

# **CBO PAPER**

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INTEGRATING NEW ALLIES  
INTO NATO

October 2000



**CONGRESSIONAL BUDGET OFFICE**  
SECOND AND D STREETS, S.W.  
WASHINGTON, D.C. 20515

# Report Documentation Page

Form Approved  
OMB No. 0704-0188

Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.

1. REPORT DATE <b>OCT 2000</b>		2. REPORT TYPE		3. DATES COVERED <b>00-00-2000 to 00-00-2000</b>	
4. TITLE AND SUBTITLE <b>CBO Paper. Integrating New Allies Into NATO</b>				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) <b>Congressional Budget Office, Ford House Office Building 4th Floor, Second and D Streets, SW, Washington, DC, 20515-6925</b>				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT <b>Approved for public release; distribution unlimited</b>					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT	18. NUMBER OF PAGES <b>39</b>	19a. NAME OF RESPONSIBLE PERSON
a. REPORT <b>unclassified</b>	b. ABSTRACT <b>unclassified</b>	c. THIS PAGE <b>unclassified</b>			

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NOTE

Numbers in the text and tables may not add up to totals because of rounding.

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## **PREFACE**

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In March 1999, Poland, Hungary, and the Czech Republic became members of the North Atlantic Treaty Organization (NATO), marking a milestone in their reintegration into the European mainstream. This enlargement of the alliance occurred with the advice and consent of the U.S. Senate in April 1998, following an extensive debate on the three Central European countries' qualifications for membership. Proponents of enlarging NATO argued that the three countries would enhance the security of the alliance and would contribute to its ability to carry out its missions. Opponents feared that the enlargement would entail steep costs for the United States and its allies, would make the alliance less secure by increasing its commitments, and would antagonize Russia.

This Congressional Budget Office (CBO) paper examines the contribution that the three Central European allies are making to the common defense of the alliance. The paper looks at how they have progressed militarily since the end of the Cold War—namely, the state of their defense budgets and their military reforms. It also details NATO's costs for incorporating the new members. The paper relies on (1) interviews with defense experts who have worked with the new allies or have examined their armed forces, (2) journal articles, (3) information provided by the three countries themselves, and (4) conversations with and reports from officials at the Department of Defense (DoD) and the U.S. Mission to NATO. While classified materials from DoD and NATO were consulted, all information in this paper comes from open sources.

The paper was requested by the Chairman and Ranking Democratic Member of the Senate Foreign Relations Committee. In keeping with CBO's mandate to provide objective and nonpartisan analysis, it makes no recommendations.

The paper was prepared by John J. Lis and Zachary Selden under the supervision of Christopher Jehn and R. William Thomas. Delia Welsh compiled the appendix and drafted Chapter II, and Carolyn Leddy contributed invaluable research and drafted sections of all three chapters. The authors wish to thank Jeffrey Simon, Thomas S. Szayna, Daniel N. Nelson, Andrew Michta, Marybeth Ulrich, Paul Gallis, Julie Kim, and Carl Ek for their insights and assistance. All responsibility for this work, however, rests with the authors.

John Skeen edited the paper, and Christine Bogusz proofread it. Judith Cromwell prepared it for publication, and Annette Kalicki prepared the electronic versions for CBO's Web site ([www.cbo.gov](http://www.cbo.gov)).

Dan L. Crippen  
Director

October 2000

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## SUMMARY

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In March 1999, Poland, Hungary, and the Czech Republic became the latest members of the North Atlantic Treaty Organization (NATO). Just as NATO allies had done three times previously, they extended to the new members their solemn guarantee “that an armed attack against one or more of them in Europe or North America shall be considered an attack against them all,” as stated in Article 5 of the Washington Treaty. At the same time, the new allies pledged that they would contribute to the common defense of the North Atlantic area. Working with NATO, they set out to upgrade their militaries and to integrate their armed forces with those of the alliance.

Members of Congress have reason to be interested in the progress that Poland, Hungary, and the Czech Republic have made toward restructuring their armed forces and integrating them into NATO. The United States can be expected to pay almost \$400 million over 10 years in common costs for enlarging the alliance, such as those for providing command, communications, computers, and intelligence (C<sup>3</sup>I); air defense; and reinforcement and training facilities for the new member states. The Congress has also provided millions of dollars in assistance to the three new members to help them modernize their forces. In addition, Senators may base a decision to further enlarge NATO in part on their evaluation of the current expansion.

When the Senate voted in April 1998 in favor of enlargement, it implicitly accepted the argument that the three new allies would contribute to the security of the alliance, that they would become what some analysts call “net producers” of security rather than simply consumers. Security, of course, has several components: internal stability, good relations with neighbors, active diplomacy, and even a favorable geographic location. (For example, Iceland—a NATO member since 1949—has no military but offers a key strategic location that is home to NATO bases.)

This paper examines the progress that Poland, Hungary, and the Czech Republic have made toward integrating into NATO. It looks at their progress in restructuring their militaries, training their personnel, adopting NATO doctrine, modernizing outdated equipment, and generally developing the capability to fight alongside and communicate with existing NATO forces. It also gauges their current contributions to NATO’s operations in the Balkans and other activities. Finally, it examines the improvements that NATO itself has pledged to carry out in the three countries to facilitate the alliance’s activities.

Some measures indicate that the new allies are moving toward making appropriate contributions to the alliance. Poland and the Czech Republic have

increased their defense budgets relative to gross domestic product (GDP) to about the average for the other European NATO members. All of the new allies are contributing personnel to Operation Joint Guardian in Kosovo at levels that are comparable to those of similarly sized long-standing NATO members. All three have successfully created Western-style command structures and are taking steps to modernize their forces.

The new allies share some common challenges as well, especially in restructuring their militaries and overcoming the debilitating legacy of Warsaw Pact military doctrine. While the armed forces of all three new members are firmly in the hands of civilian defense ministries, a lack of civilian defense experts in the legislative branches has resulted in minimal parliamentary oversight. Moreover, all of the new allies need to develop larger noncommissioned officer corps and junior officer corps and to imbue those new officers with an ability to lead and take the initiative—thus moving away from the Warsaw Pact model of absolute reliance on top-down centralized authority. All three countries also share a need to modernize their equipment, but according to many experts, this lesser problem can be addressed mainly by upgrading weapons platforms and buying communications gear that is interoperable with NATO's systems.

Although the new allies are progressing along the same lines and facing similar challenges, their current contributions to the alliance vary widely. Poland, the largest of the three, brings a military that is twice the size of the combined militaries of the Czech Republic and Hungary, along with a strong commitment to funding its armed forces. The Czech Republic is increasing its defense budgets and has already exceeded some of its spending goals. Hungary spends the least on defense, but it does provide a key strategic position that has already aided NATO in its efforts to stabilize the Balkans. On balance, Poland is better positioned than either Hungary or the Czech Republic to play a substantial role in the alliance.

## DEFENSE BUDGETS

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Defense spending fell in Poland, Hungary, and Czechoslovakia following the end of the Warsaw Pact. Expressed as a share of GDP, between 1989 and 1997 it fell from 2.5 percent to 2.3 percent in Poland, from 2.8 percent to 1.4 percent in Hungary, and from 2.6 percent to 1.7 percent in Czechoslovakia and the Czech Republic.<sup>1</sup>

In preparation for membership in NATO, all three countries began to increase their defense spending. Polish defense budgets increased (in 1999 U.S. dollars) from \$3.2 billion in 1996 to \$3.4 billion in 1999, Hungarian budgets rose from \$491 million

