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THE DEBATE ON NATO ENLARGEMENT

HEARINGS

BEFORE THE

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UNITED STATES SENATE

ONE HUNDRED FIFTH CONGRESS

FIRST SESSION

OCTOBER 7, 9, 22, 28, 30 AND NOVEMBER 5, 1997

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STRATEGIC RATIONALE FOR NATO ENLARGEMENT

TUESDAY, OCTOBER 7, 1997

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The committee met at 10:14 a.m., in room SD–419, Dirksen Senate Office Building, Hon. Jesse Helms (chairman of the committee), presiding.

Present: Senators Helms, Lugar, Hagel, Smith, Thomas, Ashcroft, Grams, Frist, Biden, Sarbanes, Robb, Feingold, Feinstein, and Wellstone.

Also Present: Senator Warner.

The CHAIRMAN. The committee will come to order.

Madam Secretary, as you know, we welcome you. We appreciate your being our lead-off witness as the Foreign Relations Committee begins its consideration of NATO expansion.

For nearly 50 years, NATO has defended democracy against communism and other forms of tyranny in Europe. Despite that success, many Americans will never forget the betrayal at Yalta which left millions of Europeans behind enemy lines.

Today, with the expansion of the NATO alliance, we have an historic opportunity to right that wrong by accepting Poland, Hungary, and the Czech Republic into NATO. All Americans should welcome these nations as they finally become equal partners in a community of democratic nations, thereby ensuring that their new democracies shall never again fall victim to tyranny.

Now, if Europe and the United States are to enjoy a century of peace, upcoming, one that does not replicate the bloody wars of the past century, we must embrace these democracies and guide them and show them away from their tragic histories of ethnic division and war.

That said, there's a right way and a wrong way to proceed with NATO expansion. We in the Senate recognize that this vital undertaking is not without cost to the United States, and I am convinced that the three new democracies are willing and eager to bear their fair share, but we must now make certain that our present NATO allies are likewise willing to fulfill their end of the bargain.

Just last week our allies made clear to us that they expect the United States, meaning the American taxpayers, to pay the lion's share of the cost of expansion. Now, Madam Secretary, ratification of NATO expansion by the U.S. Senate may very well succeed or fail on the question of whether you can dissuade our allies of that notion.

Further, we must resist any temptation by the leadership of our country to rush forward into an ill-considered NATO partnership with Russia. Now, while the United States is willing to take steps to demonstrate that NATO represents absolutely no threat to a democratic Russia, NATO's relations with Russia must be restrained by the reality that Russia's future commitment to peace and democracy, as of this date, is far from certain. In fact, I confess a fear that the United States' overture toward Russia may have already gone a bit far.

I believe, Madam Secretary, that it's fair to expect the administration to outline a clear, strategic rationale for NATO expansion and to explain clearly to the U.S. Senate what potential threats NATO may face in the 21st century and why an expanded NATO alliance is necessary to counter such threats.

To illustrate, it is self-evident I think that one such potential threat will manifest itself if and when Russia takes a turn for the worse. In your testimony today, Madam Secretary, I hope that you will address this and other possible threats to Europe's security.

We live in a time when the United States finds few allies within NATO or elsewhere in the struggle for freedom. Too many expect the American taxpayers to pay the bills and to leave the driving force up to these other nations.

For example, France boasts of investments to prop up the terrorist regime in Iran, a regime that has spilled the blood of American and French citizens alike. In fact, the European Union waits with baited breath for Iran to allow their Ambassadors to return to Tehran.

Denmark and the Netherlands, both having courageously condemned China's human rights record in Geneva earlier this year, now find themselves in the incomprehensible position of being sanctioned by the Chinese while their opportunistic European Union partners rush to enrich themselves with new business opportunities.

Somehow an understanding must be made clear that the United States did not create the NATO alliance and prepare for war and send our troops to fight and die in Europe and spend our country into debt for 50 years simply to defend European real estate or European economic interests. Our commitment was first and foremost to the defense of democracy and the preservation of human liberty and it must remain so.

So many of our cold war allies have so quickly forgotten how close they came to losing their freedoms, but you, Madam Secretary, more than most, know that freedom cannot be taken for granted because your family personally suffered the peril of tyranny, ignored or tolerated by those entrusted with leadership at that time.

NATO has yet to fight a war because NATO was thoroughly convinced and convincing all along that NATO has been prepared to fight a war, if necessary. But with the collapse of the Soviet Union, the American people have turned their attention to problems at home. There is no audible demand by the American people to play the role of international referee or world policeman.

Together we must explain to the American people that NATO enlargement is vital precisely because it will secure peace and secu-

rity into the next century and ensure, at the same time, that America will not be called upon once again to save Europe from the advance of tyranny.

Now, Madam Secretary, as I conclude, I want to share with you and others here today a passage written by the man I consider the greatest statesman of the 20th century, Winston Churchill. In his 1929 book, *The Aftermath,* Mr. Churchill tried to warn the world about the slide down the slippery slope toward the next world war.

At first his apprehensions fell on deaf ears, and in connection with that, Mr. Churchill years later wrote the following, with which I shall conclude.

He said: "To the faithful, toiled, burdened masses, the victory was so complete that no further efforts seemed required. Germany had fallen and with her the combination that had crushed her. Authority was disbursed. The world unshackled. The weak became the strong. The sheltered became the aggressive. The contrast between victors and vanquished tended continually to diminish. A vast fatigue," he said, "dominated collective action and, through every subversive element, endeavored to insert itself. Revolutionary rage, like every other form of psychic energy, burnt low. Through all five acts, the drama had run its course," he said. "The light of history is switched off. The world stage dims. The actors shrivel. The chorus sings. The war of the giants has ended. The quarrels of the pygmies has begun."

I think that just about says it all. Senator Biden?

[Material submitted by Chairman Helms follows:]

THE MADRID SUMMIT—NEW MEMBERS, NOT NEW MISSIONS

[By Jesse Helms]

WASHINGTON, D.C.—As NATO leaders meet in Madrid today to discuss the enlargement of the Alliance, some words of caution are in order. The Clinton administration's egregious mishandling of NATO expansion is raising serious concerns in the U.S. Senate, which must approve any enlargement treaty.

There is growing distress among supporters of enlargement (like myself) that the administration's plan for NATO expansion may be evolving into a dangerous and ill-considered plan for NATO transformation: that we are not inviting new nations into the NATO that won the Cold War, but rather into a new, diluted NATO, converted from a well-defined military alliance into a nebulous "collective security" arrangement.

No Rationale

To date, the Clinton administration has failed to present the Senate with any credible strategic rationale for NATO expansion—that is, no explanation of the threat posed to the Atlantic Alliance, nor why an expanded NATO is needed to counter it. Instead, all sorts of misguided proposals are floating around for transforming NATO's mission and purpose, in an effort to justify Alliance expansion.

Deputy Secretary of State Strobe Talbott, the Clinton administration's pointman on NATO expansion, argues that while "during the Cold War, military and geopolitical considerations mainly determined NATO's decisions . . . today, with the end of the Cold War, other non-military goals can and should help shape the new NATO." NATO's primary mission, Mr. Talbott is saying, should no longer be the defense of Europe, but rather "promoting democracy within NATO states and good relations among them"—in other words, nation-building.

Others see this "new NATO" serving as a stand-in peacekeeper for a United Nations discredited by its failures in Somalia and Bosnia. Indeed, the NATO-Russia "Founding Act," largely negotiated by the Clinton administration, enshrines this new role for NATO, hailing NATO's "historic transformation" in making "new missions of peacekeeping and crisis management in support of the U.N." primary Alliance functions.

Advocates of NATO transformation make a better case for the Alliance to disband than expand. NATO's job is not to replace the U.N. as the world's peacekeeper, nor

is it to build democracy and pan-European harmony or promote better relations with Russia. NATO has proven the most successful military alliance in history precisely because it has rejected utopian temptations to remake the world.

Rather, NATO's mission today must be the same clear-cut and limited mission it undertook at its inception: to protect the territorial integrity of its members, defend them from external aggression, and prevent the hegemony of any one state in Europe.

The state that sought hegemony during the latter half of this century was Russia. The state most likely to seek hegemony in the beginning of the next century is also Russia. A central strategic rationale for expanding NATO must be to hedge against the possible return of a nationalist or imperialist Russia, with 20,000 nuclear missiles and ambitions of restoring its lost empire. NATO enlargement, as Henry Kissinger argues, must be undertaken to "encourage Russian leaders to interrupt the fateful rhythm of Russian history . . . and discourage Russia's historical policy of creating a security belt of important and, if possible, politically dependent states around its borders."

Unfortunately, the Clinton administration does not see this as a legitimate strategic rationale for expansion. "Fear of a new wave of Russian imperialism . . . should not be seen as the driving force behind NATO enlargement," says Mr. Talbott.

Not surprisingly, those states seeking NATO membership seem to understand NATO's purpose better than the Alliance leader. Lithuania's former president, Vytautas Landsbergis, put it bluntly: "We are an endangered country. We seek protection." Poland, which spent much of its history under one form or another of Russian occupation, makes clear it seeks NATO membership as a guarantee of its territorial integrity. And when Czech President Vaclav Havel warned of "another Munich," he was calling on us not to leave Central Europe once again at the mercy of any great power, as Neville Chamberlain did in 1938.

Poland, Hungary, the Czech Republic and other potential candidate states don't need NATO to establish democracy. They need NATO to protect the democracies they have already established from external aggression.

Sadly, Mr. Havel's admonishments not to appease "chauvinistic, Great Russian, crypto-Communist and crypto-totalitarian forces" have been largely ignored by the Clinton administration. Quite the opposite, the administration has turned NATO expansion into an exercise in the appeasement of Russia.

After admitting East Germany in 1990 (and giving the Soviet Union neither a "voice" nor a "veto" in the process), the U.S. delayed NATO expansion for nearly seven years in a misguided effort to secure Russian approval. Russia, knowing an opportunity when it sees one, has used its opposition to NATO expansion to gain all sorts of concessions, ranging from arms-control capitulations to the NATO-Russia "Founding Act."

That agreement concedes "primary responsibility . . . for international peace and security" to the U.N. Security Council, where Russia has a veto. It gives Russia (the very country NATO is constituted to deter) a voice at every level of the Alliance's deliberations. And it gives Russia a seat at the table before any new candidate members (those being brought in to protect them from aggression) get a seat at the table.

It is my sincere hope that the U.S. Senate can approve NATO expansion. But if we are to do so, some dramatic changes must be made. As chairman of the Senate committee that must approve the resolution of ratification, I urge the administration to take the following steps before presenting NATO expansion to the Senate:

- Outline a clear, complete strategic security rationale for NATO expansion.
- Agree that no limitations will be placed on the numbers of NATO troops or types of weapons to be deployed on territory of new member states (including tactical nuclear weapons)—there must be no second-class citizens in NATO.
- Explicitly reject Russian efforts to establish a "nuclear weapons-free zone" in Central Europe.
- Explicitly reject all efforts to tie NATO decisions to U.N. Security Council approval.
- Establish a clear delineation of NATO deliberations that are off-limits to Russia (including, but not limited to, arms control, further Alliance expansion, procurement and strategic doctrine).
- Provide an immediate seat at the NATO table for countries invited to join the Alliance.
- Reject Russian efforts to require NATO aid for Russian arms sales to former Warsaw Pact militaries joining the Alliance, as a quid pro quo for NATO expansion—NATO must not become a back channel for new foreign aid to Russia.

