



• ANALYSIS

# Defense Spending Debates within NATO: The Transformation of Transatlantic Security and Burden Sharing

Arif Bağbaşıoğlu



# DEFENSE SPENDING DEBATES WITHIN NATO: THE TRANSFORMATION OF TRANSATLANTIC SECURITY AND BURDEN SHARING

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This analysis seeks to provide insight into contemporary debates by exploring the historical roots and theoretical underpinnings of defense expenditure and burden-sharing within the NATO framework.

## SUMMARY

Debates on defense spending and burden sharing within NATO have been a recurring item on the transatlantic security agenda since the Alliance's founding. Defense expenditures represent more than the allocation of financial resources to meet states' security needs; they serve as tangible indicators of Alliance solidarity, collective defense capacity, and strategic commitment. In particular, the United States' (U.S.) preponderant military and economic weight within NATO has kept alive persistent questions about the extent to which European allies contribute to the defense burden. Burden-sharing debates that emerged in response to the Soviet threat during the Cold War have since taken on new dimensions in light of developments including post-Cold War defense budget reductions, the shifting security threats of the post-September 11 environment, Russia's annexation of Crimea, and the Russia-Ukraine war.

This analysis aims to examine the debates on defense spending and burden sharing within NATO within a historical and theoretical framework. In this context, it first addresses the place of the concepts of defense spending and burden sharing in the literature, before going on to explore the historical development of burden-sharing debates within NATO. The analysis's central argument is that, when the transformation underway in the European security architecture is taken into account, the debates on defense spending within NATO constitute not merely a matter of economic burden sharing, but a strategic issue with direct bearing on the sustainability of the transatlantic security architecture, the nature of U.S. leadership, and the future of the Alliance.

## INTRODUCTION

NATO, which forms the institutional foundation of the transatlantic security bond, stands at the center of security and defense cooperation between Europe and North America through the instruments it has developed in the areas of collective defense, consultation, joint military exercises, defense industry integration, and advanced technology. NATO's capacity for continuity, performance, and adaptability constitutes the reasons why the Alliance has endured for 77 years despite shifts in the international environment. Among NATO's greatest achievements is its ability to adapt to the changing nature of international security since its founding.

In an international system confronting a period of multidimensional uncertainty, defense spending is one of the fundamental factors shaping the character of international relations and determining states' political effectiveness. Within NATO, the question of defense spending has transcended being a merely economic or technical matter to become a central subject of debate bearing on solidarity, deterrence, and the quality of transatlantic relations. The debates on defense spending and the equitable distribution of burdens within NATO — so widely discussed today — have in fact been raised by successive U.S. administrations at various points and with varying degrees of intensity since the Alliance's founding, in connection with the question of whether European allies are paying their fair share of the collective defense burden.

NATO's invocation of Article 5 — the collective self-defense clause — for the first time in the wake of the September 11, 2001 attacks, in step with the

shifting international environment, and its launch of the largest military and economic operation in its history, led to defense spending being evaluated not only in quantitative terms but also with respect to operational capacity and military transformation. Russia's annexation and occupation of Crimea in 2014 brought with it a discourse emphasizing the Alliance's collective defense mission and the need to enhance deterrence alongside counterterrorism activities, accompanied by action plans to that effect. The adoption at that year's Wales Summit of the target for member states to allocate at least two percent of their gross domestic product (GDP) to defense spending marked a significant turning point in burden-sharing debates within the Alliance. This target came to be regarded not only as a measure of military capacity-building but also as an indicator of solidarity within NATO. Debates over defense spending became, particularly during the Donald Trump administration, one of the potential crisis areas capable of affecting the character and future of transatlantic relations.



In an international system characterized by multidimensional uncertainties, defense expenditures emerge as a core factor, not only influencing the trajectory of international relations but also shaping the political and strategic efficacy of states.

## DEFENSE SPENDING AND NATO

Defense spending refers to the military public expenditures and investments a state undertakes in order to ensure its national security, develop its defense capabilities, and maintain its deterrence against external threats. Such expenditures constitute a fundamental component of states' domestic and foreign security policies and account for a significant share of national budgets.<sup>1</sup> Given their weight within public budgets and their effects on foreign trade, resource allocation, and economic growth, defense expenditures today constitute an important subject of economic analysis and research. The most widely used approaches to defining defense spending are shaped by questions of whether expenditures are directly military in purpose and whether indirect items related to the defense industry are included within the scope of measurement.<sup>2</sup> The scope and definition of defense spending undertaken to sustain and develop a state's military capacity may vary depending on states' administrative structures, accounting practices, threat perceptions, economic capacities, foreign policy objectives, and defense doctrines. In general, however, such expenditures encompass military personnel costs, procurement of military equipment and weapons systems, operational activities, maintenance and repair costs, military infrastructure investments, modernization

<sup>1</sup> Peter Saunders, "Recent Trends in the Size and Growth of Government in OECD Countries," in *The Growth of the Public Sector*, ed. Norman Gemmill (United Kingdom: Edward Elgar Publishing Limited, 1993), 26.

<sup>2</sup> Paul Dunne and Sam Perlo-Freeman, "The Demand for Military Spending in Developing Countries," *International Review of Applied Economics* 17, no. 1 (2003): 24-27.

activities, defense-oriented research and development (R&D) expenditures, and logistical support elements.