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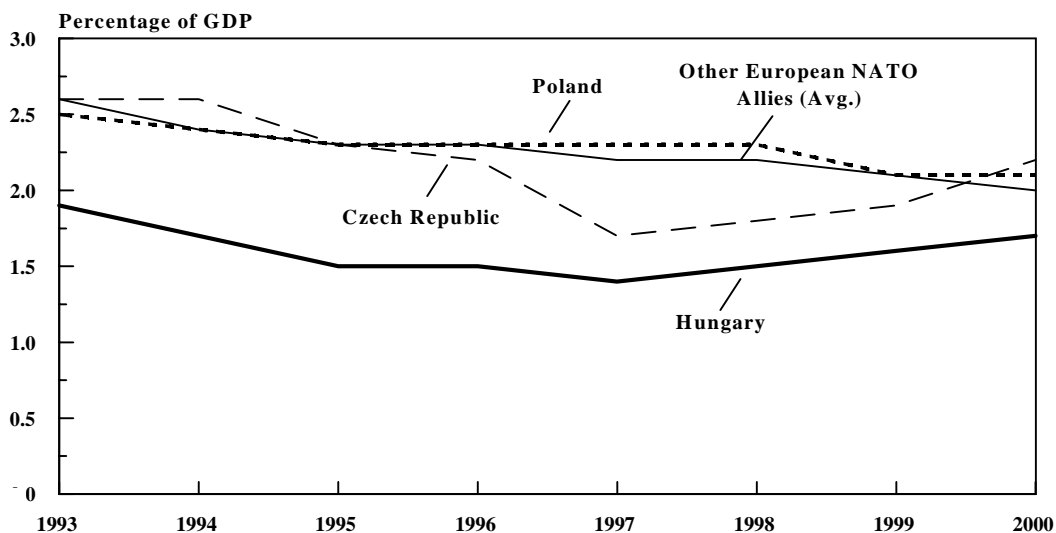
1. Czechoslovakia divided into the Czech Republic and Slovakia in 1993.

in 1997 to \$802 million in 1999, and Czech spending grew from \$860 million in 1997 to \$974 million in 1999. Defense spending as a share of GDP is now 2.1 percent in Poland, 1.7 percent in Hungary, and 2.2 percent in the Czech Republic—levels comparable to the average of 2.0 percent for the other European members of NATO (see Summary Figure 1).

Before joining the alliance, Hungary and the Czech Republic both pledged to increase the share of national income that they devote to defense by 0.1 percent a year. Specifically, Hungary agreed to an increase from 1.4 percent in 1997 to 1.8 percent in 2001, and the Czech Republic agreed to go from 1.7 percent in 1997 to 2.0 percent in 2000 (which it has exceeded). By 2003, Hungary is expected to spend \$1 billion on defense, and the Czech Republic \$1.2 billion. Polish defense budgets are projected to reach \$4.1 billion in 2003, 2.3 percent of GDP. Poland and Hungary are both enjoying strong economic growth, while the Czech Republic is just starting to recover from a recession, which could affect its ability to further increase its defense spending.

However, NATO's future operations of peacekeeping and humanitarian relief are likely to be conducted by "coalitions of the willing." It is therefore important to

SUMMARY FIGURE 1. EUROPEAN ALLIES' DEFENSE SPENDING AS A PERCENTAGE OF GDP, 1993-2000



SOURCE: Congressional Budget Office based on data from the Institute for National Strategic Studies and NATO.

look beyond pure measures of spending and gauge the willingness of the new allies to assume these tasks. In general, the new allies are taking on the burdens of membership and contributing to NATO missions. They are contributing troops to the Kosovo force and the Bosnia Stabilization Force at levels comparable to those of other NATO allies of similar size. They are also helping to reach out to aspirants to NATO by hosting Partnership for Peace (PfP) exercises and thus further expanding the “zone of stability” that the alliance creates.<sup>2</sup>

## RESTRUCTURING AND MODERNIZATION

Integration into NATO will require the three new members to do more than increase their defense spending. U.S. and NATO officials point out that Poland, Hungary, and the Czech Republic also must train their personnel to exercise leadership and initiative and to speak English, the functional language of the alliance. They also must create and maintain highly ready and mobile units that can participate in NATO missions beyond the alliance’s territory. Although all three countries face steep modernization costs to replace obsolete or inadequate equipment, NATO has stated that the new allies can defer purchases of expensive items such as fighter aircraft for several years while they focus on procuring items deemed more essential to integration, such as field radios, networked computers, navigation aids, and “identify friend or foe” devices for aircraft.

### Poland

Poland has made the greatest progress of the three new allies toward integrating its military into NATO, according to analysts who have examined the efforts of all three countries. Experts point to Poland’s larger defense budgets, detailed modernization plan, and strong political support for the alliance in concluding that the country is likely to contribute significantly to European security. While Poland faces challenges in restructuring its forces, some observers already compare the Polish military favorably with those of longtime NATO members such as Greece and Turkey.

In July 1999, the Polish government approved a set of regulations that will reorganize its top military leadership along the lines of the U.S. Joint Staff. Current plans call for drastically cutting the number of officers, particularly those in the higher ranks, while doubling the number of sergeants by 2003. Altogether, the military is projected to shrink from 200,400 in 2000 to 180,000 in 2003. Poland has pledged

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2. Partnership for Peace is a NATO program that facilitates exchanges between NATO and non-NATO militaries in Europe and coordinates joint exercises and training. Poland, Hungary, and the Czech Republic were PfP members before joining NATO. PfP members are not covered by NATO’s collective defense guarantee.

four brigades for NATO's high-readiness reaction forces and two divisions for the main defense forces.

### Hungary

Hungary's geographic location allows the alliance to project stability into the most volatile part of Europe. The country already has hosted NATO forces for operations in Bosnia, and it is making a contribution to the ongoing NATO missions in Kosovo and Bosnia that is comparable to the contributions of similarly sized allies such as Portugal. Furthermore, military leaders have put forth a vigorous reform program. Some analysts, however, point to Hungary's small defense budgets, outmoded equipment, and lack of a political commitment to improve the situation as indicators that the country may not be prepared to shoulder a proportional share of the burdens of membership in NATO.

### The Czech Republic

Experts cite the Czech Republic's specialized units, increasingly professional forces, and modern communications system as signs that the Czech military will be able to contribute to NATO forces in proportion to its size. But potential pitfalls loom, particularly the challenge of maintaining government support for defense spending and a potential "brain drain," as talented young officers leave the military for the private sector.

Nonetheless, the Czech Republic has pledged to make a combat brigade available to NATO's Rapid Reaction Corps by 2002, and one light airborne infantry battalion of that brigade is considered ready now. In addition, the Czech military has gained a reputation for its work to defend against weapons of mass destruction; a company with expertise in defending against nuclear, chemical, and biological weapons is assigned to NATO's Immediate Reaction Force.<sup>3</sup>

### NATO-Funded Common Capabilities

In addition to the national contributions, there are also common costs of enlargement that NATO has agreed to bear as an alliance. According to a NATO study, these programs will cost about \$1.5 billion over the 10 years from 1999 through 2008.

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3. Immediate reaction forces would be the first to be deployed during a crisis. Rapid reaction forces would follow within in a few days.

Those programs cover four broad issues: communications systems, an integrated air defense, reception facilities for reinforcements, and training and field exercises.

According to NATO officials, the necessary communications links between the Central European capitals and NATO headquarters and allied capitals were put in place before Poland, Hungary, and the Czech Republic joined NATO in March 1999. NATO has approved funding for upgrades and has established basic communications links between each country's operations center for air defense and the alliance's air-defense system. No work has yet begun on enhancing facilities for receiving reinforcements, although \$400 million was recently approved for that purpose. Most of the work will involve improvements at air bases in the three countries so that the bases can accommodate other allies' aircraft. Finally, no action has yet been taken on the relatively minimal improvements to training facilities that NATO will underwrite.

## **CHAPTER I**

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### **FROM THE WARSAW PACT TO NATO**

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When Poland, Hungary, and the Czech Republic joined the North Atlantic Treaty Organization (NATO) in March 1999, it marked a milestone in their transformation. Ten years earlier, the three Central European countries had set in place the bloodless revolutions that replaced communist governments and command economies with democracy and free markets. For most of the ensuing decade, they sought to reestablish the links to Western Europe that had been severed by the Nazi invasion and Soviet occupation. In this sense, their admission to the Western alliance signified a reentry into the European mainstream.

Of course, it is not enough for the three new allies to gain the security provided by NATO's umbrella; they must themselves contribute to the security of the alliance. They must understand how other allies' militaries operate and be able to shoulder a proportional share of the burdens. And while they need not field the same equipment as the other allies, they must be able to contribute modern, capable military forces.

This paper examines the progress that Poland, Hungary, and the Czech Republic have made toward integrating into NATO. It considers what the conditions were when the Berlin Wall fell, what these countries accomplished in the ensuing decade, and how they plan to fund their continuing integration into NATO. It then looks at their progress in restructuring their militaries, training their personnel, adopting NATO doctrine, modernizing outdated equipment, and generally developing the capability to fight alongside and communicate with existing NATO forces. It also gauges their current contributions to NATO operations in the Balkans and other activities of the alliance. Finally, it examines the improvements that NATO itself has pledged to carry out in the three new member countries to facilitate the alliance's activities.