- Reject any further Russian efforts to link concessions in arms control negotiations (including the antiquated ABM treaty and the CFE Treaty) to NATO expansion.
- Develop a plan for a NATO ballistic missile defense system to defend Europe.
- Get clear advance agreement on an equitable distribution of the cost of expansion, to make certain American taxpayers don't get stuck with the lion's share of the bill.

Strategic Threats

Is renewed Russian aggression the only strategic threat NATO must consider? Of course not. There are many potential threats to Europe, including the possibility of rogue states like Libya and Iran one day threatening the continent with weapons of mass destruction. But the Clinton administration has failed to define NATO expansion in terms of any strategic threat.

If the Clinton administration views NATO not as a tool to defend Europe, but as a laboratory for social work, then NATO should not only eschew expansion, it should declare victory and close shop. The costs of maintaining NATO, much less expanding it, cannot be justified if its mission is democracy-building and peacekeeping. There are other, less expensive and more appropriate forums for such ventures (such as the European Union and the Organization for Security and Cooperation in Europe). NATO is a military alliance—it must remain so or go out of business.

Senator BIDEN. Thank you, Mr. Chairman.

Madam Secretary, welcome. It is always a pleasure to have you here.

Mr. Chairman, I have stated my support for NATO enlargement many times on the floor of the U.S. Senate and in private forums. So, today I will only summarize my rationale for this policy.

Europe remains a vital interest for the United States. Other than North America, no other region can match Europe's combination of political, economic, military, and cultural power and significance to the United States. The European Union, for example, has a population one-third larger than ours and a combined GDP slightly greater than ours.

A large percentage of the world's democracies are in Europe. By any geopolitical standard, it would be a catastrophe for American interests if instability were to alter the current situation in Europe.

After the cold war, there are new threats to Europe: Ethnic and religious conflicts, one nation crossing the borders of another as Yugoslavia did in Bosnia, international crime and drugs; also I might note a possible future threat to Mideast oil supplies.

For this reason, enlargement is being combined with a new strategic doctrine and a force posture that provides a more mobile and capable force projection capability in event of any of those crises.

In the 20th century, Europeans have proven incapable, left to themselves, of settling their differences peacefully. The United States it seems to me must continue to lead the new security architecture for that continent, for if we do not, I do not know who will.

In this context, admitting Poland, the Czech Republic, and Hungary into NATO will extend the zone of security to central Europe in a way that, if left undone, will leave a gray zone and insecurity in that region.

The question, I would emphasize, is not whether to enlarge NATO or remain the same. The status quo, Madam Secretary, in my view is not an option. If we were not to enlarge, the countries between Germany and Russia would inevitably seek other means to protect themselves, creating bilateral or multilateral alliances as they did in the 1930's with, I predict, similar results.

There is also a powerful moral argument for enlargement: Redeeming our pledge to former captive nations to rejoin the west. I mean both NATO and the EU when I say the west because the Europeans will have to step up to that ball plate as well.

When they are fully qualified to join both, their security will be fully secured. This fall's final accession talks between NATO and each of the three candidate countries, Poland, the Czech Republic, and Hungary, will reveal whether each of them meets the alliance's demanding qualifications. Based on what I saw in my travels, I believe they do.

Enlargement, Mr. Chairman, need not adversely affect our relations with Russia. We must redouble our political and economic engagement with that country in my view, and the NATO-Russia Founding Act of May 1997 is a significant step in the right direction and the Partnership for Peace arrangement is equally as important.

The NATO-Russian Permanent Joint Council created by the founding act has begun functioning. I especially look forward to the fourth in our series of hearings on October 30th when we will examine the new NATO-Russian relationship.

Mr. Chairman, in my view two big issues must be solved before the Senate considers ratification. One is directly related, one not as directly, but they're both important: Bosnia and cost sharing. If Bosnia is the prototypical European crisis of the 21st century, then in the coming weeks—and I mean weeks—the United States and its NATO allies had better come up with a workable post-SFOR scenario.

Similarly, while the United States must continue to exercise its leadership role in NATO, our European and Canadian alliance partners must agree, as you indicated, to step up to the plate and bear their fair share of enlargement costs.

The definitive NATO study on cost will come out in December. In anticipation of the report, this committee will hold its third hearing on NATO enlargement on October 22nd when we will examine the cost and burden sharing items. So, today I will not speak much to those items in my questioning.

Mr. Chairman, I believe that admitting Poland, the Czech Republic, and Hungary to NATO, if they meet the qualifications, which they appear to meet, will be in the security interest of the United States of America. I believe to do otherwise would be to extend a zone of instability rather than one of stability.

I look forward to the Secretary's testimony.

Thank you again, Mr. Chairman, for setting up an aggressive series of hearings prior to the requirement for us to decide whether or not to expand the Washington Treaty. Thank you.

The CHAIRMAN. Thank you, sir. Now we will hear from you, Madam Secretary.

STATEMENT OF HON. MADELEINE ALBRIGHT, SECRETARY OF STATE

Secretary ALBRIGHT. Thank you very much, Mr. Chairman.

Mr. Chairman, Senator Biden, members of the committee, it is with a sense of appreciation and anticipation that I come before

you to urge support for the admission of the Czech Republic, Hungary, and Poland to NATO.

Each of us is playing our part today in the long unfolding story of America's modern partnership with Europe. That story began not at the Madrid summit, nor when the Berlin Wall fell, but half a century ago when your predecessors and mine dedicated our Nation to the goal of a secure, united Europe.

It was then that we sealed a peacetime alliance open not only to the nations which shared our victory in World War II, but to our former adversaries. It was then that this committee unanimously recommended that the Senate approve the North Atlantic Treaty. On that day, the leaders of this body rose above partisanship and they rose to the challenge of a pivotal moment in history.

Mr. Chairman, I believe you are continuing that tradition. I thank you for your decision to hold these hearings early, for the bipartisan manner in which you and Senator Biden are conducting them, and for the serious way in which you have framed our discussion.

I am honored to be a part of what you have rightly called the beginning of the process of advice and consent.

As I said, I am very conscious of history today. I hope we can take a moment to remember what was said half a century ago about the alliance we are striving to renew and expand today.

Senator Arthur Vandenberg, Chairman Helms' extraordinary predecessor, predicted that NATO would become the greatest war deterrent in history. He was right. American forces have never had to fire a shot to defend a NATO ally.

This committee predicted that NATO would free the minds of men in many nations from a haunting sense of insecurity and enable them to work and plan with that confidence in the future, which is essential to economic recovery and progress. Your predecessors were also right.

President Truman said that the NATO pact will be a positive, not a negative influence for peace, and its influence will be felt not only in the area it specifically covers but throughout the world. He was right too.

Thanks in no small part to NATO, we live in a different world. Our Soviet adversary has vanished. Freedom's flag has been unfurled from the Baltics to Bulgaria. As I speak to you today, our immediate survival is not at risk.

Indeed, you may ask if the principle of collective defense at NATO's heart is relevant to the challenges of a wider and freer Europe. You may ask why, in this time of relative peace, are we so focused on security.

The answer is we want the peace to last. We want freedom to endure, and we believe there are still potential threats to our security emanating from European soil.

You have asked me, Mr. Chairman, what these threats are. I want to answer as plainly as I can.

First, there are the dangers of Europe's past. It is easy to forget this, but for centuries virtually every European nation treated virtually every other nation as a military threat. That pattern was broken only when NATO was born and only in the half of Europe

NATO covered. With NATO, each member's security came to depend on cooperation with others, not competition.

That is one reason why NATO remains essential. It is also one reason why we need a larger NATO which extends its positive influence to Europe's other half.

A second set of dangers lies in Europe's present. Because of the conflict in the Balkans and the former Soviet Union, Europe has already buried more victims of war since the Berlin Wall fell than in all the years of the cold war. It is sobering to recall that this violence has its roots in the same problems of shattered states and of ethnic hatreds that tyrants exploited to start this century's great wars.

Finally, Mr. Chairman, and most important, we must consider the dangers of Europe's future. By this I mean direct threats against the soil of NATO members that a collective defense pact is designed to meet. Some are visible on Europe's horizon, such as the threat posed by rogue states with dangerous weapons. Others may not seem apparent today, but they are not unthinkable.

Within this category lie questions about the future of Russia. We want Russian democracy to endure. We are optimistic that it will, but one should not dismiss the possibility that Russia could return to the patterns of its past. By engaging Russia and enlarging NATO, we give Russia every incentive to deepen its commitment to peaceful relations with neighbors, while closing the avenue to more destructive alternatives.

We do not know what other dangers may arise 10, 20, or even 50 years from now. We do know that whatever the future may hold, it will be in our interest to have a vigorous and larger alliance with those European democracies that share our values and our determination to defend them.

We recognize NATO expansion involves a solemn expansion of American responsibilities in Europe. As Americans, we take our commitments seriously and we do not extend them lightly. Mr. Chairman, you and I certainly agree that any major extension of American commitments must serve America's strategic interests.

Let me explain why welcoming the Czech Republic, Hungary, and Poland into NATO meets that test.

First, a larger NATO will make us safer by expanding the area in Europe where wars simply do not happen. By making clear that we will fight if necessary to defend our allies, it makes it less likely our troops will ever be called upon to do so.

Now you may say that no part of Europe faces any immediate threat or armed attack today. That is true. The purpose of enlargement is to keep it that way. Senator Vandenberg said it in 1949: NATO is not built to stop a war after it starts, although its potentialities in this regard are infinite. It is built to stop wars before they start.

It is also fair to ask if it is in our vital interest to prevent conflict in Central Europe. Some have implied it is not. I am sure you have even heard a few people trot out what I call the consonant cluster clause, the myth that in times of crisis Americans will make no sacrifice to defend a distant city with an unpronounceable name, that we will protect the freedom of Strasbourg but not Szczecin, Barcelona but not Brno.

Let us not deceive ourselves. We are a European power. We have an interest in the fate of the 200 million people who live in the nations between the Baltic and Black Seas. We waged the cold war in part because these nations were held captive. We fought World War II in part because these nations had been invaded. If there were a major threat to the security of their region, we would want to act, enlargement or no enlargement. Our aim must be to prevent that kind of threat from arising.

The second reason why enlargement passes the test of national interest is that it will make NATO stronger and more cohesive. The Poles, Hungarians, and Czechs are passionately committed to NATO and its principles of shared responsibility. Their forces have already risked their lives alongside ours from the Gulf War to Bosnia.

I know you have expressed concern that enlargement could dilute NATO by adding too many members and by involving the alliance in too many missions. Let me assure you that we invited only the strongest candidates to join and nothing about enlargement will change NATO's core mission which remains the collective defense of NATO soil.

At the same time, it is important to remember that NATO has always served a political function too. It binds our allies to us just as it binds us to our allies. So, when you consider the candidacy of the Czech Republic, Hungary, and Poland, I ask you to consider this. On the issues that matter, from nonproliferation to human rights, to U.N. reform, here are three nations we have been able to count on and will continue to be able to count on.

Mr. Chairman, the third reason why a larger NATO serves our interests is that the very promise of it gives the nations of central and eastern Europe an incentive to solve their own problems. To align themselves with NATO, aspiring countries have strengthened their democratic institutions, made sure soldiers serve civilians, signed 10 major accords that resolve virtually every old ethnic and border dispute in the region.

I have been a student of central European history and I have lived some of it myself. When I see Romanians and Hungarians building a genuine friendship after centuries of enmity, when I see Poles, Ukrainians, and Lithuanians forming joint military units after years of suspicion, when I see Czechs and Germans overcoming decades of mistrust, when I see central Europeans confident enough to improve their political and economic ties with Russia, I know something remarkable is happening.

NATO is doing for Europe's east precisely what this NATO predicted it would do for Europe's west after World War II. This is another reminder that the contingencies we do not want our troops to face, such as ethnic conflict, border skirmishes, and social unrest, are far more easily avoided with NATO enlargement than without it.

