands ready to contribute to this effort.

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