### **FRAMING THE CURRENT ENLARGEMENT OF NATO**

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Providing its advice and consent in April 1998, the U.S. Senate approved the protocols admitting the Central European countries to NATO with the understanding that the three countries would make the alliance more secure and that enlarging the alliance would not place an undue financial burden on U.S. taxpayers. NATO's own study placed the common costs at \$1.5 billion over 10 years, to be divided among the allies through the alliance's military and infrastructure budgets. Because the United

States pays almost a quarter of each budget, the expected cost for this country is about \$400 million through 2008. While modest relative to the overall defense budget, that sum is a significant contribution nonetheless.

Given those considerations, it is understandable that the Congress would be interested in the progress that Poland, Hungary, and the Czech Republic are making as NATO members. The Congress must appropriate money over the next decade to pay the common costs, and Senators will be asked to give their advice and consent if additional countries seek membership in NATO. Certainly, the Congress's evaluation of Poland's, Hungary's, and the Czech Republic's integration will inform these future decisions. If the Congress determines that the Central European allies are taking advantage of the security guarantee while contributing little themselves, it may be reluctant to support membership for other new democracies. But if the Congress believes that the new allies are progressing well and shouldering their fair share toward the common defense, then it is likely to look more favorably on the candidacy of additional countries.

Poland, Hungary, and the Czech Republic have all stated that they favor further enlargement to integrate their neighbors into a common European defense and to create a larger "zone of stability" beyond their own borders. Historically, Central Europe has been a region of instability, a source of contention between empires, and the flash point for two world wars. The new NATO members look at the example of France and Germany, which have enjoyed more than 50 years of peace following three wars in the previous 80 years, and see the alliance as an umbrella that promotes stability and prosperity. Whether another round of enlargement that takes in countries bordering Poland, Hungary, and the Czech Republic comes to pass may well hinge on how this first round is viewed.

It is unrealistic to expect the Central European countries to achieve the same level of sophistication as the U.S. military, but some experts believe that they can match or exceed the contributions of certain NATO allies. In particular, these analysts note that Poland's population of nearly 40 million is comparable with Spain's. Hungary and the Czech Republic, with roughly 10 million citizens each, have approximately the population of Portugal. Accordingly, the argument goes, if the Central European allies can make contributions similar to the ones made by those comparable members of NATO, they would be bearing their fair share.

## OVERCOMING THE LEGACY OF THE WARSAW PACT

During the Cold War, Moscow dictated security and defense strategies for its allies, including concentrating troops along western borders. With the collapse of the Berlin Wall, the Central European countries confronted the task of building new military organizations to serve the national interest and not the aims of the now-defunct Soviet

Union. However, the dissolution of the Warsaw Pact did not mean the immediate end of Soviet influence in Central European militaries; in fact, the legacy continues to hamper reforms.

Military reform measures varied from country to country as Central and Eastern European states began the transition from communism to democracy. One of the most extensive reforms was redefining civil-military relations. The communist regimes subordinated their militaries to the communist party rather than to state institutions. Party officials used the militaries to subdue perceived external or internal threats. After the collapse of the Warsaw Pact, however, each nation was left to reconcile the role of the military to the demands of a democratic society and to define the relationship between military institutions and political entities. The militaries in Hungary, Poland, and the Czech Republic struggled to overcome the legacy of the Soviet era while simultaneously developing the ability to work with other NATO allies in nontraditional military operations, such as peacekeeping and providing humanitarian relief.

After the 1993 breakup of Czechoslovakia, the Czech Republic embraced a “shock therapy” approach to defense reform and became the first Central European state to place its military fully under civilian control, which it accomplished by the summer of 1994. The Czechs early on exhibited the desire to purge the military of communist influence. As of 1998, all but one of the 10 generals in the Czech military had been newly appointed since the fall of the communist regime. The transition to civilian control of the military in Hungary and Poland is proceeding more slowly. Many of the top posts in the Hungarian Ministry of Defense are still occupied by military officers, and Poland’s top officers were reluctant to cede control to a civilian defense minister.

The Soviet military model, which served as the basis for the Hungarian, Polish, and Czech armed forces during the Cold War, is still deeply embedded in their organization and mentality. Some military analysts characterize this “intellectual legacy” of Soviet rule as the greatest challenge to reform efforts. Soviet doctrine emphasized absolute reliance on orders, making it difficult to complete assigned tasks without detailed instructions from superiors. This reliance on superior authority clashes with Western procedures, which allow much more initiative by junior officers.

In the latter half of the 1990s, the new allies drew up comprehensive programs of military reform focusing on modernizing and restructuring forces to overcome the Soviet legacy. Such programs emphasize retraining officers and noncommissioned officers in modern Western strategy, tactics, and operations. Poland, Hungary, and the Czech Republic are being challenged to transform their militaries into lighter forces capable of rapid deployment. While the state of the new allies’ restructuring of their armed forces varies, all are organizing according to NATO’s configurations of corps, brigades, and battalions.

The new allies are taking many steps toward making proportional contributions to NATO. However, they face the significant obstacle of overcoming the 50-year legacy of the Warsaw Pact and its lingering effects on doctrine, leadership, and training.

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## CHAPTER II

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### DEFENSE BUDGETS

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In their negotiations to join the alliance, the new allies agreed to increase defense spending as a percentage of gross domestic product (GDP). In particular, the Czech Republic pledged to spend 2 percent of GDP on defense by 2000, and Hungary pledged 1.8 percent by 2001. Poland pledged to increase defense spending to 3 percent of GDP, but Polish officials now say that that is a long-term goal over the next 15 years and that near-term budgets will remain in the range of 2.1 to 2.4 percent. All three countries appear to be on track to meet or exceed those goals (see Table 1).

Depending on economic performance, the new allies may have more funds available for defense. But there are constraints on their spending imposed by their desire to join the European Union (EU). To be eligible, the three countries will have to reform their political and economic systems to conform to the EU's criteria for democratic and legal stability, a functioning market economy, and the administrative responsibilities of membership. In addition, they must meet the EU's requirement to keep deficit spending under 3 percent of GDP.

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TABLE 1. PROJECTED DEFENSE SPENDING IN NATO AS A PERCENTAGE OF GDP, 2000-2003

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	2000	2001	2002	2003
Poland	2.1	2.2	2.3	2.3
Hungary	1.7	1.8	1.8	1.8
Czech Republic	2.2	2.0	2.0	2.0
United States	3.2	3.2	3.1	3.1
NATO, Western Europe	2.0	2.0	2.0	1.9
Overall Average for NATO	2.6	2.5	2.5	2.4

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SOURCE: Congressional Budget Office based on data from the Ministries of Defense of Poland, Hungary, and the Czech Republic; the Organization for Economic Cooperation and Development; the Economist Intelligence Unit; and the U.S. Department of Defense.

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**HISTORICAL TRENDS AND PROJECTED SPENDING**


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The Central European nations significantly cut their defense budgets after the Warsaw Pact crumbled (see Table 2). Hungary's defense spending fell from 2.8 percent of GDP to 1.4 percent between 1989 and 1997. After Czechoslovakia divided in 1993, defense spending as a share of GDP in the Czech Republic fell from 2.6 percent that year to 1.7 percent in 1997. Poland's decrease in spending as a share of GDP was less striking. In 1988, Poland spent about 2.5 percent of GDP on defense; by 1997 that figure had dropped to 2.3 percent. All three nations spend the largest share of their defense budgets on personnel costs. As these countries make deep cuts in personnel, they may free up resources for modernization, although the cost of maintaining a smaller professional military may not be less than the cost of maintaining a much larger conscript-based force (see Box 1).

### Poland

Poland has the largest military and the only navy among the new allies. In relation to its neighbors, historically it has spent the most on defense and the most as a proportion of GDP. As Poland prepared itself for membership in NATO, the government increased defense spending (in 1999 U.S. dollars) from \$3.2 billion in 1996 to \$3.5 billion in 1997 and almost \$3.6 billion in 1998. The increase was assisted by vibrant economic growth. During the mid-1990s the economy grew at an

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TABLE 2. HISTORICAL DEFENSE SPENDING AS A PERCENTAGE OF GDP, 1990-1999

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	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Poland	2.5	2.3	2.2	2.5	2.4	2.3	2.3	2.3	2.3	2.1
Hungary	2.5	2.4	2.2	1.9	1.7	1.5	1.5	1.4	1.5	1.6
Czech Republic <sup>a</sup>				2.6	2.6	2.3	2.2	1.7	1.8	1.9
United States	5.6	5.0	5.2	4.8	4.3	4.0	3.7	3.5	3.3	3.3
NATO, Western Europe	3.0	2.9	2.7	2.6	2.4	2.3	2.3	2.2	2.2	2.1
Overall Average for NATO	4.1	3.7	3.7	3.6	3.3	3.0	2.9	2.8	2.7	2.7

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SOURCE: Congressional Budget Office based on data from the Institute for National Strategic Studies and NATO.

a. The Czech Republic was established on January 1, 1993, when Czechoslovakia divided into Slovakia and the Czech Republic.