In short, a larger NATO will make America safer, NATO stronger, and Europe more peaceful and united. That is the strategic rationale. But I would be disingenuous if I did not tell you I see a moral imperative too.

NATO defines a community of interest among the free nations of North America and Europe that both preceded and outlasted the

cold war. Americans have long argued that the nations of central Europe belong to the same democratic family as our allies in western Europe. As Americans, we should be heartened so many of them wish to join the institutions we did so much to build.

We should also think about what would happen if we were to turn them away. That would mean freezing NATO at its cold war membership and preserving the old Iron Curtain as its eastern frontier. It would mean locking out a whole group of otherwise qualified democracies simply because they were once, against their, will members of the Warsaw Pact.

Why would America choose to be allied with Europe's old democracies forever but its new democracies never? Were we to do that, confidence would crumble in central Europe leading to a search for security by other means, including costly arms buildups and competition among neighbors.

We have chosen a better way. We have chosen to look at the landscape of the new Europe and to ask a simple question: Which of these nations that are so clearly important to our security are ready to contribute to our security? The answer to that question is before you today awaiting your affirmation.

I said at the outset, Mr. Chairman, that there are weighty voices on both sides of this debate. Let me address a few of the concerns I expect you will consider fully.

First, we all want to make sure that the costs of a larger NATO are distributed fairly. Last February the administration made a preliminary estimate of America's share. Now we are working with our allies to produce a common estimate by the December meeting of the North Atlantic Council. At this point the numbers we agree upon as 16 allies are needed prior to any further calculations made in Washington.

I know that you are holding separate hearings on this question, but I will say this. I am convinced that the cost of expansion is real but affordable. I am certain our prospective allies are willing and able to pay their share because in the long run it will be cheaper for them to upgrade their forces within the alliance than outside it. I will insist that our old allies share this burden fairly. That is what NATO is all about.

I know there are serious people who estimate that a larger NATO will cost far more than we have anticipated. The key fact about our estimate is that it is premised on the current favorable security environment in Europe. Obviously, if a grave threat were to arise, the cost of enlargement would grow, but then so would the cost of our entire defense budget.

In any case, there are budgetary constraints in all 16 NATO democracies that will prevent costs from ballooning. That is why the main focus of our discussion, Mr. Chairman, and our consultations with our allies needs to be on defining the level of military capability we want our old and new allies to have and then making sure that they commit to it. We should spend no more than we must but no less than we need to keep NATO strong.

Another common concern about NATO enlargement is that it might damage our cooperation with a democratic Russia. Russian opposition to NATO enlargement is real. But we should see it for what it is, a product of old misperceptions about NATO and old

ways of thinking about its former satellites in central Europe. Instead of changing our policies to accommodate Russia's outdated fears, we need to encourage Russia's more modern aspirations.

This means we should remain Russia's most steadfast champion whenever it seeks to define its greatness by joining rule-based institutions, opening markets, and participating constructively in world affairs.

But when some Russian leaders suggest that a larger NATO is a threat, we owe it candor to say that is false and to base our policies on what we know to be true. I believe our approach is producing results from our cooperation in Bosnia to agreements to pursue deeper arms cuts, to new signs that the new START II Treaty may be moving ahead in the Duma, to NATO's new relationship with Russia.

I know that some are concerned that this relationship with Russia may actually go too far. You have asked me for an affirmation, Mr. Chairman, that the North Atlantic Council remains NATO's supreme decisionmaking body. Let me say it clearly: It does and it will. The NATO-Russia Founding Act gives Russia no opportunity to dilute, delay, or block NATO decisions.

Another important concern is that enlargement may create a new dividing line in Europe between a larger NATO and the countries that will not join in the first round. We have taken a range of steps to ensure this does not happen, from NATO's commitment to an open-door policy, to a stronger Partnership for Peace, to the new Euro-Atlantic Partnership Council.

Among the countries that still aspire to membership, there is enthusiastic support for the process NATO has begun. They understand a simple fact: With enlargement, no new democracy is permanently excluded; without enlargement, every new democracy would be permanently excluded.

The most important thing the Senate can do to reassure them now is to get the ball rolling by ratifying the admission of the first three candidates.

A final concern I wish to address has to do with Bosnia. Some have suggested our debate on NATO enlargement simply cannot be separated from our actions and decisions in that troubled country. I agree with them. Both are aimed at building a stable, undivided Europe. It was our experience in Bosnia that proved a fundamental premise of our enlargement strategy: There are still threats to security in Europe that only NATO can meet.

We cannot know today if our mission in Bosnia will achieve all its goals, but we can say that whatever may happen, our interest in a larger, stronger NATO will endure long after the last foreign soldier has left that country.

We can also say that NATO will remain the most powerful instrument we have for building effective military coalitions such as SFOR. At the same time, Bosnia does not by itself define the future of a larger NATO. NATO's most important aim, if I can paraphrase Arthur Vandenberg, is to prevent wars before they start so it does not have to keep the peace after they stop.

These are some of the principal concerns I wanted to address today. I know our discussion is just beginning. I am glad that it will also involve other committees of the Senate, the NATO Observ-

ers' Group, and the House of Representatives. Most important, I am glad it will involve the American people.

When these three new democracies join NATO in 1999, as I trust they will, it will be a victory for us all, Mr. Chairman. On that day, we will be standing on the shoulders of many. We will be thankful to all those who waged the cold war on the side of freedom, to all those who champion the idea of a larger NATO, to all those Members of Congress from both parties who voted for resolutions urging the admission of these three nations, to all those Republican Members who made NATO enlargement part of their Contract with America.

Now, Mr. Chairman and members of the committee, all of our allies and future allies are watching you for one simple reason: The American Constitution is unique in the power it grants to the legislative branch over foreign policy, especially over treaties. In this matter, you and the American people you represent are truly in the driver's seat.

That is as it should be. In fact, I enjoy going to Europe and telling our allies this is what we want to do but ultimately it will be up to our Senate and our people to decide. I say that with pride because it tells them something about America's faith in a democratic process.

But I have to tell you that I say it with confidence as well. I believe that when the time comes for the Senate to decide, Mr. Chairman, you and I and the American people will stand together, for I know that the policy we ask you to embrace is a policy that the administration and Congress shaped together, and I am certain that it advances the fundamental interests of the United States.

Thank you very much.

[The prepared statement of Secretary Albright follows:]

PREPARED STATEMENT OF SECRETARY ALBRIGHT

Chairman Helms, Senator Biden, members of the committee: it is with a sense of appreciation and anticipation that I come before you to urge support for the admission of the Czech Republic, Hungary and Poland to NATO.

Each of us today is playing our part in the long unfolding story of America's modern partnership with Europe. That story began not in Madrid, when the President and his fellow NATO leaders invited these three new democracies to join our Alliance, nor eight years ago when the Berlin Wall fell, but half a century ago when your predecessors and mine dedicated our nation to the goal of a secure, united Europe.

It was then that we broke with the American aversion to European entanglements, an aversion which served us well in our early days, but poorly when we became a global power. It was then that we sealed a peacetime alliance open not only to the nations which had shared our victory in World War II, but to our former adversaries. It was then that this committee unanimously recommended that the Senate approve the original NATO treaty.

The history books will long record that day as among the Senate's finest. On that day, the leaders of this body rose above partisanship and they rose to the challenge of a pivotal moment in the history of the world.

Mr. Chairman, I believe you are continuing that tradition today. I thank you for your decision to hold these hearings early, for the bipartisan manner in which you and Senator Biden are conducting them, and for the serious and substantive way in which you have framed our discussion.

I am honored to be part of what you have rightly called the beginning of the process of advice and consent. And I am hopeful that with your support, and after the full national debate to which these hearings will contribute, the Senate will embrace the addition of new members to NATO. It would be fitting if this renewal of our commitment to security in Europe could come early next year, as Congress celebrates the 50th anniversary of its approval of the Marshall Plan.

As I said, and as you can see, I am very conscious of history today. I hope that you and your colleagues will look back as I have on the deliberations of 1949, for they address so many of the questions I know you have now: How much will a new alliance cost and what are its benefits? Will it bind us to go to war? Will it entangle us in far away quarrels?

We should take a moment to remember what was said then about the alliance we are striving to renew and expand today.

Senator Vandenberg, Chairman Helms' extraordinary predecessor, predicted that NATO would become "the greatest war deterrent in history." He was right. American forces have never had to fire a shot to defend a NATO ally.

This Committee, in its report to the Senate on the NATO treaty, predicted that it would "free the minds of men in many nations from a haunting sense of insecurity, and enable them to work and plan with that confidence in the future which is essential to economic recovery and progress." Your predecessors were right. NATO gave our allies time to rebuild their economies. It helped reconcile their ancient animosities. And it made possible an unprecedented era of unity in Western Europe.

President Truman said that the NATO pact "will be a positive, not a negative, influence for peace, and its influence will be felt not only in the area it specifically covers but throughout the world." And he was right, too. NATO gave hope to democratic forces in West Germany that their country would be welcome and secure in our community if they kept making the right choices. Ultimately, it helped bring the former fascist countries into a prosperous and democratic Europe. And it helped free the entire planet from the icy grip of the Cold War.

Thanks in no small part to NATO, we live in a different world. Our Soviet adversary has vanished. Freedom's flag has been unfurled from the Baltics to Bulgaria. The threat of nuclear war has sharply diminished. As I speak to you today, our immediate survival is not at risk.

Indeed, you may ask if the principle of collective defense at NATO's heart is relevant to the challenges of a wider and freer Europe. You may ask why, in this time of relative peace, are we so focused on security?

The answer is, we want the peace to last. We want freedom to endure. And we believe there are still potential threats to our security emanating from European soil.

You have asked me, Mr. Chairman, what these threats are. I want to answer as plainly as I can.

First, there are the dangers of Europe's past. It is easy to forget this, but for centuries virtually every European nation treated virtually every other as a military threat. That pattern was broken only when NATO was born and only in the half of Europe NATO covered. With NATO, Europe's armies prepared to fight beside their neighbors, not against them; each member's security came to depend on cooperation with others, not competition.

That is one reason why NATO remains essential, even though the Cold War is over. It is also one reason why we need a larger NATO, so that the other half of Europe is finally embedded in the same cooperative structure of military planning and preparation.

A second set of dangers lies in Europe's present. Because of conflict in the Balkans and the former Soviet Union, Europe has already buried more victims of war since the Berlin Wall fell than in all the years of the Cold war. It is sobering to recall that this violence has its roots in the same problems of shattered states and hatred among ethnic groups that tyrants exploited to start this century's great wars.

Finally, Mr. Chairman, and most important, we must consider the dangers of Europe's future. By this I mean direct threats against the soil of NATO members that a collective defense pact is designed to meet. Some are visible on Europe's horizon, such as the threat posed by rogue states with dangerous weapons that might have Europe within their range and in their sights. Others may not seem apparent today, in part because the existence of NATO has helped to deter them. But they are not unthinkable.

Within this category lie questions about the future of Russia. We have an interest in seeing Russian democracy endure. We are doing all we can with our Russian partners to see that it does. And we have many reasons to be optimistic. At the same time, one should not dismiss the possibility that Russia could return to the patterns of its past. By engaging Russia and enlarging NATO, we give Russia every incentive to deepen its commitment to democracy and peaceful relations with neighbors, while closing the avenue to more destructive alternatives.

We do not know what other dangers may arise 10, 20, or even 50 years from now. We do know enough from history and human experience to believe that a grave threat, if allowed to arise, would arise. We know that whatever the future may hold,

it will be in our interest to have a vigorous and larger alliance with those European democracies that share our values and our determination to defend them.