As a collective defense organization whose legal legitimacy derives from Article 51 of the United Nations (UN) Charter, NATO’s defense spending question is of particular importance in terms of member states’ solidarity and the maintenance of deterrence against threats. An examination of NATO’s official discourse suggests that the Alliance defines defense spending in quite broad terms. NATO defines defense spending as the payments made by member states to meet the needs of their own armed forces, those of other member states, or the Alliance as a whole.<sup>3</sup> As shown in Table 1, these expenditures include not only the costs of land, naval, and air forces, but also equipment procurement, R&D projects, military construction activities, and military assistance provided to other countries. Payments to armed forces financed from the Ministry of Defense budget constitute an important component of defense spending. Expenditures directed toward other forces financed from the budgets of ministries outside the Ministry of Defense — such as the Gendarmerie and Coast Guard — are also included within defense spending.

Main Categories	Content	Description
Equipment	Procurement of new weapons and missile systems, vehicles, aircraft, and vessels, as well as R&D costs for developing new equipment	This category is an important indicator of modernization; Alliance members have agreed to allocate at least 20 percent of total defense spending to this category.
Personnel	Military and civilian personnel expenditures (including retired personnel salaries)	This category, which constitutes the largest portion of member states’ national defense budgets, covers personnel costs.
Operations, Maintenance, and Exercises	Costs of military operations, peacekeeping operations, humanitarian assistance activities, training, and military exercises	Covers costs related to the day-to-day operational readiness and deployment of forces.
Infrastructure	Military construction and NATO infrastructure	Covers the construction and maintenance of facilities. NATO Common Infrastructure refers to infrastructure used to support NATO operations — such as airfields, fuel pipelines, and command and control systems — that is collectively financed by member states.

Source: Compiled by the author.

<sup>3</sup> “Defence Expenditures and NATO’s 5% Commitment,” NATO, April 10, 2026, accessed June 7, 2026, <https://www.nato.int/en/what-we-do/introduction-to-nato/defence-expenditures-and-natos-5-commitment>.

## BURDEN SHARING AND DEFENSE SPENDING: REFLECTIONS IN THE LITERATURE

The benefits that alliances produce for their members — in the case of NATO, collective defense and deterrence — come at a cost. This cost, which cannot always be divided equally, encompasses the responsibilities that alliance members are expected to assume. In alliances where members' military and economic capabilities differ significantly, unequal burden sharing can constitute a source of tension within the alliance. This gives rise to what the literature defines as a burden-sharing problem.

“Burden sharing” refers to the distribution of the costs and risks that arise in the course of pursuing a common goal among the members who have come together to achieve it.<sup>4</sup> In this context, burden sharing within NATO means that member states contribute at a fair rate to covering the costs generated by the Alliance's activities aimed at ensuring collective defense and deterrence. Problems related to interoperability and burden sharing within the Alliance have been debated in the academic literature from various angles since the 1960s.<sup>5</sup> These studies can generally be said to pursue two core objectives: first, to describe how burden sharing operates among NATO members; and second, to investigate the reasons behind Alliance members' burden-sharing behavior by focusing on the factors that determine it.<sup>6</sup> The subject is addressed in these studies along two main axes — approaches grounded in economics, and approaches drawing on international relations theories. In studies where international relations theories serve as the primary framework, the reasons behind Alliance members' behavior with respect to assuming emerging burdens are investigated by focusing on the international system, the structure of that system, the position of Alliance members within it, and the nature of relations among members.

The economics-based approaches that comprise the earliest and most foundational works in the burden-sharing literature focus on how burden sharing takes shape. Among these studies, the article “An Economic Theory of Alliances” by Mancur Olson and Richard Zeckhauser, which defines defense as a “public good,” occupies an important place.<sup>7</sup> The purpose of this article is to investigate how burden sharing operates within alliances. According to them, the fact that

4 Peter Kent Forster and Stephen J. Cimbala, *The US, NATO and Military Burden-Sharing* (London: Frank Cass, 2005), 1.

5 Todd Sandler and John F. Forbes, “Burden Sharing, Strategy, and the Design of NATO,” *Economic Inquiry* 18, no. 3 (1980): 425-444; John R. Oneal and Mark A. Elrod, “NATO Burden-Sharing and the Forces of Change,” *International Studies Quarterly* 3, no. 4 (1989): 435-456; John S. Duffield, “International Regimes and Alliance Behavior: Explaining NATO Conventional Force Levels,” *International Organization* 46, no. 4 (1992): 819-855; Joseph Leggold, “NATO's Post-Cold War Collective Action Problem,” *International Security* 23, no. 1 (1998): 78-106; Marion Bogers, Robert Beerers, and Myriame Bollen, “NATO Burden Sharing Research along Three Paradigms,” *Defence and Peace Economics* 33, no. 5 (2020): 534-547.

6 Bogers, Beerers, and Bollen, “NATO Burden Sharing Research along Three Paradigms,” 534-536.

7 Public goods are goods for which consumers do not compete with one another, where one person's consumption does not reduce the amount available for others, and from whose benefits no one can be excluded.

the defense and deterrence produced by NATO constitutes a pure public good leads economically larger and wealthier allies to allocate a greater share of their GDP to military spending and to assume a disproportionately large defense burden compared to economically smaller allies.<sup>8</sup> This in turn means that economically smaller allies may seek to free-ride on other members in order to maximize their benefits while minimizing their own contributions — giving rise to a relationship of exploitation.