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BOX 1.  
CONSCRIPTION IN EUROPE

Most NATO and Warsaw Pact members maintained large numbers of conscripts in their militaries during the Cold War. Recently, however, many of those countries have begun to follow the examples of the United States and the United Kingdom and are phasing out conscription.

It is difficult to compare conscript militaries with all-volunteer forces in terms of either cost or quality. Conscription usually reduces the budgetary costs of maintaining a military force by shifting some costs from taxpayers to conscripts, who serve for lower wages than volunteers. Although such forces are less costly, they are generally less capable. Because of their shorter term of service, conscripts are unlikely to develop the same skills as professional soldiers.

Nonetheless, some European leaders claim that conscription is worth maintaining for its social aspects. They argue that conscription better spreads the burden of defending the nation across all social strata and binds the military to the society it protects. In addition, because conscription pushes some of the costs of the military onto the conscripts, the military can maintain its numerical strength at lower budgetary costs than with an all-volunteer force. For those reasons, Poland, Hungary, and the Czech Republic are maintaining conscription but reducing the total number of conscripts and their term of service.

annual rate of more than 5 percent, although successive Russian economic crises reduced the demand for Polish exports. Nonetheless, Poland's GDP is projected to grow by 4.5 percent in 2000.

Polish defense spending is expected to remain between 2.1 and 2.4 percent of GDP over the next several years. Given the predictions of economic growth, Poland is expected to increase its defense budgets (in 1999 U.S. dollars) from \$3.4 billion in 1999 to \$4.1 billion in 2003 (see Figure 1 and Table 3). More than 13 percent of its fiscal year 2000 defense budget has been devoted to NATO-related projects, and 10.7 percent has gone to modernization. High popular support for NATO may also translate into higher military budgets in the future.

### Hungary

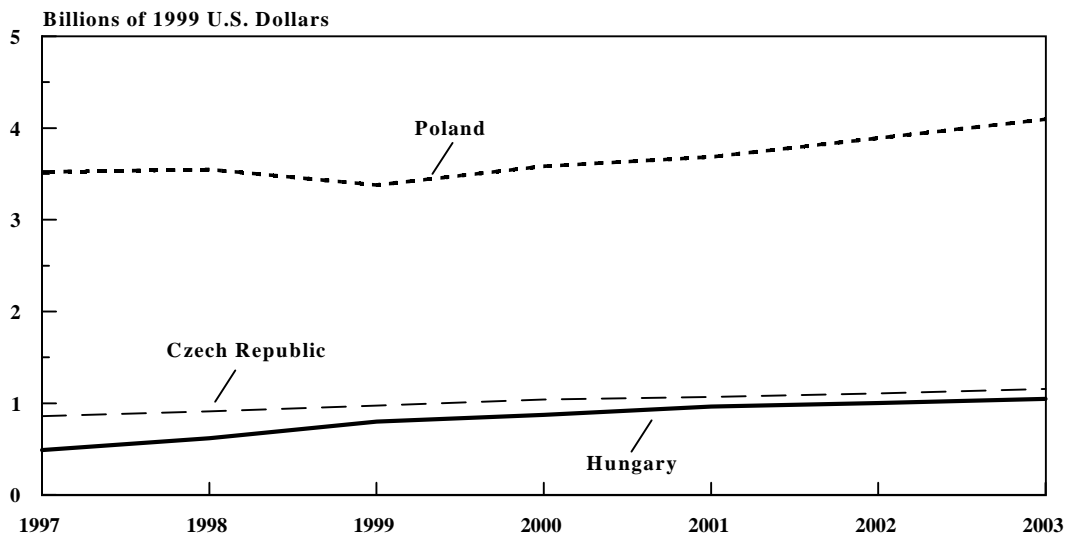
Defense spending in Hungary is the lowest of the three new allies', both as a share of GDP and in terms of total spending (see Figure 1). In general, there is less public support for the military and for NATO membership than in Poland. Whereas Poles have historically viewed their military as the protector of the nation, even under

communist governments, Hungarians have long been wary of their military, which was widely viewed as an accomplice in the Soviet Union's domination of Hungary.

Hungary has made a relatively successful political and economic transition in comparison with its neighbors. In 1995, the government undertook important austerity measures, including a currency devaluation and cuts in social programs. The reform package caused a short-term economic slowdown, but the country's economic development, fueled by an aggressive privatization effort, has attracted more foreign investment to Hungary than to any other country in the region since 1990. The Hungarian economy is expected to grow by at least 4.5 percent in 2000.

The austerity program kept defense budgets lower than those in the Czech Republic even as the military prepared for membership in NATO, although the defense budgets increased from \$491 million in 1997 to \$804 million in 2000 (in 1999 U.S. dollars; see Figure 1 and Table 3). In the 2000 budget, \$47 million is allocated for modernization and improvements specifically to meet the demands of belonging to NATO.

FIGURE 1. CENTRAL EUROPEAN ALLIES' HISTORICAL AND PROJECTED DEFENSE SPENDING, 1997-2003 (In billions of 1999 U.S. dollars)



SOURCE: Congressional Budget Office based on data from NATO, the Congressional Research Service, the embassies of Hungary and the Czech Republic, the Organization for Economic Cooperation and Development, the Economist Intelligence Unit, and the U.S. Department of Defense.

TABLE 3. CENTRAL EUROPEAN ALLIES' HISTORICAL AND PROJECTED DEFENSE SPENDING, 1997-2003 (In millions of 1999 U.S. dollars)

	1997	1998	1999	2000	2001	2002	2003
Poland	3,520	3,546	3,377	3,582	3,684	3,889	4,093
Hungary	491	620	802	804	963	1,004	1,048
Czech Republic	860	912	974	1,041	1,069	1,107	1,157

SOURCE: Congressional Budget Office based on data from NATO, the Congressional Research Service, the embassies of Hungary and the Czech Republic, the Organization for Economic Cooperation and Development, the Economist Intelligence Unit, and the U.S. Department of Defense.

The Hungarian government has pledged to raise defense spending by 0.1 percent of GDP each year until 2001, when it would reach 1.8 percent. The military maintains that it can bring its equipment up to NATO's standards with minor modifications and has not placed a high priority on acquiring the latest weapons technology. However, Hungary may face larger challenges than the other two new members in modernizing its military because its defense budgets have been so low for so long. In addition, Prime Minister Viktor Orban has stated that the costs of supporting the air campaign against Yugoslavia and the subsequent peacekeeping mission have exhausted the current defense budget and that "development projects promised upon accession to NATO have been halted."<sup>1</sup>

### The Czech Republic

Defense spending in the Czech Republic declined from 2.6 percent of GDP in 1993 to 1.7 percent in 1997 before rebounding to 1.8 percent in 1998 in anticipation of membership in NATO. The country's 2000 defense budget is \$1.02 billion, or 2.2 percent of GDP. Nearly a third of that, 31 percent, is allocated for modernization, of which 89 percent is designated for NATO-related upgrades. The Czech Republic inherited about two-thirds of the federation's military personnel when Czechoslovakia dissolved in 1993; since then, the Czech government has reduced the number of active-duty personnel from roughly 106,700 to 61,000 (see Table 4).