We recognize NATO expansion involves a solemn expansion of American responsibilities in Europe. It does not bind us to respond to every violent incident by going to war. But it does oblige us to consider an armed attack against one ally an attack against all and to respond with such action as we deem necessary, including the use of force, to restore the security of the North Atlantic area.

As Americans, we take our commitments seriously and we do not extend them lightly. Mr. Chairman, you and I do not agree on everything, but we certainly agree that any major extension of American commitments must serve America's strategic interests.

Let me explain why welcoming the Czech Republic, Hungary and Poland into NATO meets that test.

First, a larger NATO will make us safer by expanding the area in Europe where wars simply do not happen. This is the productive paradox at NATO's heart: By imposing a price on aggression, it deters aggression. By making clear that we will fight, if necessary, to defend our allies, it makes it less likely our troops will ever be called upon to do so.

Now, you may say that no part of Europe faces any immediate threat of armed attack today. That is true. And I would say that the purpose of NATO enlargement is to keep it that way. Senator Vandenberg said it in 1949: "[NATO] is not built to stop a war after it starts, although its potentialities in this regard are infinite. It is built to stop wars before they start."

It is also fair to ask if it is in our vital interest to prevent conflict in central Europe. There are those who imply it is not. I'm sure you have even heard a few people trot out what I call the "consonant cluster clause," the myth that in times of crisis Americans will make no sacrifice to defend a distant city with an unpronounceable name, that we will protect the freedom of Strasbourg but not Szczecin, Barcelona, but not Brno.

Let us not deceive ourselves. The United States is a European power. We have an interest not only in the lands west of the Oder river, but in the fate of the 200 million people who live in the nations between the Baltic and Black Seas. We waged the Cold War in part because these nations were held captive. We fought World War II in part because these nations had been invaded.

Now that these nations are free, we want them to succeed And we want them to be safe, whether they are large or small. For if there were a major threat to the security of their region, if we were to wake up one morning to the sight of cities being shelled .and borders being overrun, I am certain that we would choose to act, enlargement or no enlargement. Expanding NATO now is simply the surest way to prevent that kind of threat from arising, and thus the need to make that kind of choice.

Mr. Chairman, the second reason why enlargement passes the test of national interest is that it will make NATO stronger and more cohesive. The Poles, Hungarians and Czechs are passionately committed to NATO and its principles of shared responsibility. Experience has taught them to believe in a strong American leadership role in Europe. Their forces have risked their lives alongside ours from the Gulf War to Bosnia. Just last month, Czech soldiers joined our British allies in securing a police station from heavily armed Bosnian Serb extremists.

Mr. Chairman, I know you have expressed concern that enlargement could dilute NATO by adding too many members and by involving the alliance in too many missions. Let me assure you that we invited only the strongest candidates to join the Alliance. And nothing about enlargement will change NATO's core mission, which is and will remain the collective defense of NATO soil.

At the same time, it is important to remember that NATO has always served a political function as well. It binds our allies to us just as it binds us to our allies. So when you consider the candidacy of the Czech Republic, Hungary and Poland, Mr. Chairman, I ask you to consider this:

When peace is threatened somewhere in the world and we decide it is in our interest to act, here are three nations we have been able to count on to be with us. In the fight against terror and nuclear proliferation, here are three nations we have been able to count on. In our effort to reform the UN, here are three nations we have been able to count on. When we speak out for human rights around the world, here are three nations we will always be able to count on.

Here are three nations that know what it means to lose their freedom and who will do what it takes to defend it. Here are three democracies that are ready to do their dependable part in the common enterprise of our alliance of democracies.

Mr. Chairman, the third reason why a larger NATO serves our interests is that the very promise of it gives the nations of central and eastern Europe an incentive

to solve their own problems. To align themselves with NATO, aspiring countries have strengthened their democratic institutions. They have made sure that soldiers serve civilians, not the other way around. They have signed 10 major accords that taken together resolve virtually every old ethnic and border dispute in the region, exactly the kind of disputes that might have led to future Bosnias. In fact, the three states we have invited to join NATO have resolved every outstanding dispute of this type.

I have been a student of central European history and I have lived some of it myself. When I see Romanians and Hungarians building a genuine friendship after centuries of enmity, when I see Poles, Ukrainians and Lithuanians forming joint military units after years of suspicion, when I see Czechs and Germans overcoming decades of mistrust, when I see central Europeans confident enough to improve their political and economic ties with Russia, I know something remarkable is happening.

NATO is doing for Europe's east precisely what it did—precisely what this Committee predicted it would do—for Europe's west after World War II. It is helping to vanquish old hatreds, to promote integration and to create a secure environment for economic prosperity. This is another reminder that the contingencies we do not want our troops to face, such as ethnic conflict, border skirmishes, and social unrest are far more easily avoided with NATO enlargement than without it.

In short, a larger NATO will prevent conflict, strengthen NATO, and protect the gains of stability and freedom in central and eastern Europe. That is the strategic rationale. But I would be disingenuous if I did not tell you that I see a moral imperative as well. For this is a policy that should appeal to our hearts as well as to our heads, to our sense of what is right as well as to our sense of what is smart.

NATO defines a community of interest among the free nations of North America and Europe that both preceded and outlasted the Cold War. America has long stood for the proposition that this Atlantic community should not be artificially divided and that its nations should be free to shape their destiny. We have long argued that the nations of central and eastern Europe belong to the same democratic family as our allies in western Europe.

We often call them "former communist countries," and that is true in the same sense that America is a "former British colony." Yes, the Czechs, Poles, and Hungarians were on the other side of the Iron Curtain during the Cold War. But we were surely on the same side in the ways that truly count.

As Americans, we should be heartened today that so many of Europe's new democracies wish to join the institutions Americans did so much to build. They are our friends and we should be proud to welcome them home.

We should also think about what would happen if we were to turn them away. That would mean freezing NATO at its Cold War membership and preserving the old Iron Curtain as its eastern frontier. It would mean locking out a whole group of otherwise qualified democracies simply because they were once, against their will, members of the Warsaw Pact.

Why would America choose to be allied with Europe's old democracies forever, but its new democracies never? There is no acceptable, objective answer to that question. Instead, it would probably be said that we blocked the aspirations of our would-be allies because Russia objected. And that, in turn, could cause confidence to crumble in central Europe, leading to a search for security by other means, including costly arms buildups and competition among neighbors.

We have chosen a better way. We have chosen to look at the landscape of the new Europe and to ask a simple question: Which of these nations that are so clearly important to our security are ready and able to contribute to our security? The answer to that question is before you today, awaiting your affirmation.

I said at the outset, Mr. Chairman, that there are weighty voices on both sides of this debate. There are legitimate concerns with which we have grappled along the way, and that I expect you to consider fully as well. Let me address a few.

First, we all want to make sure that the costs of expansion are distributed fairly. Last February, at the behest of Congress and before the Alliance had decided which nations to invite to membership, the Administration made a preliminary estimate of America's share. Now that we have settled on three candidates, we are working with our allies to produce a common estimate by the December meeting of the North Atlantic Council. At this point, the numbers we agree upon as 16 allies are needed prior to any further calculations made in Washington.

I know you are holding separate hearings in which my Pentagon colleagues will go into this question in detail. But I will say this: I am convinced that the cost of expansion is real but affordable. I am certain our prospective allies are willing and able to pay their share, because in the long run it will be cheaper for them to up-

grade their forces within the alliance than outside it. As Secretary of State, I will insist that our old allies share this burden fairly. That is what NATO is all about.

I know there are serious people who estimate that a larger NATO will cost far more than we have anticipated. The key fact about our estimate is that it is premised on the current, favorable security environment in Europe. Obviously, if a grave threat were to arise, the cost of enlargement would rise. But then so would the cost of our entire defense budget.

In any case, there are budgetary constraints in all 16 NATO democracies that will prevent costs from ballooning. That is why the main focus of our discussion, Mr. Chairman, and in our consultations with our allies, needs to be on defining the level of military capability we want our old and new allies to have in this favorable environment, and then making sure that they commit to that level. We must spend no more than we must, but no less than we need to keep NATO strong.

Another common concern about NATO enlargement is that it might damage our cooperation with a democratic Russia. Russian opposition to NATO enlargement is real. But we should see it for what it is: a product of old misperceptions about NATO and old ways of thinking about its former satellites in central Europe. Instead of changing our policies to accommodate Russia's outdated fears, we need to encourage Russia's more modern aspirations.

This means that we should remain Russia's most steadfast champion whenever it seeks to define its greatness by joining international institutions, opening its markets and participating constructively in world affairs. It means we should welcome Russia's decision to build a close partnership with NATO, as we did in the NATO-Russia Founding Act.

But when some Russian leaders suggest that a larger NATO is a threat, we owe it candor to say that is false—and to base our policies on what we know to be true. When they imply that central Europe is special, that its nations still are not free to choose their security arrangements, we owe it to candor to say that times have changed, and that no nation can assert its greatness at the expense of its neighbors. We do no favor to Russian democrats and modernizers to suggest otherwise.

I believe our approach is sound and producing results. over the past year, against the backdrop of NATO enlargement, reformers have made remarkable gains in the Russian government. We have agreed to pursue deeper arms reductions. Our troops have built a solid working relationship on the ground in Bosnia. Russia was our full partner at the Summit of the Eight in Denver and it has joined the Paris Club of major international lenders.

What is more, last week in New York we signed documents that should pave the way for the Russian Duma to ratify the START II treaty. While this prospect is still by no means certain, it would become far less so if we gave the Duma any reason to think it could hold up NATO enlargement by holding up START II.

As you know Mr. Chairman, last week, NATO and Russia held the first ministerial meeting of their Permanent Joint Council. This council gives us an invaluable mechanism for building trust between NATO and Russia through dialogue and transparency.

I know that some are concerned NATO's new relationship with Russia will actually go too far. You have asked me for an affirmation, Mr. Chairman, that the North Atlantic Council remains NATO's supreme decision making body. Let me say it clearly: It does and it will. The NATO-Russia Founding Act gives Russia no opportunity to dilute, delay or block NATO decisions. NATO's allies will always meet to agree on every item on their agenda before meeting with Russia. And the relationship between NATO and Russia will grow in importance only to the extent Russia uses it constructively.

The Founding Act also does not limit NATO's ultimate authority to deploy troops or nuclear weapons in order to meet its commitments to new and old members. All it does is to restate unilaterally existing NATO policy: that in the current and foreseeable security environment, we have no plan, no need, and no intention to station nuclear weapons in the new member countries, nor do we contemplate permanently stationing substantial combat forces. The only binding limits on conventional forces in Europe will be set as we adapt the CFE treaty, with central European countries and all the other signatories at the table, and we will proceed on the principle of reciprocity.

Another important concern is that enlargement may create a new dividing line in Europe between a larger NATO and the countries that will not join in the first round. We have taken a range of steps to ensure this does not happen.

President Clinton has pledged that the first new members will not be the last. NATO leaders will consider the next steps in the process of enlargement before the end of the decade. We have strengthened NATO's Partnership for Peace program. We have created a new Euro-Atlantic Partnership Council, through which NATO

and its democratic partners throughout Europe will shape the missions we undertake together. We have made it clear that the distinction between the nations NATO invited to join in Madrid and those it did not is based purely on objective factors—unlike the arbitrary line that would divide Europe if NATO stood still.

Among the countries that still aspire to membership, there is enthusiastic support for the process NATO has begun. Had you seen the crowds that cheered the President in Romania in July, had you been with me when I spoke to the leaders of Lithuania and Slovenia, you would have sensed how eager these nations are to redouble their efforts.