There have also been those who challenge the conclusion reached by Olson and Zeckhauser by arguing that alliance-based security is an impure public good. Critics accept free-riding or exploitation as an inevitable and natural component of alliances, and draw attention to the fact that alongside the general benefits alliances produce, private benefits may also exist.<sup>9</sup> Furthermore, economically larger powers may resort to intra-alliance security threats and various diplomatic and economic disciplinary instruments to instill in smaller powers a fear of abandonment and marginalization.<sup>10</sup>

In short, debates on NATO defense spending are addressed in the literature in the context of differing concepts such as public good, impure public good, and private (ally-specific) benefit. These studies in the literature also appear to have influenced efforts to develop policies aimed at making burden sharing within the Alliance more equitable.

## **AN ENDURING PROBLEM: BURDEN-SHARING DEBATES WITHIN NATO**

The need for burden sharing within NATO — understood specifically as European allies contributing at a fair rate — has been articulated by U.S. political and military officials since the 1950s. One of the earliest examples of this was the warning issued in 1953 by Dwight D. Eisenhower, the 34th President of the United States and NATO's first Supreme Allied Commander Europe, who explicitly drew attention to the excessive financial burden borne by the U.S. in European defense and cautioned European allies that American resources were not inexhaustible.<sup>11</sup> Throughout the 1950s and 1960s, the U.S. contribution to NATO's total defense spending exceeded 70 percent. Most American administra-

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8 Mancur Olson, Jr. and Richard Zeckhauser, "An Economic Theory of Alliances," *Review of Economics and Statistics* 48, no. 3 (1966): 266-279.

9 Todd Sandler, "Impurity of Defense: An Application to the Economics of Alliances," *Kyklos* (Wiley Blackwell) 30, no. 3 (1977): 454.

10 Jens Ringsmose, "NATO Burden-Sharing Redux: Continuity and Change after the Cold War," ECPR Joint Sessions of Workshops (2009), accessed June 7, 2026, <https://ecpr.eu/Filestore/PaperProposal/95a4009e-4a32-4706-9c74-d973f2d-03bc9.pdf>.

11 Valbona Zeneli and Philippe Dickinson, "Rethinking the NATO Burden-Sharing Debate," *New Atlanticist*, June 20, 2024, accessed June 7, 2026, <https://www.atlanticcouncil.org/blogs/new-atlanticist/rethinking-the-nato-burden-sharing-debate>.

tions called on European allies to do more for their own security and to increase their national defense budgets in order to ensure a more balanced and sustainable sharing of the transatlantic security burden.

Throughout the Cold War years, the burden-sharing question was debated largely in terms of GDP allocated to defense. U.S. pressure on European allies found its most forceful expression in the Mansfield Resolutions, introduced between 1966 and 1975. Senator Mike Mansfield, who opposed the U.S. presence in Europe, introduced a series of resolutions calling for a significant reduction in the number of American troops stationed in Europe. Although the resolutions were never enacted into law, they exerted significant pressure on U.S. policy toward NATO.<sup>12</sup> In the 1980s, for instance, the U.S. Congress passed legislation limiting American military strength in Europe if allies failed to increase their national defense budgets by at least three percent above the annual rate of inflation.<sup>13</sup> These efforts produced certain results. Although the defense spending increases of the Ronald Reagan administration (1981-1989) could not be matched at the same rate by European NATO allies, defense spending across the Alliance increased in relative terms during the 1980s. In 1985, the U.S. spent 6.7 percent of its GDP on defense, compared to 5.3 percent in the United Kingdom, 4.1 percent in France, 3.2 percent in Germany, and 2.7 percent in Italy. Following the end of the Cold War, NATO countries significantly reduced their defense spending. By 1995, defense spending had fallen to three percent in the United Kingdom, 3.1 percent in France, 1.7 percent in Germany, 1.8 percent in Italy, and 3.8 percent in the United States.<sup>14</sup>

At NATO's Rome Summit, held November 7-8, 1991, the Alliance's first post-Cold War strategic concept was proclaimed. The focal point of this concept was threats originating beyond the Alliance's borders and regional instabilities. This approach, which added crisis management to the Alliance's list of missions alongside collective defense, was reaffirmed in the strategic concept proclaimed at the Washington Summit held April 24-25, 1999. During this period, the role played by NATO following the dissolution of Yugoslavia and the Alliance's interventions in Bosnia and Kosovo made the changing nature of European security more visible while also returning burden-sharing debates to the Alliance's agenda.



Since the 1950s, U.S. political and military officials have consistently addressed burden-sharing debates within NATO, emphasizing the need for European allies to contribute more fairly to defense expenditures and alliance obligations.

<sup>12</sup> Phil Williams, *The Senate and US Troops in Europe* (London: Palgrave Macmillan, 1985), 139-141.

<sup>13</sup> Karen L. Busler, "NATO Burden Sharing and the Three Percent Commitment", Congressional Research Service, 20 Nisan 1985.

<sup>14</sup> *NATO Burden Sharing After the Enlargement* (Washington: Congress of the United States Congressional Budget Office, 2001), 19.



The NATO operation in Libya is regarded as a critical milestone, as it exposed the discrepancies in burden-sharing and the gaps in military capabilities existing between the United States and European allies.