During the early years of transition, the Czech Republic was a model of economic success, posting strong growth rates and low levels of unemployment. The country fell into a recession in 1997, however, which prevented increases in defense spending despite increases in the percentage of GDP spent on defense. The

1. Radio Free Europe/Radio Liberty, *Newsline*, July 15, 1999.

TABLE 4. ARMED FORCES OF CENTRAL EUROPEAN ALLIES AND COMPARABLE ALLIES, 1989-1999 (Total active-duty personnel)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
<b>Central European Allies</b>											
Poland											
Professional	181,000	108,800	113,900	129,100	125,100	123,600	120,500	101,400	100,150	99,050	79,100
Conscript	<u>231,000</u>	<u>204,000</u>	<u>191,100</u>	<u>167,400</u>	<u>162,400</u>	<u>160,000</u>	<u>158,100</u>	<u>147,100</u>	<u>141,600</u>	<u>141,600</u>	<u>126,128</u>
Total	412,000	312,800	305,000	296,500	287,500	283,600	278,600	248,500	241,750	240,650	205,228
Hungary											
Professional	30,500	29,700	28,700	22,900	22,000	22,100	21,911	24,099	21,346	20,700	19,800
Conscript	<u>91,900</u>	<u>81,000</u>	<u>65,300</u>	<u>51,100</u>	<u>52,340</u>	<u>51,560</u>	<u>46,350</u>	<u>37,595</u>	<u>34,385</u>	<u>33,000</u>	<u>32,400</u>
Total	122,400	110,700	94,000	74,000	74,340	73,660	68,261	61,694	55,731	53,700	52,200
Czech Republic <sup>a</sup>											
Professional					38,049	33,282	30,413	27,800	25,821	25,821	26,163
Conscript					<u>68,630</u>	<u>54,326</u>	<u>43,178</u>	<u>38,000</u>	<u>32,693</u>	<u>31,191</u>	<u>34,717</u>
Total					106,679	87,608	73,591	65,800	58,514	57,012	60,880
<b>Comparable NATO Allies</b>											
Spain											
Professional	103,500	75,000	73,600	99,400	58,900	67,200	73,300	80,000	78,000	94,250	83,800
Conscript	<u>206,000</u>	<u>210,000</u>	<u>200,900</u>	<u>158,000</u>	<u>158,100</u>	<u>133,500</u>	<u>133,200</u>	<u>126,000</u>	<u>128,800</u>	<u>99,700</u>	<u>102,700</u>
Total	309,500	285,000	274,500	257,400	217,000	200,700	206,500	206,000	206,800	193,950	186,500
Portugal											
Professional	29,100	28,100	24,900	28,500	25,500	37,100	37,100	36,600	36,600	42,060	43,230
Conscript	<u>44,800</u>	<u>47,200</u>	<u>43,100</u>	<u>33,300</u>	<u>32,800</u>	<u>17,600</u>	<u>17,600</u>	<u>17,600</u>	<u>17,600</u>	<u>11,540</u>	<u>6,470</u>
Total	73,900	75,300	68,000	61,800	58,300	54,700	54,700	54,200	54,200	53,600	49,700

SOURCE: Congressional Budget Office based on data from the Institute for National Strategic Studies and the International Institute for Strategic Studies.

- a. The Czech Republic was established on January 1, 1993, when Czechoslovakia divided into Slovakia and the Czech Republic.

Czech Republic began to recover from the recession in the last half of 1999, but economic growth is projected to be only 1.5 percent in 2000.

In contrast to the situation in Poland, there is very little public support for increasing defense spending to carry out the obligations of NATO membership. As in Hungary, the armed forces have historically been held in low regard. The ex-

periences of 1938, when neither Czechoslovakia's military nor its allies prevented Germany from dismembering the country, and 1968, when the Soviet Army crushed liberalization with what many Czechs see as the complicity of the Czech military, led to skepticism about the utility of the armed forces and about alliances for Czech security. As a result, there is little interest in defense matters in the Czech parliament and no strong domestic pressure to increase defense spending.

### NEW ALLIES' CONTRIBUTIONS TO RECENT NATO MISSIONS

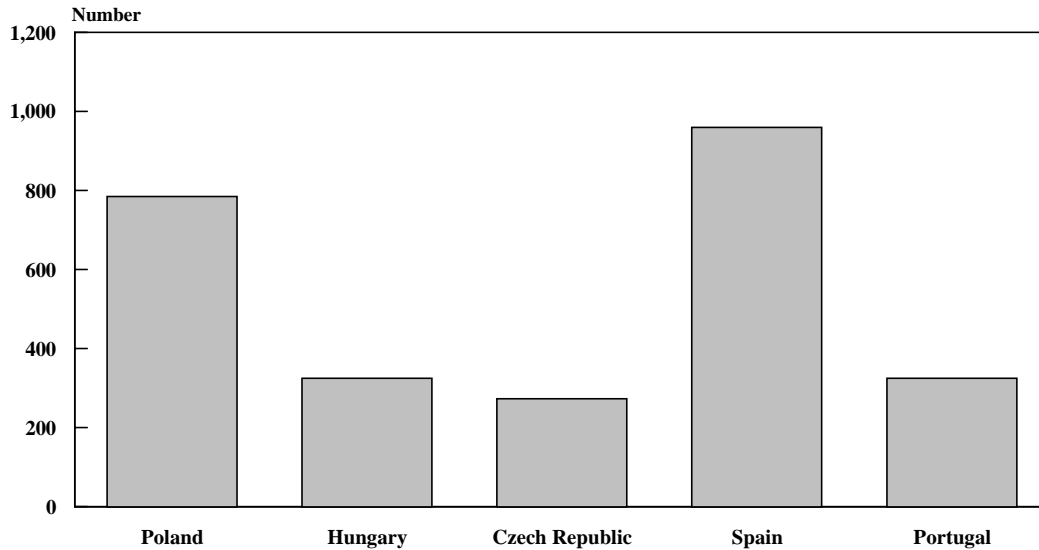
Total amounts spent on defense give some indication of the resources each of the new allies is able to bring to the alliance. But those amounts do not indicate how willing and able each is to actually place its troops in harm's way for the common defense. A gauge of this level of commitment is the contribution each of the new allies is making to NATO's ongoing missions in Bosnia and Kosovo. That contribution is an important measure because future NATO operations are likely to be conducted by "coalitions of the willing."

Despite the difficulties that the new allies face in adjusting to the requirements of NATO membership, all three are contributing to the missions in the Balkans by participating in the Kosovo Force (KFOR) and the Bosnia Stabilization Force (SFOR). In general, the three new allies are contributing about the same number of troops to those missions as are long-standing NATO allies of similar size in terms of population and active-duty forces.

Poland, with a population of nearly 39 million and active-duty forces of 200,000, is comparable with Spain, which has a population of 40 million and an active-duty military of 186,000. The Czech Republic and Hungary are comparable with Portugal. All three countries have populations of approximately 10 million and active-duty forces of about 50,000 (see Table 4).

The total number of troops from each of the participants in the KFOR mission varies from month to month depending on rotations but is about 785 for Poland (one air-assault battalion), 175 for the Czech Republic (one reconnaissance company), and 325 for Hungary (one guard and security battalion). By comparison, Spain averages about 960 personnel and Portugal about 325 (see Figure 2). Although the Czech Republic's contribution seems less than its comparable allies', the Czech army also supplied a field hospital with 98 personnel for humanitarian relief operations in Albania until late 1999. In terms of the quality of personnel, General Wesley Clark, former Supreme Allied Commander, Europe, notes that all three new allies have contributed highly disciplined forces that are capable of per-

FIGURE 2. NUMBER OF PERSONNEL FROM SELECT COUNTRIES ASSIGNED TO NATO'S KOSOVO FORCE MISSION IN 1999



SOURCE: U.S. Department of Defense.

forming their mission and are “man for man as effective as those from other NATO countries.”<sup>2</sup>

The new allies’ contributions to the SFOR mission present a more mixed picture. As of June 28, 2000, Hungary had a total of 200 personnel assigned to the SFOR mission; the Czech Republic had 500. Both sets of forces are comparable to the Portuguese contingent of 350. Poland had a total of 250 personnel in Bosnia, far fewer than Spain’s contribution of 1,350. It is important to note, however, that these totals are a snapshot and may not represent the average number of personnel over a longer period.

Another measure of contributions to the alliance is the degree of involvement in the Partnership for Peace (PfP) program. The PfP program establishes associations and exercises between NATO and countries that seek to join the alliance. As the Polish, Hungarian, and Czech experiences demonstrate, the program is an important part of bringing countries that want to become NATO members up to an adequate level of proficiency. All three new allies have remained active in the PfP program since joining the alliance. Poland has hosted three exercises, Hungary has hosted one, and the Czech Republic has hosted two. In addition, the Czech Republic has included Slovakian troops in its exercises.