They understand a simple fact: With enlargement, no new democracy is permanently excluded; without enlargement, every new democracy would be permanently excluded. The most important thing the Senate can do to reassure them now is to get the ball rolling by ratifying the admission of the first three candidates.

Mr. Chairman, a final concern I wish to address has to do with Bosnia.

Some have suggested that our debate on NATO enlargement simply cannot be separated from our actions and decisions in that troubled country. I agree with them. Both enlargement and our mission in Bosnia are aimed at building a stable undivided Europe. Both involve NATO and its new partners to the east.

It was our experience in Bosnia that proved the fundamental premise of our enlargement strategy: there are still threats to peace and security in Europe that only NATO can meet. It was in Bosnia that our prospective allies proved they are ready to take responsibility for the security of others. It was in Bosnia that we proved NATO and Russian troops can work together.

We cannot know today if our mission in Bosnia will achieve all its goals, for that ultimately depends on the choices the Bosnian people will make. But we can say that whatever may happen, NATO's part in achieving the military goals of our mission has been a resounding success. Whatever may happen, our interest in a larger, stronger NATO will endure long after the last foreign soldier has left Bosnia.

We can also say that NATO will remain the most powerful instrument we have for building effective military coalitions such as SFOR. At the same time, Bosnia does not by itself define the future of a larger NATO. NATO's fundamental purpose is collective defense against aggression. Its most important aim, if I can paraphrase Arthur Vandenberg, is to prevent wars before they start so it does not have to keep the peace after they stop.

These are some of the principal concerns I wanted to address today; I know you have many more questions and I look forward to answering them all.

This discussion is just beginning. I am glad that it will also involve other committees of the Senate, the NATO Observers' Group and the House of Representatives. Most important, I am glad it will involve the people of the United States. For the commitment a larger NATO entails will only be meaningful if the American people understand and accept it.

When these three new democracies join NATO in 1999, as I trust they will, it will be a victory for us all, Mr. Chairman. And on that day, we will be standing on the shoulders of many.

We will be thankful to all those who prosecuted the Cold War, to all those on both sides of the Iron Curtain who believed that the goal of containment was to bring about the day when the enlargement of our democratic community would be possible.

We will be grateful to all those who championed the idea of a larger NATO—not just President Clinton, or President Havel, or President Walesa, but members of Congress from both parties who voted for resolutions urging the admission of these three nations. we will owe a debt to the Republican members who made NATO enlargement part of their Contract with America.

Today, all of our allies and future allies are watching you for one simple reason. The American Constitution is unique in the power it grants to the legislative branch over foreign policy, especially over treaties. In this matter, Mr. Chairman, members of the Committee, you and the American people you represent are truly in the driver's seat.

That is as it should be. In fact, I enjoy going to Europe and telling our allies: "This is what we want to do, but ultimately, it will be up to our Senate and our people to decide." I say that with pride because it tells them something about America's faith in the democratic process.

But I have to tell you that I say it with confidence as well. I believe we will stand together, Mr. Chairman, when the time comes for the Senate to decide, because I know that the policy we ask you to embrace is a policy that the Administration and Congress shaped together, and because I am certain that it advances the fundamental interests of the United States.

Thank you very much.

The CHAIRMAN. Thank you, Madam Secretary, for a very eloquent statement. It will be written about and talked about for some time because this is an important subject. It is an important milestone in not only the history of this country, but the world.

We are going to have a round of 6-minute questions by each Senator, and I hope that they will not be taken up by statements up until 10 seconds before the red light comes on and therefore give you a chance to answer.

Reports that NATO intends to consult with Russia on such fundamental matters as the military strategy and nuclear doctrine of the alliance have caused a great concern among a great many leaders of our country, past and present. They, you better believe, are contacting me with suggestions.

Now, how can NATO consult with Russia on these and other matters without compromising the security or decisionmaking process of NATO?

I guess that leads to a second question. Will you establish fire walls in NATO's relations with Russia and assure that Russia has neither a voice nor a veto in NATO discussions of issues such as arms control, strategic doctrine, and further alliance expansion? A pretty hefty question but I know you can handle it.

Secretary ALBRIGHT. Thank you.

Mr. Chairman, we are pleased with the development of the NATO-Russia relationship to date. We believe that the NATO-Russia Founding Act and the Permanent Joint Council it created offers real opportunities to develop a partnership between NATO and Russia through regular consultations and activities to build practical cooperation.

I have been very pleased with the early work of that council, including its first ministerial meeting in New York on September 26th, and I think that in many ways that was quite a remarkable meeting in starting this process out. I believe that these elements of the NATO-Russia relationship, together with our bilateral efforts to integrate Russia more fully into the rest of the West, are beginning to bear fruit.

At the same time, let me be very clear about your concern. The Founding Act and the Permanent Joint Council created as a result do not provide Russia any role in decisions the alliance takes on internal matters, the way NATO organizes itself, conducts its business, or plans, prepares for and conducts those missions which affect only its members, such as collective defense, as stated under Article 5.

The Permanent Joint Council will not be a forum in which NATO's basic strategy doctrine and readiness are negotiated with Russia, nor will NATO use the Permanent Joint Council as a substitute for formal arms control negotiations such as the Conventional Forces in Europe (CFE) Treaty.

Consistent with our past approach to relations with Russia, NATO will continue to explain to Russia its general policy on a full range of issues, including its basic military doctrine and defense policies. Such explanation will not extend to a level of detail that could in any way compromise the effectiveness of NATO's military forces. Such explanations will only be offered—and I state this very emphatically—after NATO has first set its policies on issues affect-

ing internal matters. NATO has not and will not discuss these issues with Russia prior to making decisions within the North Atlantic Council.

Now, further, the Permanent Joint Council operates by mutual agreement, which means both NATO and Russia must agree to discuss an issue in the first place. NATO's policy always will first be established by consensus requiring all allies' agreement. Moreover, NATO is not required to discuss any issue. The Founding Act is a political commitment, not a legal document. The U.S., thus, will always retain the ability to prevent the Permanent Joint Council from discussing any issue which it does not want addressed for whatever reason within that forum.

So, let me just reemphasize. I can assure you that the Permanent Joint Council will never be used to make decisions on NATO doctrine, strategy, or readiness. The North Atlantic Council is NATO's supreme decisionmaking body, and it is sacrosanct. Russia will not play a part in the NAC or NATO decisionmaking and it will never have a veto over NATO policy. Any discussion with Russia of NATO doctrine will be for explanatory, not decisionmaking, purposes.

But I also would like to state, Mr. Chairman, that I think we will find the Permanent Joint Council a very useful mechanism for having discussions with Russia on issues of mutual interest. If the first meeting that we just held in New York is an example of it, I look forward to seeing that as a very useful mechanism as we develop our relationship with a democratic Russia.

The CHAIRMAN. Very quickly because the yellow light is on. That is a good answer to my questions and I appreciate it.

Have our allies met the current defense obligations to which they have committed themselves as members of NATO?

Secretary ALBRIGHT. Yes, they have. We are all part of how we burden-share in terms of allotments for NATO. As you know, there are really two parts to the NATO budget. There are common budgets for which there are assessments, and then each country provides within its defense budget to live up to its obligations under NATO. I believe that they are doing so and I also believe that they will do so as we go through developing the processes for the payment of the enlargement.

The CHAIRMAN. Very well.

Our distinguished Ranking Member, Mr. Biden.

Senator BIDEN. Thank you, Mr. Chairman.

Madam Secretary, I have had the occasion now—it seems a little premature—to debate this subject in different fora with several of my colleagues who oppose the expansion of NATO, most recently before a group of chief executive officers and opinion leaders from one of our States who were here in town.

There have also been closed meetings that Senator Roth and I have set up in the Senate's NATO Observer Group where our colleagues come in and state their support, opposition, or concern.

It seems to be coming down to a pretty basic thing. It is kind of ironic. The only thing that seems to be carrying the momentum right now in the minds of many of my colleagues and the American people is the moral imperative, and that is that Poland and particularly Hungary and the Czech Republic were left behind the cur-

tain. the curtain is up. Now is the time to let them come to the west from the east.

But there's very little knowledge—I should not say knowledge—there is very little consensus about why this is in the vital interest of the United States. Very few people believe that adding, as brave and as valiant as they may be, the Polish army and the Czech army and the Hungarian army to NATO is any more likely to make them sleep more safely in Peoria than they sleep today.

I am going to recite the arguments I hear very briefly, and then stop and ask you to comment because they are the essence of what we are going to have to answer in order to prevail.

You indicate that the American people will eventually agree with NATO expansion. I think there is only one lesson I take away from the Vietnam War and that is that a foreign policy, no matter how well or poorly constructed, cannot be maintained without the informed consent of the American people. Right now there is not informed consent.

Right now, if you ask the American people if they think there is a need for NATO, if they like spending $120 billion a year, or whatever allocation we would conclude is warranted by our NATO membership, I suspect you would find them saying the same thing I hear from my colleagues. Why cannot Europe do this? Why not leave well enough alone?

If we expand, the alliance will lose its vitality. As one of my senior colleagues on the Armed Services Committee said in a debate I recently had with him "if it ain't broke, don't fix it."

If you expand it, you are going to diminish consensus. We have a hard enough time getting 16 nations to agree now. Expand it by three or more nations and it is going to even be more difficult to obtain consensus. You are going to do what was done 300 years ago in Poland when the princes got together and each had a veto. You are going to allow the basic structure to crumble.

These are the arguments that I keep hearing, but the root argument is as follows. Look at Europe. As one of our colleagues says, of the six largest armies in the world, five are in Asia. Our economic future lies in Asia. We have a disproportionate allocation of our resources in Europe. Why are we doing this?

It comes down, in my view, to the need to answer the following question, and then I will cease when I ask it,—why cannot the Europeans take care of themselves? Their GDP is larger than ours. Their population is larger than ours. As my father said in a different context to me, not since the Roman army invaded Europe and quelled the pagans has there been an occupying army that stayed in place as long as we have been required to stay in place in Europe. Why?

I believe you and the President in particular are going to have to carry that argument to the people, an answer to that question. Why can Europe not do this themselves? Why do we have to be involved?

I think I am like that old joke about the Texan who says he does not know much about art, but he knows what he likes. I feel firmly I know the answer to why we have to be involved, but I think until it is explained to the American people, we are going to have this

shadow debate about a lot of things other than why the Europeans cannot do this by themselves. Why do we need to be in Europe?

Secretary ALBRIGHT. Senator Biden, I think that that is a key question that we have to answer. Let me just say here that one has to really hark to history.

First of all, as both you and the chairman said, our history is tied to the history of Europe, even before, obviously, the 20th century. Our values and a great deal of our history comes from Europe and strategically Europe is key to the United States in terms of its population, its economy, its geostrategic structure.

But let me also say that what is evident because of those aspects, we have found that when we have not paid attention to Europe ultimately because those elements are so strong, we are drawn into dealing with Europe's problems, always at a much greater cost than would have been the case in the first place.

I believe very strongly that this is a very smart additional preventive measure because history has shown us that we will go into Europe when we see massive wars that involve people that we are very closely related to, and when it involves our economic and strategic interests.

Now, we are not an occupying power in Europe. We are a partner, and the point of this is that NATO does in fact bind us to Europe in a way that keeps us there as an invited partner and not as an occupying power. I believe that if we do not stay there now, and say "let the Europeans do it," history will show us that we will be back and we will be back at much greater cost than if we were to do it now at a lesser cost as a partner rather than as someone that has to go dig them out of a mess.

Senator BIDEN. Thank you, Mr. Chairman.

The CHAIRMAN. Senator Lugar.