At the Brussels Summit held January 10-11, 1994, the European Security and Defense Identity initiative was adopted to achieve a more balanced burden sharing within NATO. To this end, Combined Joint Task Forces were developed to enable European allies to conduct operations using NATO assets and capabilities in the absence of the United States — separable but not separate.<sup>15</sup> Decisions containing more detailed arrangements regarding the Combined Joint Task Forces were taken at NATO's Ministerial Meeting in Berlin in 1996. However,

NATO-European Union (EU) cooperation, developed through the “Berlin Plus” arrangements in late 2002 and early 2003, was unable to play a significant role in resolving the problem. Despite the steps taken, transatlantic discord over burden sharing persisted as EU member states kept their defense spending low and avoided increasing it. Furthermore, the Bosnia and Kosovo operations conducted by NATO once again demonstrated European allies' dependence on U.S. military capabilities for the effective conduct of military operations.<sup>16</sup>

During the post-Cold War military transformation, various reports were published and initiatives undertaken within NATO to address the burden-sharing problem. The “Defense Capabilities Initiative” adopted in 1999 and the “Prague Capabilities Commitment” issued at the 2002 Prague Summit are documents reflecting Alliance members' commitment to interoperability and burden sharing. One example of this approach is the Strategic Airlift International Solution (SALIS), launched in 2006 to develop airlift capabilities and today maintained by twelve NATO member states (Bulgaria, Estonia, Finland, Hungary, Lithuania, the Netherlands, Norway, Poland, Romania, Slovenia, Sweden, and the United States).<sup>17</sup>

The Afghanistan operation — one of NATO's largest undertakings in terms of military and economic capacity — confirmed that defense spending is not merely a budgetary item but also an indicator of allies' operational capacity and other distinct military capabilities. It should be noted at this point that European allies' failure to contribute to the Afghanistan operation to the degree the United States desired, despite the operation being conducted under NATO leadership, was also a subject of criticism by American administrations.<sup>18</sup>

15 “Declaration of the Heads of State and Government,” NATO, January 11, 1994, accessed June 7, 2026, [https://www.nato.int/cps/en/natohq/official\\_texts\\_24470.htm?mode=pressrelease](https://www.nato.int/cps/en/natohq/official_texts_24470.htm?mode=pressrelease).

16 Arif Bağbaşıoğlu, “NATO Burden-Sharing in the COVID-19 Era: A Diminishing U.S. Appetite for Security Guarantees for Europe?,” *Perceptions: Journal of International Affairs* 26, No. 1 (2021): 35.

17 “Strategic Airlift,” NATO, March 7, 2024, accessed June 7, 2026, [https://www.nato.int/cps/en/natohq/topics\\_50107.htm](https://www.nato.int/cps/en/natohq/topics_50107.htm).

18 John Sperling and Mark Webber, “NATO: From Kosovo to Kabul,” *International Affairs* 85, No. 3 (May 2009): 491-511.

During Barack Obama's presidency (2009-2017), the American administration also kept equitable burden sharing within NATO on the agenda. Yet again, however, European allies proved unable to meet the expectations of the American administration in terms of defense spending and military capability. NATO's Libya operation is an important case in point. The operation, initiated under French and British leadership, was only able to achieve NATO's objectives after U.S. military capabilities were brought to bear. The Libya operation laid bare European allies' dependence on the United States with respect to operational capabilities — resources of great importance for conducting an advanced military operation, such as intelligence, surveillance, and reconnaissance unmanned aerial vehicles (UAVs), aerial refueling tankers, precision-guided munitions, and ground control facilities.<sup>19</sup> In this context, the assessments offered in 2011 by then-U.S. Secretary of Defense Robert Gates are significant. According to Gates, if the downward trends in European defense capabilities were not reversed, future political leaders might conclude that the return on the U.S. investment in NATO was not worth the cost.<sup>20</sup> In this respect, NATO's Libya operation stands as an important example of the burden-sharing and military capability gap between the United States and its European allies.

## PROPOSED SOLUTIONS TO THE BURDEN-SHARING PROBLEM WITHIN THE ALLIANCE

This problem, which resurfaced once again during NATO's Libya operation, also prompted a number of concrete efforts to find solutions within the Alliance. Among the most notable initiatives in this period were the activities carried out from 2011 onward under the framework of the "smart defense" concept. Smart defense was introduced to the international public through a speech delivered by then-NATO Secretary General Anders Fogh Rasmussen at the Munich Security Conference in February 2011. Described as "achieving maximum effect with limited resources allocated to defense," smart defense was formally incorporated into the Alliance's defense strategy at the Chicago Summit held May 20-21, 2012. In the decisions taken at the subsequent Wales Summit, held September 4-5, 2014, smart defense is similarly treated as a core element of NATO's defense planning policy.<sup>21</sup>

19 Ellen Hallams and Benjamin Schreer, "Towards a 'Post-American' Alliance? NATO Burden-Sharing after Libya", *International Affairs* 88, No. 2 (2012): 313-327.

20 Zeneli and Dickinson, "Rethinking the NATO Burden-Sharing Debate".

21 Arif Bağbaşlıoğlu, "Güncelliğini Yitirmeyen Bir Sorun Olan Yük Paylaşımına Yeni Bir Çözüm Arayışı: Akıllı Savunma ve NATO" ["In Search of a New Solution to the Perennial Problem of Burden-Sharing: Smart Defense and NATO"], *Gazi Akademik Bakış* 10, no. 19 (2016): 211-215.