2. Interview with General Wesley Clark, June 1, 2000.

The new allies also participate in other cooperative ventures within NATO. Poland is a member of the Multinational Corps-Northeast in conjunction with Germany and Denmark. In addition to hosting the Corps headquarters, Poland contributes a 17,650-strong mechanized division. Poland also participates both in a Polish-Lithuanian battalion and in a Polish-Ukrainian battalion. The Czech Republic does not participate in any such formal alliances within NATO but recently established a joint commission with Poland to increase cooperation between the countries' defense industries. In addition to coordinating modernization programs, the joint commission aims to expand its membership to include Lithuania and Slovakia to help them develop NATO-compatible militaries. Hungary also does not have any formal alliances within NATO but maintains close military relations with Poland and the Czech Republic.

In sum, the new allies are actively participating in NATO's ongoing missions and are working to expand the alliance. Although their contributions in personnel and materiel to the Bosnia and Kosovo operations are small, they are generally comparable to those of similarly sized NATO allies.



## CHAPTER III

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### RESTRUCTURING AND MODERNIZATION

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For the new Central European allies, integration into NATO entails far more than increasing defense budgets. The new allies need to overcome shortfalls in personnel and training, which experts attribute to the legacy of the Warsaw Pact era, as discussed in Chapter I. This chapter examines the progress that each of the three new allies is making toward being able to operate alongside the other NATO allies.<sup>1</sup>

Some analysts note that the overall mentality of officers must change to emphasize and reward initiative and leadership. Top-heavy militaries laden with colonels and short on lieutenants need to lose deadweight at the top and be infused with young officers eager to adapt to new ways of thinking.

Improved training is also vital to the successful integration of Poland, Hungary, and the Czech Republic into NATO. Language instruction is a key part of the training necessary for interoperability between the new allies' militaries and other NATO militaries. Because English is the main working language of the alliance, all three of the new allies need to bring more of their officers' English skills up to a functional level to enable joint operations. Training must also include field exercises

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1. Much of this information is based on interviews with U.S. scholars and defense analysts who work with the militaries of the three countries or have studied them in depth, both for the U.S. government and independently. Particularly helpful were Jeffrey Simon, of the Institute for National Strategic Studies at the National Defense University (NDU); Thomas S. Szayna, of the RAND Corporation; Daniel N. Nelson, of the consulting firm Global Concepts; Paul Gallis, Julie Kim, and Carl Ek, of the Congressional Research Service; Andrew Michta, of Rhodes College; and Marybeth Ulrich, of the Army War College. In addition, the defense attaché offices at the Polish, Hungarian, and Czech embassies in Washington, D.C., provided information and insight into their countries' defense plans. The U.S. Department of Defense and the U.S. Mission to NATO also provided information about the programs being funded out of the alliance's common budgets. Few publications on this topic have come out since March 1999, when the three countries acceded to NATO, and several of the experts consulted provided copies of unpublished manuscripts and forthcoming publications for reference in this paper. CBO particularly relied on Jeffrey Simon, "The New NATO Members: Will They Contribute?" *NDU Strategic Forum*, April 1999, and Simon, *NATO Enlargement and Central Europe: A Study in Civil-Military Relations* (Washington, D.C.: NDU Press, 1996); Lorenzo Forcieri, "The Newcomers: Czech Republic, Poland, and Hungary Entering NATO," (report for the NATO Parliamentary Assembly, April 1999); Daniel N. Nelson and Thomas S. Szayna, "NATO's Metamorphosis and Its New Members," *Problems of Post-Communism*, July/August 1998; and David M. Glantz, "Military Training and Education Challenges in Poland, the Czech Republic, and Hungary," *The Journal of Slavic Military Studies*, September 1998. In addition, the authors consulted classified U.S. and NATO documents, but all information in this chapter comes from open sources.

that integrate larger units so they can operate smoothly with their support elements. In addition, pilots must fly enough hours to maintain their proficiency.

Moreover, the new allies face steep modernization costs to replace obsolete or inadequate equipment. While they cannot completely avoid this expenditure, NATO has stated that the purchase of big-ticket items can be deferred for several years while the new allies focus on procurement deemed more essential to integration. Such procurement includes field radios, networked computers, navigation aids, and "identify friend or foe" (IFF) devices for aircraft. Finally, Poland, Hungary, and the Czech Republic must have the facilities to support allied forces should they be deployed to their territories during a crisis.

### MILITARY RESTRUCTURING AND MODERNIZATION IN POLAND

Poland is undertaking an across-the-board restructuring of its armed forces. In July 1999, the government approved a set of regulations including a reorganization of the general staff along the lines of the U.S. Joint Staff, and the overall size of the military is projected to fall from 200,400 in 2000 to 180,000 in 2003. Currently, 47 percent of the professional force is made up of officers, two-thirds of whom hold ranks of major or higher. Poland intends to reduce the proportion of officers in the career contingent to 25 to 30 percent by 2003 and have fewer than a third of those be majors or higher-ranking officers. The noncommissioned officer corps is to be roughly doubled as a share of the professional force from its current 22 percent.

Although Poland is significantly scaling back its forces, it has pledged 30,000 troops to NATO missions; four brigades are earmarked for the immediate and rapid reaction forces, including two airborne battalions that have served with NATO forces in Bosnia. Two divisions are assigned to NATO's main defense forces, which are kept at lower readiness than the reaction forces, in accord with NATO's strategic concept.

Poland is also undertaking personnel and training reforms. While the country is retaining the draft, it is reducing the term of conscription from 18 to 12 months. It is standardizing its tactical and physical training with that of other NATO member countries. Toward that end, Polish officers are attending foreign military institutions to learn about NATO procedures, and the number of officers with English language skills is slated to increase from the approximately 7,000 officers with some proficiency in 1999.

Field training, however, shows some weakness. According to Polish defense officials, most military exercises are conducted at the battalion level and in garrison rather than in the field. Few units are able to exercise at the brigade level, although such training is needed to ensure coordination with support elements. In addition,

cost considerations limit training time. Polish air force pilots, for example, fly less than 60 hours a year on average, about a third of what U.S. military pilots fly.

According to the 15-year plan, modernization will cost Poland about \$7.76 billion through 2012, and \$1.26 billion of that is to be spent on improvements to promote interoperability. For 2000, about \$390 million was budgeted for integration activities and \$360 million for modernization (the latter of which includes a \$30 million U.S. loan for foreign military sales). Poland's modernization plan emphasizes the acquisition of new or upgraded command, control, and communications (C<sup>3</sup>) systems, air defense, antitank systems, helicopters, and armored vehicles (particularly armored personnel carriers). Poland expects to retain its 772 T-72 and 116 PT-91 tanks. Facilities for secure communications with NATO headquarters and allied capitals already have been built. Since the mid-1990s, Polish officials have expressed their desire to also purchase 100 to 150 fighters comparable with the F-16, but they lack the funding.

#### MILITARY RESTRUCTURING AND MODERNIZATION IN HUNGARY

American and British advisers are working with the Hungarian military to rewrite its doctrine along Western models to harmonize its plans and strategy with NATO's goals. Hungary plans to cut its force size from 54,000 today to 38,000 in 2003, and like the other new allies, Hungary is working to eliminate its surplus of senior officers and to develop a junior officer and noncommissioned officer corps with leadership skills. The general staff has been reorganized as a U.S.-style joint staff, with six directorates reporting to a chief who is subordinate to the civilian defense minister.

Hungary's ground contribution to NATO's Immediate Reaction Force (IRF) consists of a combat battalion and an intelligence company, as well as two antiaircraft platoons and a military police unit. All eight of its operational MiG-29s are part of the IRF. Hungary has pledged an infantry brigade to the Allied Rapid Reaction Corps, and the Hungarian contribution to NATO's main defense forces consists of one tank brigade and five infantry brigades, plus additional antiaircraft, artillery, engineering, and support units. In addition, the Hungarian air base at Tászár has been used by U.S. forces supporting the Bosnian peace mission since late 1995, an experience that has helped the Hungarian military work with other allies' militaries and develop the support capability needed to sustain allied reinforcements in case of crisis.

Hungarian defense officials admit that the target force goals they agreed to with NATO prior to joining the alliance will be difficult to reach. (Those goals, outlining the contribution to the alliance that each member intends to make, are classified by NATO.) One defense official noted that Hungary promised to meet 14

of its initial 48 goals by its acceptance in March 1999 but as of June 2000 had completed only six and was working on 40 others. Hungary now plans to meet only 23 of the goals by 2003, and the government is reviewing its initial proposal. "The reason is not our commitment; the reason is money," that official said, a view shared by outside observers who credit the Hungarian military for putting forth a vigorous reform program but criticize the government for failing to provide sufficient funding to carry it out.