Senator LUGAR. Thank you very much, Mr. Chairman.

Secretary Albright, in my judgment the NATO enlargement debate has thus far largely ignored the central question of NATO's basic purpose. The Senate's ratification debate over new alliance members should start with that question, and I commend Chairman Helms for focusing on that theme in this committee's initial hearing.

Many of us within the Congress and the administration have been working hard to ensure ratification of the admission of Poland, Hungary, and the Czech Republic, perhaps too busy to define NATO's purpose. But issues associated with purpose and burden sharing will come up in the ratification proceedings. The answers will be key to the ratification, but also for the future of NATO.

First, the absence of a clearly defined and understood purpose can complicate the implementation of enlargement by making it appear as if the alliance's exclusive mission is to defend its members against some future, yet ill-defined threat from the east.

While not insignificant, such a preoccupation could in turn focus allied militaries on the wrong problem, particularly if major strategic threats to the United States and its allies are elsewhere.

Second, the act of enlargement is becoming confused with the alliance's reason for existence, and the issue of future additional members could either cause further delay in addressing NATO's

core purpose or be delayed by inadequate definition of the alliance's core missions.

Third, the alliance force planning goals and programs must be based on a military strategy which must, in turn, be shaped by strategic purpose. Adequate defense spending in the modernization and restructuring of outdated forces will not occur in the absence of strategic purpose.

Fourth, the United States' strategy and technology are driven by global priorities, while European forces are focused on territorial defense and thus are largely irrelevant to U.S. priorities. The recent Quadrennial Defense Review does not substantially take account of NATO, Europe, or the allies in U.S. global strategy and requirements. In short, adjudged by the QDR, America's main alliance is not confronting the main security problems of the United States.

Despite alliance emphasis on defense of its members' territory under Article 5 of the Washington Treaty and peace operations and crisis management under Article 4, NATO is in need of strategic direction. This should be accomplished before or in parallel with further decisions about forces, command structure, and membership.

To oversimplify, I believe there are at least two strategic alternatives that could drive the alliance's core purpose.

The first is for NATO to be the guarantor of European security, and thus NATO's mission is identified with a European mission and should dovetail with Europe's danger.

The second is for NATO to serve as the vehicle by which Americans and Europeans protect their common interests wherever challenged. While it subsumes the first, it also suggests that the Atlantic Alliance can and should confront the rising threats to the interest of members beyond Europe. Geography is the chief criteria of the first strategy. Interests are what matter in the second.

These two strategic alternatives point toward quite different futures and may suggest different approaches to future enlargement to further encourage other engagement of PFP partners to burden sharing, to structuring forces and commands.

Secretary Albright, where does the administration stand on the definition of our strategic alternatives and what strategic direction or rationale will it promote within the alliance?

Secretary ALBRIGHT. Senator Lugar, let me say that there are two parts to the answer to this question.

First of all, clearly the basic original objective of NATO, which was a collective defense treaty to deal with Europe, continues to be in place and in fact is adapted in order to deal with the changing security environment and obviously the change that has taken place with the end of the cold war. There have been studies that have been undertaken internally in order to adapt the strategic concept of NATO to the more current threats that it faces.

If I might say, to dovetail on a point that Senator Biden made, that those who say it ain't broke, don't fix it, the truth is it ain't suitable for what we are doing now. So, it needs to be fixed. Europe looks very different, and I would ask you to review what I said in my opening statement: What would happen if we did not adapt

NATO and enlarge it? Because otherwise, we would be dealing with the past instead of dealing with the future.

At the same time, Senator, I do think that there has been an incredible amount of creativity in terms of developing institutional structures such as the EAPC or the Partnership for Peace that allows us to look at how to use an enlarged NATO or a NATO along with subsidiary organs to deal with peacekeeping, and to deal with the potential threats from some of the rogue states. I find what is going on is a very good exercise in creativity with substantial backing from strategic thinkers in terms of how to use what is the best military alliance in the history of the world to deal with the new threats, both geographically and the ones that you mentioned. That process is going on. These are not two mutually exclusive goals.

Senator LUGAR. Thank you, Mr. Chairman.

The CHAIRMAN. Senator Sarbanes.

Senator SARBANES. Madam Secretary, I want to join with my colleagues in welcoming you before the committee. As everyone has indicated, this is the beginning of an extended process to examine carefully this issue.

I want to get some sense at the outset about the path that we will be placed upon and where it will lead and what the timing is, as we move forward. So, I would like first to just get a sense of the parameters of the timing. How do you see that unfolding?

Secretary ALBRIGHT. Well, Senator, as of right now, we are dealing both with our allies and the invitees to develop what would be their defense plans and the budget that goes with it. We would hope that by December there would be the NAC ministerial at which the accession protocols would be signed. Then our plan would be to submit the treaty to you formally and have, in fact, the official debate going on. At the same time, there would be a ratification debate going on in the parliaments of the other NATO members. Then we would be able to, in fact, have the new NATO, the enlarged NATO, at the 50th anniversary in 1999.

Senator SARBANES. Now, is the December meeting of the North Atlantic Council the meeting at which you expect approval of the entry of the three countries into NATO?

Secretary ALBRIGHT. From the perspective that they have the power to do that, the accession protocols would be signed. Obviously, it is not final until this is ratified and goes through the constitutional processes of each individual country.

Senator SARBANES. Now, at that point, will the burden of the cost be outlined, or will that be something to be developed later?

Secretary ALBRIGHT. No. The plan is that the comprehensive NATO and cost report would be approved by the NATO ministers in December.

Now, I have to stress again, as I stressed in my statement, those are to do with the costs in the current environment. They would have been worked out as a result of very careful work among the allies, as well as what is going on now, Senator Sarbanes, in terms of our people going around talking with the three invitees about developing their specific defense plans.

Senator SARBANES. I am having some difficulty in understanding why the 50th anniversary of either the Congress' approval of the Marshall Plan or the entry into force of the Marshall Plan is rel-

evant as a date by which this process ought to move. I wonder if you could enlighten me on that.

Secretary ALBRIGHT. Well, we have been celebrating the 50th anniversary of everything.

Senator SARBANES. Well, I understand that.

Secretary ALBRIGHT. Are you suggesting, Senator——

Senator SARBANES. I take it that is about the only rationale for it.

Secretary ALBRIGHT. We believe, Senator, that the debates will be going on in the various parliaments. We want to give the publics a chance to really be a part of the debate. We would like to be early on in the ratification process because we are the United States and provide the leadership. We thought it would be a nice time, but it could be earlier if everyone were ready to go.

Senator SARBANES. I take it once that process is completed, then the immediate issue before us, as we are moving down this path, would be the accession to NATO of other countries which are seeking to become members. Would that be correct?

Secretary ALBRIGHT. We have said that it is an ongoing process. We have not specifically set a date for the next tranche, and we will be considering new members. We had said hypothetically that it could take place after these members were full members, which is where we had put it in 1999.

Senator SARBANES. Well, is it not reasonable to assume that once these members are dealt with, that that issue will then be immediately before us?

Secretary ALBRIGHT. It is reasonable to assume that. I think that there are countries that wish to be considered in the next tranche. There are those that we would like to be looking at that are, as part of the Partnership for Peace process, already very much involved with what we are doing. We are setting up relationships with those countries. So, this is an ongoing process, Senator.

Senator SARBANES. Well, that would encompass not only, say, the two that were considered at Madrid, Romania and Slovenia, but I take it other eastern European countries, would it not?

Secretary ALBRIGHT. We have said that all those countries that met the criteria and the guidelines, are eligible. NATO is open to all democracies and market systems which can show a real dedication to the development of democratic institutions which include civilian control over the military, and which can add to the security of NATO. We would not even consider other countries that could not contribute generally to the enhancement of NATO. That is the basis on which these three were invited, and that would be the basis on which others would be considered.

The CHAIRMAN. The able Senator from Nebraska.

Senator HAGEL. Mr. Chairman, thank you.

Secretary Albright, thank you for taking time this morning and for your testimony.

As you mentioned in your statement—and I think your statement, Secretary Albright, is a good beginning to this debate, but you mentioned clearly that NATO expansion is interconnected. It is connected to many variables, many interests, economic, trade, national security, Bosnia, Middle East, Caspian Sea, and others.

Is the President of the United States going to set out a clear visionary comprehensive foreign policy so that this Congress, the American people, the world can understand what it is that he thinks is important as we move into the next century, including NATO expansion? How does that fit together? Will that be forthcoming?

Secretary ALBRIGHT. Well, Senator, I believe that all along we are giving speeches, as is the President, about the direction of our foreign policy. He has made a number of statements already. He obviously will continue to do so as will the rest of us.

We are in a period, I think, that is more exciting than any that I have witnessed in terms of the possibility of putting all those pieces together and explaining to the American public what our national interests are and what the stake of each American is in all those issues that you have raised. Yes, the President will be speaking out, as will the rest of us.

Senator HAGEL. On Bosnia, which you alluded to and did mention that obviously Bosnia has in effect, will continue to have in effect, as we debate NATO expansion, could you give us an update at this point? Where are we in Bosnia? What is our course of action? When do we look at pulling some troops out, leaving some behind? Where might they be left? Where? Whatever you can give us in regard to Bosnia.

Secretary ALBRIGHT. Yes. Senator, I think it is very interesting. Bosnia has obviously been very much on our minds in the last couple of years, and often we focus too much on the negative aspect of the fact that the situation has not been totally resolved.

I would prefer to focus on the positive, which is that if we go back 3 or 4 years, there were hundreds of thousands of people dying. It was impossible for any of us to feel that we were doing the right thing in terms of ethnic cleansing. There were refugees not only throughout the Balkans, but throughout Europe, and there was a question about the survival of the whole region.

Thanks to the resolute action of the United States, led by President Clinton, we have in fact been able to reverse the tide and not only reverse the tide but take some very positive actions.

First of all, there is a development of the centralized institutions within the federation where they are moving more and more to those central institutions. We have had municipal elections. New elections have now been scheduled in Republika Srpska for November. We have managed to see the return of refugees. There has been a real change in terms of the economic reconstruction. War criminals are going to the Hague. As we know, we had 10 of them that the Croats have turned over, and we see a genuine change.

The President has stated, as have I and Sandy Berger, that we see the SFOR mission ending in June 1998. But clearly there will be a need for continued international presence in Bosnia, and that is evident in terms of an economic and political presence. We will have to see what kind of a security presence will be needed after that time, and that discussion has not taken place either in NATO or for us specifically. That is what we are turning our attention to now.

But after a large review of our Bosnia policy last year, I do believe that we have new momentum and that we have done a great

deal to improve the situation for the Bosnian people and ultimately, therefore, for the United States because it is in our national interest that there not be instability in the Balkans.

Senator HAGEL. One additional comment and I would be very interested in your thoughts on this, Madam Secretary.

It seems to me, although I was barely around 50 years ago, that one of the reasons that NATO has been such a great success is because the leaders at the time had very clear vision that called upon the best of our people worldwide, certainly in America, and they were able to articulate that and express that in not just a grand vision but a realistic vision that called upon the best that we as a people, as a Nation, had and as a community of nations.

I would hope that the President will be very engaged in this debate because it is very clear that his personal commitment and leadership is going to be critical to whatever happens here. He, as you suggest, has a tremendous opportunity, one of the few opportunities in history, to really put a print on the future for the world.

Secretary ALBRIGHT. I was 10 years old, but I was on the other side of this. I have to tell you, if I might, Mr. Chairman, take a minute. I was living in Czechoslovakia at the time and it was left out of NATO because there was a communist coup and the Soviets had liberated Czechoslovakia and it was not allowed to be in this great Western alliance that was there to save the West. It did take the leadership of a lot of people in the United States to finally realize that in order to stop the slide toward communism, it was essential for the American people, with our European allies, to draw the line. It took a great deal of work by President Truman and by your predecessors and by my predecessors.