Whereas Stoltenberg prioritizes a resolution to defense spending concerns as a matter of collective defense capacity, alliance solidarity, and the long-term sustainability of transatlantic security, Trump evaluates the issue primarily through the lens of his 'America First' doctrine.

The origins of the process that gave rise to the smart defense concept can be traced back to debates in the early post-Cold War period regarding NATO's function. Those who argued in these debates that the organization's institutional identity had lost its essential relevance — within existing conditions — generally grounded their position on two core rationales. The first was that the transatlantic link underpinning the Alliance had ceased to serve the interests of its members. The second was that NATO had become incapable of serving the security

and stability of continental Europe.<sup>22</sup> The smart defense concept, which emerged from within these debates, was produced in an international environment characterized by growing global threats but diminishing resources — and, more importantly, diminishing collective will — to address them, at a time when the United States was shifting its strategic priorities toward the Asia-Pacific. Rasmussen regarded the decline in European defense spending as a cause for concern at a time when rising powers such as China and India were increasing their military expenditures.<sup>23</sup> It can be argued that Rasmussen presented smart defense largely as a solution to a problem emanating from European countries. In this respect, it is clear that smart defense was conceived as an opportunity to compensate for the contraction in allied countries' defense spending and to reduce European states' military dependence on the United States. The full realization of smart defense is contingent on the coordination of member states' defense planning

policies and on the existence of shared threat perceptions. Given the difficulty of translating such coordination and shared threat perception into actual practice beyond official texts within NATO, it can be argued that smart defense cannot be fully realized.<sup>24</sup> Nevertheless, smart defense continues to feature on NATO's agenda as a discursive framework.

Russia's annexation and occupation of Crimea in 2014 brought with it a discourse emphasizing the need to enhance the Alliance's collective defense mission and deterrence alongside counterterrorism activities, accompanied by action plans to that effect. This in turn gave burden-sharing debates within NATO a new direction and generated fresh proposals for their resolution.

At NATO's Wales Summit, held September 4-5, 2014, the Readiness Action Plan was put into effect with the aim of enhancing the security of Alliance

<sup>22</sup> Andrew M. Dorman and Joyce Kaufman, *The Future of Transatlantic Relations: Perceptions, Policy and Practice* (Stanford: Stanford University Press, 2011), 2-3.

<sup>23</sup> Anders Fogh Rasmussen, "Building Security in an Age of Austerity," keynote speech at the Munich Security Conference, February 4, 2011, accessed June 7, 2026, [http://www.nato.int/cps/en/natolive/opinions\\_70400.htm](http://www.nato.int/cps/en/natolive/opinions_70400.htm).

<sup>24</sup> Bağbaşıoğlu, "Güncelliğini Yitirmeyen Bir Sorun Olan Yük Paylaşımına Yeni Bir Çözüm Arayışı" ["In Search of a New Solution to the Perennial Problem of Burden-Sharing"], 222.

members and NATO's capabilities in collective defense and crisis management. Within this framework, decisions were also taken to increase member states' defense spending in accordance with specified criteria, to establish a Very High Readiness Joint Task Force as part of the NATO Response Force, and to raise the readiness levels of NATO forces against potential attacks.<sup>25</sup> The most significant burden-sharing issue at this summit concerned the requirement — adopted in 2006 — that a member state's defense spending constitute at least two percent of that country's GDP. In the Wales Summit Declaration, member state leaders committed to meeting the two percent requirement by 2024, and alongside this commitment, a pledge was added to the declaration that Alliance member states would direct more than 20 percent of their defense budgets to major equipment expenditure, including R&D.

The burden-sharing issue continued to feature prominently during both of Trump's presidencies — including the 2017-2021 term — and throughout his electoral campaigns. During his 2016 campaign, Trump repeatedly argued that the United States bore an unfair financial burden compared to its European allies and claimed that NATO had become obsolete.<sup>26</sup> While burden sharing was debated during the Joe Biden administration (2021-2025), it did not rise to the level of a crisis in transatlantic relations. Under the second Trump administration, however, accusations that NATO allies were failing to contribute sufficiently and were free-riding, combined with rhetoric framing the Alliance as a financial burden on the United States, deepened debates about NATO's future.

Trump approaches transatlantic relations through an "America First" lens, questioning the rationale for the United States bearing the cost of European allies' security unless those allies substantially increase their defense spending. In his book *No Retreat* — in which he recounts his experiences during his tenure as NATO Secretary General from 2014 to 2024 — Jens Stoltenberg describes in detail Trump's stance on defense spending and equitable burden sharing.<sup>[1]</sup> While Stoltenberg and Trump at times diverged in rhetoric and method on the questions of defense spending and burden sharing, it can be argued that both figures largely shared the same objective: that NATO members needed to allocate greater resources to defense. On the question of defense spending, Stoltenberg focused on finding a solution within the framework of NATO's collective defense capacity, Alliance solidarity, and the sustainability of transatlantic security, whereas Trump approached the matter through the prism of the America First discourse.

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<sup>25</sup> "Wales Summit Declaration," NATO, September 5, 2014, accessed June 7, 2026, [https://www.nato.int/cps/en/natohq/official\\_texts\\_112964.htm?selectedLocale=en](https://www.nato.int/cps/en/natohq/official_texts_112964.htm?selectedLocale=en).