While the Hungarians are interested in building professional armed forces and eliminating conscription, some analysts believe that Hungary cannot field substantial forces with a solely professional military. In addition to the manpower issue, many analysts believe conscription is critical to forging a positive connection between Hungarian society and the military. Others, however, conclude that Hungary would be better off putting its limited defense resources into a smaller, more capable military, with an emphasis on support specialties such as combat engineering and mine clearing. They argue that the current nine-month term of conscription is far too short to adequately train soldiers.

Several analysts give Hungary high marks for reforming its organizational structure, but they are less sanguine about the level of training. One expert said, "If you put a Hungarian unit in the field, they're going to be incapable." One report indicates that conscripts, who make up 60 percent of the personnel, are often idle. Hungarian defense officials themselves say that the training of pilots is inadequate because of the limited flying hours imposed by a lack of funding. However, since 1998 Hungary has concentrated training so that some pilots will accumulate 100 hours of flight time per year. As a result, 30 pilots are capable of flying NATO missions.

Hungarian officials have discussed a \$1.5 billion program to purchase 30 fighter aircraft, although that sum is roughly double the entire defense budget for 1999. Most of the military's newer equipment has come from Russia as repayment for Soviet-era debts, including its MiG-29 fighters and 356 BTR-80 armored personnel carriers, with more on the way. Hungary also has received 100 T-72 tanks from Belarus under a similar barter arrangement. The major hardware procured in 1999 was air-defense missiles, budgeted at \$30 million. Hungary has budgeted \$3 million for integration-related activities, such as acquiring NATO-compatible communications equipment. Hungary also plans to replace 16,000 vehicles, most of the vehicle fleet, at a cost of \$240 million through 2003.

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## MILITARY RESTRUCTURING AND MODERNIZATION IN THE CZECH REPUBLIC

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Czech officials say that 78 percent of their 60,000-strong military is being made available for NATO missions, including 14 percent that will participate in the alliance's immediate and rapid reaction forces. The Czech Republic is likely to meet its pledge to make a combat brigade available to the Rapid Reaction Corps by 2002. While one light airborne infantry battalion is considered ready today, the remainder of the Czech 4th Brigade is not because of equipment shortfalls and difficulties in attracting enough high-quality officers.

Despite those deficiencies, the Czechs have a reconnaissance company operating with the NATO mission in Kosovo and could send up to a battalion. The Czech military also has several units that have gained a reputation for their work in defending against weapons of mass destruction, and these units are well-prepared to operate alongside other NATO member countries because of past participation in joint exercises and operations. A nuclear-biological-chemical defense company already is assigned to NATO's Immediate Reaction Force.

Efforts continue to reform the personnel structure but face serious problems. "The need for personnel reforms has been there from the beginning," one scholar notes, "but the reforms never materialize. The legislation never passes. Junior officers tell me that if it's not fixed soon, they're going to leave." In essence, the top-heavy officer corps blocks the career path of Western-trained junior officers. The first Czech to graduate from West Point, for example, resigned from the military in 1997 after only five months; of the 75 Czech officers who have spent a significant amount of time training overseas, he was the 11th to resign. The Czech Republic recognizes the need for a larger noncommissioned officer corps, which currently stands at about 2,000, and plans to increase it to 10,000 by 2003. Conscripts make up nearly half of the military, a proportion expected to drop only to 40 percent by 2003.

Experts also point out that training remains a problem. Most Czech ground forces do not conduct training in units larger than companies, which prevents integrated exercises with support elements. Furthermore, the training of pilots remains well below Western standards. While the Czech air force has increased its training recently, low levels of flight hours combined with aging aircraft have led to a spate of accidents. Czech ground forces have been active in training with other NATO and Partnership for Peace countries but continue to have poor English language skills.

Czech modernization plans suffer from a lack of expertise among responsible civilians, both at the defense ministry and in parliament. This deficiency manifests itself in procurement decisions that lack a coherent plan and, especially in the mid-

1990s, that were driven more by domestic political considerations and occasionally outright corruption than by strategic considerations.

The situation has improved over the past few years, and Czech budget plans call for procurement spending to make up 26 percent of the defense budgets over the next six years, including \$225 million in 2000. But there has been little pressure for greater civilian integration with the defense ministry from the left-of-center government of Prime Minister Miloš Zeman, and a national security concept paper released by the ministry in May 1999 was derided by Western analysts for its lack of detail.

The Czech Republic currently has the least capable air force of the three new members. It has 40 substandard MiG-21 fighter planes in the supersonic class, which are expected to be scrapped in 2003. However, Czech officials plan to spend \$1 billion to purchase 72 Czech-made L-159 attack planes. The air force took delivery of the first two aircraft in April 2000 and expects to receive 19 more by the end of 2000. The Czech government plans to spend an additional \$1.6 billion for as many as 36 Western fighters, but the size of its defense budgets makes this a long-term proposition at best. Other planned purchases, which are more affordable, include radars, night-vision devices, and “smart” munitions. Upgrades are planned for the Czechs’ existing T-72 tanks, Mi-24 helicopters, and communications systems.

According to the Czech military, before the country’s acceptance into NATO, it implemented 14 target force goals for NATO (of the 52 that it plans to fulfill in total), most aiming to improve the interoperability of communications equipment, strengthen procedures, and increase the country’s ability to host allied troops and equipment. The Czechs get good marks from defense experts in working with NATO on the issues of command, control, communications, computers, and intelligence (C<sup>4</sup>I). They are integrated into the NATO air-defense system and have begun to equip planes with IFF equipment. Czech airfields, however, are not able to accept reinforcements from NATO armies because the runways are not long enough and fuel stores are inadequate.

#### NATO-FUNDED COMMON CAPABILITIES

Most of the costs of defending the new allies will be paid by the countries themselves. Restructuring and modernization costs must be paid out of national defense budgets, and each country’s contribution to the alliance will be determined in large part by how it executes its national defense program. However, there are also common costs of enlarging the alliance that NATO has agreed to bear collectively. The United States pays about one-fourth of these costs (see Table 5).

TABLE 5. ALLIED CONTRIBUTIONS TO NATO'S COMMON BUDGETS IN 1999  
(In millions of 1999 U.S. dollars)

	NSIP	Military	Civil	Percentage of Total
Belgium	21.1	15.5	4.4	3.7
Canada	16.1	29.0	8.6	4.8
Czech Republic	0.2	3.8	1.4	0.5
Denmark	16.9	9.2	2.4	2.6
France	34.3	29.3	24.7	7.9
Germany	108.0	85.5	25.0	19.6
Greece	4.2	2.1	0.6	0.6
Hungary	0.1	2.7	1.0	0.3
Iceland	0	0.2	0.1	0
Italy	36.1	32.9	9.3	7.0
Luxembourg	0.9	0.5	0.1	0.1
Netherlands	25.0	15.5	4.4	4.0
Norway	13.2	6.4	1.8	1.9
Poland	0.5	10.3	4.0	1.3
Portugal	1.5	3.5	1.0	0.5
Spain	6.5	19.5	5.6	2.8
Turkey	4.6	8.8	2.6	1.4
United Kingdom	53.6	91.3	27.9	15.5
United States	<u>115.2</u>	<u>129.7</u>	<u>36.2</u>	<u>25.2</u>
Total	458.0	495.7	161.1	100.0

SOURCE: U.S. Department of Defense.

NOTE: NSIP = NATO Security Investment Program.

In February 1998, the Department of Defense submitted to the Congress a report on the military requirements and costs of enlarging NATO. That report endorsed the findings of NATO's own November 1997 classified study on the resource implications of enlargement. The NATO study estimated that programs to upgrade command and control, air defense, reception facilities, and training areas would cost the alliance about \$1.5 billion over the 10 years from 1999 through 2008. Of those costs, about \$1.3 billion are for infrastructure improvements that are to be financed by the NATO Security Investment Program (NSIP).

By agreement, the U.S. share of NSIP costs is 22.33 percent. Therefore, the U.S. share of the common costs of enlarging the alliance will be about \$400 million over 10 years. The Congress appropriates funding for the NSIP out of the Military Construction Appropriations Act. The Clinton Administration, in its fiscal year 2001 budget, identified the incremental cost of appropriations for enlargement as \$5

million in fiscal year 2000 and \$12 million in fiscal year 2001. DoD estimates that enlargement will cost this country \$32 million in fiscal year 2002.