I hope very much that that same kind of dedication takes place now, and I can assure you that President Clinton and the administration is fully with this. I know from listening to all of you—and the fact that we have started this now—that we do have that kind of commitment and partnership in examining the questions in 1997 as they were examined in 1948.

Senator HAGEL. Thank you. Thank you, Mr. Chairman.

The CHAIRMAN. I am obliged to acknowledged that I was not barely around 50 years ago.

Senator Robb.

Senator ROBB. Thank you, Mr. Chairman.

I was here but I was not concentrating on these particular matters at that precise moment in history.

I join you and other members of this committee in thanking the Secretary for coming and being with us this morning and thank her for her leadership.

I might observe, if I may, that a distinguished colleague and my senior Senator from Virginia, who is the Ranking Republican Member on the Armed Services Committee, has joined us this morning. I do not recall recently having had the privilege of his visit on this particular committee before, although we both serve on the other committee. I do not know whether he is going to join the questioning or not, but I am delighted that he could join us.

Madam Secretary, let me just ask a couple of process questions or timing questions that are follow up on questions that have already been asked in part this morning.

One of the questions has to do with the basic criteria. You indicated in your statement that no new democracy would be permanently excluded from NATO membership, but we are not, understandably, precise as to exactly how long that whole process might be open and inclusive.

I wonder if you could indicate what your thinking is, at least at the moment, with respect to additional accessions. Will it be based strictly on the criteria that have been established?

Will it be based on concerns about collective security?

Will it be based on concerns about threat assessments or circumstances as they exist at that particular time?

Will it be based in part on the success both politically and as a matter of creating a more stable relationship of the first three accessions or the invitees that presumably will be formally accepted sometime in the near future?

Secretary ALBRIGHT. Senator, I think that what we have based ourselves on as a guiding principle here is that in enlarging NATO, we do not wish to diminish its effectiveness. As we look at new members, we have to keep in mind that what is prime for us is to maintain the cohesiveness of NATO and have those that join it be contributors to its strength rather than to draw on it and to detract from it. So, that is a guiding principle.

At the same time, we have made very clear that enlargement is not a one-time event, that this is a process and that we have to have a robust open-door policy in principle, but maintain a certain amount of flexibility and nonspecificity as we move forward on this.

I think, as I stated to Senator Sarbanes, we agreed that NATO will review the process in 1999. We have made no decisions or formal commitments regarding future members. We are going to be using the same guidelines as we did for the invitations to these three current members.

Now, obviously the circumstances at the time will be part of what we are looking at, but it is our belief that what needs to be the guiding principle is to maintain the cohesiveness and strength of NATO and have the new members be additions to that central goal.

Senator ROBB. Given the criteria that you have suggested and the ultimate ability for any democratic state, if they meet the criteria and whatever other matters will be considered by the member nations in NATO at the time, what would you assess is the prospect for the ultimate accession of, say, the Baltic states?

Secretary ALBRIGHT. Well, I think that again we will have to look at it as we move forward and make an assessment as to how the situation is evolving and what the first round has brought us. But let me specifically address myself to the Baltic states.

We are taking a number of steps in order to ensure that the Baltic states are more and more enveloped in European institutions and that they are a part of an evolution that makes them a part of what we are doing in knitting them in. So, for instance, we have done more in terms of knitting them into Baltic organizations in northeastern Europe. We are founding members of a new group called the BALTSEA which does better coordinated donor military assistance. We are also promoting closer ties with Nordic states, as well as coordinating efforts to promote cooperation between north-

ern Europe and northern Russia. We are encouraging the Baltic states in terms of EU membership. We are working very hard, I think, to make sure that they are very much a part of what we are doing.

But the major statement, Senator, is that NATO is open to all democracies that meet those guidelines that we have been talking about. It is not closed to anyone and there is a process in train, but I am not going to predict specifically what the next group of countries will be.

Senator ROBB. I can understand about not wanting to address the question of timing, but clearly for those who have some hopes and aspirations for those states, that is precisely not ruled out.

Secretary ALBRIGHT. Absolutely.

Senator ROBB. Thank you.

I had another question. My time is expired, however. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator.

I think all of us welcome the distinguished chairman of the Rules Committee.

Senator WARNER. Thank you, Mr. Chairman.

The CHAIRMAN. I enjoy sitting, where else? To his right on the Rules Committee.

Senator Ashcroft.

Senator ASHCROFT. Thank you, Mr. Chairman.

Madam Secretary, I thank you for appearing before us.

You have stated today that there are no parts of Europe that face immediate threat and you indicate that one of the things we need to do is to enlarge NATO and to adapt NATO. Obviously, the NATO enlargement is the subject of the discussion.

Will the adaptation of NATO require us to restate the purposes of the organizing documents in some way or is the adaptation somehow within the limits of the purposes as stated in the document?

Secretary ALBRIGHT. We believe that it is within the purposes of the document, a collective defense agreement.

Senator ASHCROFT. In terms of collective defense, I'm interested in what Senator Lugar mentioned. Defense seems to be geographic, at least to defend the soil of those nations that are members. Senator Lugar talked about pursuing the interests of the member nations.

Do you see the adapted NATO and the enlarged NATO as pursuing the interests of member states, as well as defending the soil of those countries?

Secretary ALBRIGHT. I do because I think that as I mentioned to him, I think that there are increasing interests out of area that the NATO countries themselves agree to pursue. They are looking at ways to pursue the interests in a way that is commensurate with the way that they define them. So, it is not overreaching. On the other hand, there are threats that are different from the original founding that in fact can be subsumed in the way that the treaty is currently outlined.

Senator ASHCROFT. Your use of the phrase "out of area" in your response is instructive to me. I believe we see an out-of-area deployment in Bosnia. How wide-ranging would you anticipate out-of-

area deployments might become under an enlarged NATO? For instance, would you see them extending as far as the Pacific Rim in the event our interests were challenged there? Or would you define it as maybe extending to the subcontinent of Asia? Or would you see us as having potential out-of-area deployments in Africa, for example?

I guess then the thrust of my question is, if NATO becomes an organization which addresses the interests of NATO nations wherever they might take place, is it to be a sort of limited U.N. that doesn't require quite as much consensus, or could you comment about the potential limits? What would be beyond the limit of a NATO which is to respond to the interests of members sates rather than NATO's historical purpose of defending the European democracies? Is there anyplace in the world to which NATO troops might not be assigned?

Secretary ALBRIGHT. Well, first of all, while I have said it is the prime military alliance of our time, it is not the only military arrangement that exists. The NATO Council operates by consensus and we are obviously not just one but I think people see us as a senior partner within the North Atlantic Council. I think that the definition of how far it would go is obviously based on that kind of a discussion.

But let me say what I have been particularly impressed by, Senator, in the last couple of years is the creativity of the international community in terms of dealing with nonspecific threats that we had not heard about before. So, there are a variety of ways that issues can be dealt with.

In the Pacific, we have just published new guidelines in our dealings with Japan. We have a whole different way of dealing with issues.

Without making any kind of a statement that rules anybody in or out that might cause us problems later on, I would like to underline the fact that what is interesting about this era is the variety of ways that coalitions of the willing can be formed where there is a core group and then there are ways to deal with the problem where others join. The Partnership for Peace is now viewed as a very creative way of dealing with issues.

Senator ASHCROFT. I think I am hearing you say that the NATO Council's willingness to agree would be the only limit in terms of our ability to enlist the aid of individuals pursuing our interests somewhere else in the world.

Secretary ALBRIGHT. Not only that, but obviously constitutional processes of each of the countries is also involved. While we always talk about NATO as triggering this Article 5 where an attack on one is an attack on all, there are different ways to grade whatever the threat has been and the way that a country responds to it in which our constitutional processes are the determinative factor.

Senator ASHCROFT. I would like to raise one other issue. I see the yellow light is on.

I am a little bit concerned about our relationships with Russia. I think to allow enlargement, without understanding our relationship to Russia in the context of it, would be in error, and I am sure you are doing that.

But in one sense it seems like we are isolating a potential ally in Russia. We are telling them that you are not a part of the European or western oriented group of nations, and that troubles me, particularly when it appears to me that the administration is beginning to, while isolating a potential ally, embrace a new threat—the People's Republic of China—particularly the administration's consideration of allowing nuclear cooperation with China.

I suppose the other hearings will afford opportunities to address these issues, but I think we need to be careful, having won the cold war against the Russians, not to turn them from Europe and an orientation to the west.

Secretary ALBRIGHT. If I might.

The CHAIRMAN. Sure.

Secretary ALBRIGHT. On the contrary. I believe that what we have managed here is to do a very important balance by, on the one hand, asking Russia to join us in the NATO-Russia Founding Act which allows them, as I mentioned in my remarks and also in answer to Chairman Helms, a way to be part of a discussion about issues of mutual interest. At the same time, this will leave the door open to them and make it very clear that the new NATO is not directed against them.

So, I feel very strongly that while we need to maintain NATO as a guard against any potential resurgence, at the same time we have walked this line very carefully in terms of not isolating a new Russia from a new Europe and a new NATO.

The question about China, sir, is that we are very careful in our dealings with China, in terms of having a multi-faceted relationship with them, and making sure that they are part of what we are trying to accomplish, which is a regime that does not allow proliferation of any weapons of mass destruction. It is important for us to engage with China also in a way that does not isolate them as a huge power as we move into the 21st century.

The CHAIRMAN. Thank you very much.

Senator Feinstein.

Senator FEINSTEIN. Thank you very much, Mr. Chairman.

Madam Secretary, it is good to see you again. You look wonderful, none the worse for wear.

Secretary ALBRIGHT. Love my job.

Senator FEINSTEIN. Well, that helps.

Let me follow up on Senator Ashcroft's questions. My concern about NATO is twofold. One is Russia and the second is the cost item. Let me talk just for a moment about Russia.

I for one see a kind of growing instability there. I see an increasing problem with proliferation, certainly a dramatic impact in Iran and Iraq with that proliferation. Some have said that there might be a response by Russia to NATO, by Russia's trying to develop an alliance down south with those countries. I do not know whether that is correct or not.

But when you see Prime Minister Chernomyrdin's comments too on the subject that developments in Russia could take an ominous turn. He says, I am not afraid that Poland or Hungary or anyone else will be within NATO. It is not so dangerous for Russia. The thing I am worried about is Russia and what might happen in Russia and nothing else. End quote.

I think as we watch some of these events, I for one see his point. I also recognize that START II is pending before the Russian Duma. It would be hopeful for its ratification soon. I would like your comment on that, and then whether promise negotiations for a START III might be able to ease some of this. But I think politically what happens in Russia as a product of this is a potentially very dangerous thing. I would like you to explore that a little further, if you would.

Secretary ALBRIGHT. Senator, clearly one of the major assignments that we have is managing the devolution of the Soviet empire and creating a positive relationship with the new Russia. I think we all see that as one of the major priorities of this administration.

There have been all kinds of statements about how we were moving with NATO enlargement how it was going to undercut our relationship with Russia. It simply has not happened.

First of all, let me say Russia does not like NATO enlargement. There is no question about that, and every time that I meet with Foreign Minister Primakov or President Clinton meets with President Yeltsin or Vice President Gore meets with Prime Minister Chernomyrdin, that point is made clear. Nevertheless, it has not harmed us in terms of an ongoing relationship with them. As I mentioned, the permanent Joint Council meeting went very well. I have had extensive meetings with Foreign Minister Primakov dealing with a whole host of issues that we deal with on a mutual basis.