<sup>26</sup> Asley Parker, "Donald Trump Says NATO is 'Obsolete,' UN is 'Political Game'," *The New York Times*, 2 April 2016.

## THE REPERCUSSIONS OF THE RUSSIA-UKRAINE WAR FOR NATO AND BURDEN SHARING



The future of NATO will depend not only on increased defense spending, but on allies' ability to develop a shared strategic vision, adapt to technological transformation, and sustain transatlantic political solidarity.

Russia's war against Ukraine, launched on February 24, 2022, has affected the European security architecture while simultaneously transforming NATO's strategic priorities, defense planning, and understanding of burden sharing. In this context, the war has had five fundamental consequences.

The first is that it has reinforced the discourse of state-based threats to NATO and returned the Alliance's collective defense mission to center stage. Having pivoted toward counterterrorism operations in the aftermath of the September 11 attacks, NATO has begun to refocus on high-intensity interstate conflict scenarios. With the outbreak of the war, NATO has developed an approach that centers not only on asymmetric threats such as terrorism perpetrated by non-state actors, but on the armed forces of a state — in this case, Russia — and that state's conventional and nuclear posture. The most tangible consequence of this shift in approach has been the reinforcement of NATO's military presence in Eastern European countries.

The second consequence is that it has made the deficiencies in Europe's defense capacity more visible. The ammunition and weapons support provided to Ukraine has demonstrated that many European countries' ammunition stockpiles are inadequate.

The third consequence is that it has achieved a degree of consolidation within NATO — relative as it may be — while reinvigorating the Alliance's enlargement process. Finland and Sweden's accession to NATO stands as the most tangible indication that Russia's aggressive policies have heightened security concerns across Europe.

The fourth consequence is that it has reinvigorated burden-sharing debates within NATO. While the United States has shouldered the bulk of the military support provided to Ukraine, the American administration expects European states to contribute more.

Finally, it has made fields such as cybersecurity, energy security, the protection of critical infrastructure, artificial intelligence (AI) technologies, and space security into important components of NATO's emerging security agenda.

Within this framework, the future of NATO will depend not only on increased defense spending, but on allies' ability to develop a shared strategic vision, adapt to technological transformation, and sustain transatlantic political solidarity.

## CURRENT DEVELOPMENTS IN BURDEN-SHARING DEBATES

The decision taken at the Wales Summit for NATO members to increase their defense spending in accordance with specified criteria carries great significance for the burden-sharing problem — one that has always held a place on the Alliance’s agenda, albeit with varying intensity, since NATO’s founding. The debates conducted among allies on defense spending and burden sharing are a consequence of the Alliance’s search to adapt to a changing security environment. The most noteworthy criteria in burden-sharing debates are that member states’ defense spending reach at least two percent of their GDP and that they allocate at least 20 percent of their defense budgets to major equipment investments, including R&D activities.

According to current NATO data presented in Tables 2 and 3, member states are seen to be adhering to their commitment to allocate two percent of their GDP to defense spending. Burden sharing is being structured not only as a financial matter but also as a sharing of operational capabilities. Burden sharing has become an institutional priority within NATO, supported by concrete, accountable targets and commitment mechanisms. The indivisibility of security, Alliance solidarity, and the equitable sharing of risk and burden are matters of critical importance for the Alliance’s future. In an international environment where new wars and interstate competition are increasingly visible, it is clear that allies must demonstrate ever greater willingness and capacity to assume their share of responsibility in ensuring collective security. Turkey, with its growing defense industry capabilities, high defense spending, and operational experience, is aware of this reality and stands among the countries contributing most to burden sharing.

**TABLE 2. DEFENSE SPENDING AS A PERCENTAGE OF GDP FOR NATO COUNTRIES (2014-2025, PERCENT)**

Country	2014	2025*
Poland	1.9	4.48
Lithuania	0.9	4.00
Latvia	1.0	3.73
Estonia	1.9	3.38
Norway	1.5	3.35
U.S.	3.5	3.22
Denmark	1.2	3.22
Greece	2.3	2.85
Finland	1.5	2.77

Country	2014	2025*
Sweden	1.1	2.51
Netherlands	1.2	2.49
United Kingdom	2.2	2.40
Türkiye	1.5	2.33
Romania	1.4	2.28
Bulgaria	1.3	2.06
Hungary	0.9	2.06
France	1.8	2.05
Slovakia	1.0	2.04
Croatia	1.8	2.03
Montenegro	1.5	2.03
Slovenia	1.0	2.02
Albania	1.0	2.01
Italy	1.2	2.01
Canada	1.0	2.01
Portugal	1.3	2.00
Germany	1.2	2.00
North Macedonia	1.1	2.00
Belgium	1.0	2.00
Czechia	1.0	2.00
Spain	1.0	2.00
Luxembourg	0.4	2.00

Source: "Defence Expenditure of NATO Countries (2014-2025)," NATO, retrieved June 7, 2026, from <https://www.nato.int/content/dam/nato/webready/documents/finance/def-exp-2025-en.pdf>.

\* Data are as of June 3, 2025 prices and exchange rates. Figures for 2025 are estimated values.