In addition, under its Foreign Military Financing (FMF) and International Military Education and Training (IMET) programs, for fiscal year 2001 the State Department has requested \$10.7 million in aid for the Czech Republic, the same amount for Hungary, and \$14 million for Poland. The Congress earmarked a total of \$25 million in IMET and FMF assistance for the three countries in fiscal year 2000 and \$30 million in fiscal year 1999. In fiscal year 1998, those countries received \$59.3 million in IMET and FMF money. While aid under these programs is appropriated by the Congress and is not a formal obligation brought on by enlarging NATO, the money is used for improvements that help the Central European allies operate with other NATO countries.

The programs that NATO plans to implement to integrate the three new members fall into four broad categories: command-and-control systems (C<sup>2</sup>), an integrated air defense, reception facilities for reinforcements, and training.

#### Command-and-Control Systems

NATO extended its C<sup>2</sup> network into the three countries to link the governments and military headquarters of the Central European allies to NATO headquarters and other allied capitals. These links include secure fiber-optic cables from Poland and the Czech Republic to a NATO hub in Germany and a secure satellite connection for Hungary, which does not border any other NATO country. The establishment of secure communications links was divided into two phases.

During the first phase, before the Central European countries joined NATO in March 1999, communications links were put in place to provide a basic capability. The North Atlantic Council (NAC), the alliance's top decision-making body, approved funding in February 1999 to build on this basic capability and fully integrate the Central European allies into NATO's C<sup>2</sup> systems. The alliance estimates infrastructure costs for the C<sup>2</sup> program at \$51 million over 10 years and operations and maintenance costs at \$79 million over that same period. The U.S. share of those 10-year costs is \$11.4 million in infrastructure costs and \$18.3 million in operating costs.

#### An Integrated Air Defense

Basic communications links established between each country's air-defense operations center and the alliance's system have allowed the new allies to minimally integrate operation with NATO's Integrated Air Defense System. Further phases of

improvements will deepen the integration of the air-defense system, helping the alliance gain a complete picture of the skies over the enlarged NATO territory.

NATO is beginning to implement an alliance-wide Air Command and Control System that ultimately will include 15 of the 19 members (all but the United States, Canada, Iceland, and Luxembourg). According to press reports, the system, which ultimately could cost as much as \$8 billion, will allow NATO to combine air-defense data with targeting information. A NATO official said that this program will absorb half of the alliance's infrastructure budget over the next decade alone—roughly \$4 billion—with individual members paying the remaining half of the cost of systems on their territories.

NATO estimates that the NSIP will provide \$560 million for all costs related to integrating the three new allies into the NATO air-defense system and another \$21 million over 10 years for air-defense operations in the three countries. The proposed capabilities for air defense have been approved by the North Atlantic Council. The U.S. share would be \$125 million of the infrastructure costs and \$4.9 million of the operating costs.

#### Reception Facilities for Reinforcements

NATO has identified infrastructure improvements necessary to enable alliance members to reinforce the new allies during a crisis. Most of these improvements are at air bases in the three countries, such as lengthening runways and constructing reception areas, which will allow the countries to accommodate other allies' aircraft. Those improvements also will allow the new allies to serve as intermediate points or staging areas for NATO forces. NATO already has used Hungarian airfields at Tászár and outside of Budapest to conduct operations in Bosnia and Kosovo; improvements at Tászár were funded as part of the Bosnia mission. Polish officials say that air bases near Poznań and Malbork are targeted for improvements.

More limited improvements are planned at the Polish ports of Gdynia and Świnoujście and at land facilities in all three countries. The alliance expects to use existing road and rail links to provide reinforcements for ground forces and plans only modest improvements at railyards. Improvements to Polish seaports include the installation of equipment such as compatible water pipe connectors and electrical sockets so that NATO ships can be unloaded and resupplied there.

NATO estimates that improvements to reception facilities will cost \$694 million over 10 years and another \$5 million in operating costs over the same period. The U.S. share will be \$155 million of the infrastructure costs and \$1.2 million of the operating costs. So far, \$400 million has been approved by the NAC for improvements at bases in the three countries.

### Training and Exercises

To ensure that Polish, Hungarian, and Czech forces are capable of operating with the other allies, they will have to conduct training exercises together. Although NATO found that training facilities in the Central European countries were generally adequate for this purpose, it estimated that it would provide \$6 million for infrastructure improvements and \$36 million in operating costs over the period from 1999 through 2008 to pay for transporting forces from other allies to exercises in the Central European countries. No funding for training and exercises has yet been approved. If those plans are carried out, the U.S. share would be \$1.3 million for the infrastructure costs and \$8.3 million for the operating costs.

### CONCLUSIONS

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Of the three new allies, Poland has made the greatest progress toward integrating its military into NATO, according to analysts who study all three countries. Those experts point to Poland's larger population and GDP, 15-year modernization plan, and strong political support for the alliance in concluding that the country is likely to contribute significantly to European security. Although Poland faces challenges in modernizing its forces, some observers already compare the state of the Polish military favorably with those of longtime NATO members Greece and Turkey.

The Czech Republic and Hungary are generally seen as being able to make smaller contributions to the alliance than Poland, smaller than even their relative size would suggest. Both countries lack the level of broad societal support for the military that is found in Poland. Comparing the Czech Republic and Hungary, some experts point to the former's larger defense budget, specialized units, and superior communications system as indicators that it will be able to make a larger contribution to NATO forces than the latter. Potential pitfalls exist for the Czech Republic, though, particularly the challenge of maintaining government support for defense spending and a potential "brain drain," as talented young officers leave for more lucrative jobs in the private sector.

Some analysts cite Hungary's relatively low defense budgets, outmoded equipment, and the lack of a political commitment to improve the situation as indicators that Hungary may not shoulder a proportional share of the burdens of membership in NATO. The Hungarian army is limited in its capabilities, and units exhibit low readiness levels. However, Hungary's geographic location allows the alliance to project stability into the most volatile part of Europe, and Hungary has played an active role in the Bosnia and Kosovo operations as a host nation supporting NATO's deployments and logistics.

Perhaps the most concrete indicator of how the new allies will contribute to future NATO operations is the degree to which they participate in existing operations. All three of the new allies are making roughly proportional contributions to the ongoing missions in Bosnia and Kosovo compared with other long-standing NATO members with populations of similar size. Poland has approximately the same number of troops in Kosovo as Spain has there. Hungary and the Czech Republic are each contributing about the same number of personnel as Portugal. The new allies are also taking on the burdens of further expanding the alliance's influence by participating in the Partnership for Peace and other cooperative ventures with countries hoping to join the alliance.



## **APPENDIX**

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### **INFORMATION ABOUT DATA SOURCES**

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Data on defense spending, active-duty personnel, and population for this paper came from several sources. Below is a description of those sources and the methodologies used to compile the information.

Table 1. Projections of future defense spending as a share of the gross domestic product (GDP) for Hungary and the Czech Republic are based on information provided by Hungarian and Czech defense officials and reflect spending pledges made to the North Atlantic Treaty Organization (NATO) by the respective governments. Polish officials estimate that annual defense spending through 2003 will be between 2.1 and 2.4 percent of GDP; the figures in the table were determined by using the U.S. Department of Defense's (DoD's) estimates of future spending and dividing them by estimates of GDP based on projections by the Organization for Economic Cooperation and Development (OECD) and the Economist Intelligence Unit. Figures for the U.S. and NATO averages were derived from data provided by DoD and the OECD.

Table 2. Data on historical defense spending as a share of GDP for Poland, Hungary, and the Czech Republic are from the Institute for National Strategic Studies (INSS) at the National Defense University. The figures for historical defense spending as a share of GDP for the United States and NATO averages are from NATO headquarters.

Table 3. Information on historical defense spending is from NATO headquarters and the Congressional Research Service. Projected spending for the Czech Republic and Hungary was estimated from data provided by the embassies of the Czech Republic and Hungary, the OECD, and the Economist Intelligence Unit. Poland's projected defense totals were estimated by DoD.

Table 4. Armed forces totals are from INSS for the Czech Republic and Hungary. Poland's total active-duty figures are from *The Military Balance*, a publication of the International Institute for Strategic Studies.

Table 5. Data on the contributions to common budgets are from the DoD publication *Allied Contributions to the Common Defense*, March 2000.