Country	2014	2025*
Poland	19	54.4
Luxembourg	22	53.5
Finland	14	46.0
Lithuania	15	45.8
Hungary	8	45.0
Albania	17	42.1

TABLE 3. SHARE OF EQUIPMENT EXPENDITURE IN NATO COUNTRIES' DEFENSE SPENDING (2014-2025, PERCENT)		
Country	2014	2025*
United Kingdom	23	36.0
Sweden	36	35.8
Latvia	8	35.5
Greece	9	35.0
Montenegro	8	34.3
North Macedonia	6	32.4
Spain	14	32.3
Romania	16	31.8
Norway	21	31.4
Slovakia	11	31.1
France	25	31.0
Czechia	7	30.7
Croatia	28	29.9
U.S.	26	29.7
Bulgaria	1	29.1
Türkiye	25	27.0
Slovenia	0.5	26.6
Netherlands	1	26.1
Estonia	11	25.8
Italy	23	25.7
Canada	11	22.6
Germany	13	20.0
Denmark	14	20.0
Portugal	11	20.0
Belgium	4	14.5

Source: "Defence Expenditure of NATO Countries (2014-2025)."

\* Data are based on 2021 prices and exchange rates as of June 3, 2025. Figures for 2025 are estimated values.

According to NATO's 2025 annual report published by the NATO Secretary General, all allies have reached the target of allocating at least two percent of their GDP to defense, and as seen in the tables, many countries have increased their defense spending significantly. Over the 2014-2025 period, the annual defense spending of NATO's European allies and Canada increased by more than double in real terms, rising by 106 percent.<sup>27</sup> At the summit held in The Hague

<sup>27</sup> *The Secretary General's Annual Report 2025 (Brussels: NATO, 2026)*, 60-67.

on June 24-25, 2025, NATO members set an even more ambitious new target: to allocate five percent of their GDP to defense and security spending by 2035, with 3.5 percent of that figure directed toward core defense expenditures. The potential for this commitment to be realized is of critical importance in the context of the sustainability of the Alliance's solidarity discourse.

## **THE FUTURE OF BURDEN SHARING: REALITIES, EXPECTATIONS, AND POSSIBILITIES**

Some key projections for the period ahead can be outlined as follows:

### **THE EXPECTATION OF INCREASED EUROPEAN DEFENSE SPENDING**

The new security environment that has emerged in the wake of the Russia-Ukraine war has once again made burden-sharing debates within NATO one of the Alliance's central agenda items. One of the most important factors in all members meeting the two percent criterion — among the most concrete steps taken toward resolving the burden-sharing problem — is the pressure generated among European allies by the ongoing Russia-Ukraine war and the broadening perception of potential threat. The war has also made military modernization imperative through the innovations it has brought to warfare technology, such as the intensive use of UAVs and the integration of AI technology into the war industry. The current conjuncture is therefore conducive to a continued upward trend in defense spending, driven by the Russian threat and the digital transformation of warfare technology integrated with AI. Poland's rapid rearmament process and the increases in the defense budgets of Germany and the Baltic states indicate that Europe will continue to sustain higher defense spending over the long term. Assessed within this framework, the likelihood of the targeted five percent commitment being realized increases. It should nonetheless be noted that a number of countries within the Alliance — most notably Spain — have expressed opposition to the decision to varying degrees.

### **THE POSSIBILITY OF A CHANGE IN THE CONTENT OF BURDEN SHARING WITHIN NATO**

It is clear that in the medium term, burden sharing within the Alliance will not be evaluated solely through the lens of defense budgets. Viewed in this light, it is likely that fields such as defense industry production capacity, ammunition production, cybersecurity, AI-supported military technologies, and air and missile defense systems will also become important components of burden sharing.

This in turn will enhance the strategic weight within NATO of countries that are capable of producing technology in particular. On the other hand, should the definition of burden sharing be broadened, areas such as operational contributions, military readiness levels, defense industry output, logistical capacity, and technology development could also become criteria for assessment.

When developments in the Black Sea, the Middle East, and the Eastern Mediterranean are taken into account, Türkiye's strategic role within NATO will assume even greater importance. At this juncture, it should be underscored that Türkiye contributes significantly to NATO's burden sharing not only in terms of defense spending, but also through its robust defense industry, operational experience, and geographic position.

## STRATEGIC AUTONOMY DEBATES AND REALITIES AMONG EUROPEAN COUNTRIES

In the medium term, it is likely that some European states — France foremost among them — will continue to pursue debates around strategic autonomy aimed at reducing their dependence on the United States. However, given the persistence of the Russian threat and Europe's military capability shortfalls, the emergence of an independent European defense structure capable of replacing NATO in the short to medium term appears unlikely.

The criticisms of NATO that the United States — particularly during Trump's current second presidency — has been voicing with increasing frequency also occupy a pivotal position with respect to the burden-sharing problem. The tensions with Denmark over Greenland, the failure to secure the support expected from NATO members in the ongoing U.S./Israel-Iran war, and more broadly the responses of Alliance member states that diverge from U.S. expectations all point to the increasingly fragile structure of transatlantic relations. However, in conditions where an independent European defense strategy appears unfeasible without the United States, ensuring the sustainability of inter-allied solidarity emerges as a fundamental priority. At this juncture, a collective consensus on burden sharing would reinforce the Alliance's shared determination to adapt to the rising new threats it is compelled to confront.

## CONCLUSION

Burden sharing has ceased to be a merely technical or economic matter concerning the size of defense budgets; it has become an issue directly linked to Alliance solidarity, political will, strategic responsibility, and the sustainability of the collective defense ethos. As this analysis has demonstrated, while the criticisms voiced by American administrations at various junctures and European countries'

approaches to defense spending have varied, the burden-sharing problem within NATO persists as a phenomenon rooted in the Alliance's structural characteristics and one that is difficult to eliminate entirely.

NATO has distinguished itself as a dynamic and sustainable security architecture capable of rapidly integrating with the shifting contours of the international environment. Türkiye, for its part, is one of the decisive actors within this great institutional architecture — one that delivers results in the field and contributes directly to the security of its allies. With its military capacity, crisis management experience, and mediating role, Türkiye is an ally that generates solutions. The competence attained and the potential realized by the Turkish defense industry offer significant opportunities for the development of defense cooperation between Türkiye and other NATO member states. Investment in new and disruptive technologies — autonomous systems and UAVs in particular — has enhanced NATO's operational capacity and strengthened Türkiye's position within the Alliance. In this context, the NATO Heads of State and Government Summit to be held in Ankara on July 7-8, 2026, carries special significance both as a reaffirmation of Türkiye's indispensable role within the Alliance and as an opportunity to reshape debates on defense spending and burden sharing in light of the new security environment. It is expected that this summit will bind allies' defense spending commitments to more concrete conditions.

The security dynamics that have emerged in the wake of the Russia-Ukraine war have increased Europe's responsibilities in the defense domain while also reinforcing the U.S. expectation of greater contributions from its allies. Yet NATO's success depends not only on greater spending, but on whether these resources are deployed in a manner consistent with shared security objectives. The decisions produced by the Ankara Summit and allies' new commitments will be determinative for the strengthening of NATO's collective defense capacity and the sustainability of the transatlantic security bond.

European NATO members' defense spending has been on an upward trajectory since 2014; the establishment of defense spending commitments and efforts within the Alliance such as smart defense contribute — in relative terms at least — to addressing this problem. What must be underscored here is the divergence in security and threat perceptions among Alliance members — a divergence that constitutes one dimension of the burden-sharing problem and has become increasingly visible in recent times. It would be meaningful for the Alliance's success if those NATO members that are also EU members were to strengthen their strategic responsibilities within the NATO framework in the context of burden sharing. However, the exclusion or marginalization of non-EU NATO members — and Türkiye in particular — from European security and defense initiatives would itself undermine the prospects for those initiatives' success. With its robust

defense capabilities and industry, Türkiye can contribute even more to Europe's security and defense. Türkiye's presence in NATO — a country capable of establishing concrete, trust-based relationships with all regions of the world through its hard and soft power assets, and one willing to assume risk — is of extraordinary value for the Alliance's ability to achieve its objectives. In this process, Türkiye stands out as an actor that actively contributes to NATO's collective security and generates security on the Alliance's southern flank.

## **ARİF BAĞBAŞLIOĞLU**

He graduated in 2002 from Gazi University's Faculty of Economics and Administrative Sciences, Department of International Relations. He completed his master's degree in 2004 and his PhD in 2011, both in International Relations at the same university's Institute of Social Sciences. Between November 2005 and January 2009, he worked as a civilian international relations expert and course director at the Turkish Armed Forces' Partnership for Peace Training Center Command. From September 2012 to September 2013, he conducted postdoctoral research as a visiting scholar at the University of Ottawa in Canada. Between January 2009 and February 2019, he worked as a research assistant and faculty member at Kırşehir Ahi Evran University. From February 2019 to November 2023, he served as a faculty member and department chair in the Department of International Relations (English) at Çanakkale Onsekiz Mart University's Faculty of Political Sciences. He has published numerous academic works in international journals on NATO's role in international politics, American foreign policy, international security, and conflict resolution, as well as two books, one of which is an edited volume. He currently serves as a faculty member and department chair in the Department of International Relations (English) at the Faculty of Economics and Administrative Sciences, İzmir Democracy University.

# Defense Spending Debates within NATO: The Transformation of Transatlantic Security and Burden Sharing

Arif Bağbaşıoğlu

Debates on defense spending and burden sharing within NATO have been a recurring item on the transatlantic security agenda since the Alliance's founding. Defense expenditures represent more than the allocation of financial resources to meet states' security needs; they serve as tangible indicators of Alliance solidarity, collective defense capacity, and strategic commitment. In particular, the United States' (U.S.) preponderant military and economic weight within NATO has kept alive persistent questions about the extent to which European allies contribute to the defense burden. Burden-sharing debates that emerged in response to the Soviet threat during the Cold War have since taken on new dimensions in light of developments including post-Cold War defense budget reductions, the shifting security threats of the post-September 11 environment, Russia's annexation of Crimea, and the Russia-Ukraine war.

This analysis aims to examine the debates on defense spending and burden sharing within NATO within a historical and theoretical framework. In this context, it first addresses the place of the concepts of defense spending and burden sharing in the literature, before going on to explore the historical development of burden-sharing debates within NATO. The analysis's central argument is that, when the transformation underway in the European security architecture is taken into account, the debates on defense spending within NATO constitute not merely a matter of economic burden sharing, but a strategic issue with direct bearing on the sustainability of the transatlantic security architecture, the nature of U.S. leadership, and the future of the Alliance.



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