I also think that those who have predicted that NATO enlargement would give solace to the hard-line members within Russia have been wrong also. The process there in terms of democratization is moving forward. I think we are seeing some advances in their movement toward a market economy. It is not without its problems, but it is not due to NATO enlargement. It is due to very serious issues involved in the transformation of that society, and our continued relationship with them and our ability to support the reform process is something that we must make sure continues.

On START, I was very pleased that while I was in New York last week, I was able to sign a protocol to START II with Foreign Minister Primakov which is going to make it possible for them to move START II in the Duma. The Defense Minister and the Foreign Minister now together have gone to the Duma pushing for START II ratification. So, we are hopeful on that. They are going to take up the CWC Treaty first, but they are going to move on that in the next 4 or 5 weeks we have been told. I am hopeful on that, too.

We have said that START III talks would begin after START II goes into effect, but there are already expert talks that are going on and there is a team in Russia right now that is following up on a lot of these decisions.

So, I think that we are moving along well, not without problems, but I think we have to understand that the dire predictions about the end of the world if NATO enlarged are not coming true. I ask you all to look at the kinds of statements that Foreign Minister Primakov has been making when we sign these protocols or the kind of discussion we had in the Permanent Joint Council. So, the

process is moving forward and we have to support the reformers in Russia.

Senator FEINSTEIN. Quickly on the subject of cost. With the opening cost being between $27 billion and $35 billion, with France's recalcitrance, and the limited means of the European Union monetarily, how is this money going to get paid and will it be paid?

Secretary ALBRIGHT. Well, first of all, as I said, we are now going through the process of determining what the cost actually will be under the current environment. The NATO allies have committed themselves—they did in Madrid—to paying the cost, and we are going to make sure that they do. We will pay our share and they will pay their share.

I think for them this is a domestic question—whether they reallocate their defense resources in other ways; but they have made a commitment to pay for the cost of enlargement.

Senator FEINSTEIN. Thank you. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Madam Secretary, the Senator who will question you has a fan club in North Carolina. He is the only Senator, past or present, maybe not future, who has done heart transplants. He flies his own jet plane, and he has done transplants I understand at every major hospital in North Carolina and probably all the other 49 States as well. Dr. Frist.

Senator FRIST. Thank you, Mr. Chairman.

Madam Secretary, I join my colleagues in thanking you for your forthright comments today.

I want to turn and shift the focus a little bit on expectations of the various parties that are involved and what visions that they have. Undoubtedly, the singularity of mission has been the glue which in the past has bonded NATO members together so effectively since the creation of the alliance. However, we all now recognize that that bond and singularity of purpose created by the Soviet threat has largely dissolved.

As we face the challenges of maintaining that alliance and at the same time redefining that common bond, something that concerns me in this or any other multilateral obligation is the difference in expectations of each of the parties, both currently at the table and coming to the table.

The United States seems to believe that NATO can and should continue to maintain its original mission of mutual defense and include whatever necessary changes there might be to meet new evolving European demands.

As indicated in remarks in Madrid in July, at least some of our main European partners view such a mission and a level of commitment as either too costly or unnecessary in the current environment and that a more loosely defined security should be the mission of the alliance.

The incoming European countries with Soviet domination and presence clearly in their minds, really having had Soviet troops on their soil just a few years in the past, have an understandably even different expectation of NATO, especially how it will relate to membership in the European Union.

I ask you to comment on these different visions and these different expectations and ask whether you think such different vi-

sions among the members and the potential members create an internal tension which the alliance simply has never had to address in the past, and then beyond that, how you see such differences in expectations affecting the alliance.

Secretary ALBRIGHT. Well, I think you have stated a very interesting proposition, but I am not sure that I totally agree with it. I think that the discussions that I have participated in and witnessed regarding our current NATO allies is that they are dedicated to the NATO they have seen and frankly are also proponents of enlargement. Otherwise, we would not have it.

When we were in Madrid, I think our internal discussions there showed a basic dedication to the original purpose of NATO and the fact that it should be expanded to cover a certain number of countries. The discussion we had was whether it should not cover more. There is no one that is now arguing that it should not have expanded.

I think what I have again found so interesting about the NATO alliance is its creativity in adapting itself and looking at how to restructure itself internally as well as look at what a new strategic concept is, and we are going through that process.

As far as the new allies are concerned, I think there is no doubt that they see membership in NATO in terms of the possibility of being in the world that was denied them in the first place, as the chairman was saying, the promise of the end of the Second World War that they were cut out of. They do see that as a way of rejoining the West that they belong to. President Havel, who was in Washington on Friday getting the Fulbright Statesman Award, spoke, as is always his way, very movingly about what this means to come back to the West.

At the same time, I think they do see it as an important security structure, one, within the original context, and two, as a way that is an impetus to them to deal with their current instabilities, the instability that we are trying to guard against: The problems that we see in Europe of ethnic conflict, of instability created as a result of that, and the fact that it has driven many of them to signing agreements with people and groups that they would never have imagined doing, as I mentioned in my statements, Hungarians and Romanians.

So, they see it as a return to where they ought to be, but also a way of dealing with what they see as their security problems, not unlike I think what the original NATO group also sees.

Senator FRIST. Thank you. The expectations issue is one that I hope to continue to explore in our future hearings, but thank you for setting that foundation for me.

We have mentioned Bosnia a couple of times and let me just go back because of my own mind. The U.S. has set next July as a date certain for withdrawal of at least our ground forces in Bosnia. Consequently our European allies have said that should the United States leave, withdraw, they too would withdraw. As you pointed out in your statement earlier, the implications for Bosnia are clear.

Bosnia stands what realistically could be called the first test of an expanded or new mission of NATO, that is, peacekeeping or peacemaking beyond the borders of its members. Should this specific point of withdrawal become one of the major contentions be-

tween us and our allies? And if so, what are the implications for the so-called new NATO, and what implications are there for defining this mission?

Secretary ALBRIGHT. Well, first of all, I think there has been a meeting now in Maastricht where some of the discussion started in terms of how we all operate together as we look at Bosnia in the future. Let me just say not so parenthetically here that as we begin to think about this decision, obviously we will be consulting very closely with all of you.

I think that what we have seen is that Bosnia in many ways has been a very good example of how NATO countries can work with non-NATO countries and how there can be the possibility of dealing with the kinds of destabilizing conflicts within a new context. I would imagine—I would hope in fact—that we would look at the lessons of Bosnia as we think about future missions, both positively and negatively, and try to see how NATO and NATO in coordination with Partnership for Peace countries and a wider alliance can in fact deal with different kinds of new threats.

These two discussions are obviously going to intersect and we welcome that. I think that it is important for us to see that they are on parallel tracks. We cannot equate the discussions, but they will be intersecting here and in Europe.

Senator FRIST. Thank you.

The CHAIRMAN. Thank you very much.

Senator Wellstone.

Senator WELLSTONE. Thank you, Mr. Chairman.

Madam Secretary, thank you for being here.

I can very honestly and truthfully say that quite often I have a real clear view about issues and know where I stand, and on this question I am really quite undecided. I would like to give you just a little bit of context and then put at least one question to you.

My father was born in the Ukraine, but his family kept staying one step ahead of the pogroms. He lived in Russia and ultimately he came to this country in 1914 when he was 17.

He later had a chance to become friends with George Kennan and he always used to praise George Kennan not only for his wisdom but also for his command of the language.

George Kennan wrote a piece in the *New York Times* a while ago now, in which he said something like he thought that this expansion of NATO could be the most fateful decision. It could have consequences that we could not even begin to prophetize. So, there you have George Kennan, a real giant.

I have visited Russia, my father's home, and every time there is a delegation that comes here, I try and meet with people. I have not met anyone from Russia of any political persuasion who is not very much opposed to this. On the other hand, there is President Havel and there are you and others who have, of course, taken a very different position.

This is what I do not quite understand. If we are talking about the importance of improving the economies and democratization of countries like Hungary and Czechoslovakia and Poland, there is the European Union. I do not know how a military alliance really meets those concerns.

I do want to mention Senator Feinstein's discussion of the Prime Minister's remarks where he said I am not worried about Czechoslovakia or Poland or Hungary, but I am worried about what is going to happen in the country. You said, well, there is no evidence yet. But that is kind of a snapshot of right now. The question is where are we heading. We have to look to the future.

If, for example, we are saying that this is not the end. The Baltic countries are welcome. Ukraine is welcome. What then would be the consequences within Russia?

I guess all of this leads me to one question, and maybe this is my way, as somebody who is trying to sort through these issues, of getting closer to what I think would be the right position for me to take as a Senator.

You said that if countries meet this democratic criteria, they are welcome. Would Russia be welcome? Maybe that is the question I should ask. If Russia meets the criteria, after all, all of us hope that they will build a democracy. I mean, it will be a very dreary world if they are not able to. This country is still critically important to the quality of our lives and our children's lives and our grandchildren's lives. If Russia meets this criteria, would they be welcome in NATO?

Secretary ALBRIGHT. Senator, the simple answer to that is yes. We have said that if they meet the criteria, they are welcome. They have said that they do not wish to be a part of it.

But let me just say several things to your very well-articulated question and your legitimate concern. I think all of us that have grown up in this era have the concerns that you have stated.

I spent my entire life studying the Soviet Union and now Russia and the republics. I think we have to understand that Russia is not the Soviet Union and Russia is a different place than any of us ever thought it would be.

All of us have genuflected in front of George Kennan. We all have felt that he was kind of the father of the way that we had studied the Soviet Union and Russia.

But with all due respect, I disagree with him on this subject. I think that we are in a new era. I have spent a lot of time talking with the Russians about this and persuading them that if they want us to think about a new Russia, they have to think about a new NATO and a new Europe.

Russia has a long way to go, but it is on a very important path. While they are objecting or stating that they do not like NATO expansion, we are involved in a whole web of relationships with them now in a way that I think is supportive of their democratic processes. We do not have time to go into all that. But the fact that we are in a set of arms control negotiations with them on a completely different approach than being adversaries in the way that we were, that there are trade agreements and market forces working, that there are democratic forces working, that they are part of a discussion about our mutual interests in Europe is for me a sign that we are heading in a different direction.

Now, another aspect of this is I cannot understand why we would self-limit our desires for central and eastern Europe by what the Russians want. That is going back to the post World War II era, and I do not think that is correct. It is not correct in terms of secu-

rity and it is not correct in terms of the morality that we talked about. Why should we now in 1997 agree to a line that was created in 1945? I think it is wrong.

Senator WELLSTONE. If I could, Mr. Chairman, just in 30 seconds add, I do not have all of your intellectual capital in this area, but a different formulation might be why would we be trying to expand a military alliance, which we built, vis-a-vis a Soviet Union that does not exist any longer?

It is not so much a question of our policy being governed necessarily by "paranoia" in Russia, but it has more to do with, as we look to the future, whether or not this could in fact invite the very instability that would be I think so dangerous to the world that we live in. It is a very legitimate, important concern that I think we will have more debate on. Again, for myself I still am trying to wade through this.

Secretary ALBRIGHT. May I, Mr. Chairman, respond?

The CHAIRMAN. Sure.

Secretary ALBRIGHT. I would say the following. First of all, we had options here. We could say the threat is different, so let us just kind of junk NATO and start over. Why do that when NATO as a structure has worked very well and is, I think, capable of expanding and enlarging in terms of its strategy as well as its membership, as I answered to members over here.

So, I think that the purpose here is NATO, while it maintains its central core of being a defensive alliance, has the capability of adjusting its strategic concept in a way that is not directed against Russia. The threat at the moment in Europe is instability and the undermining of the overall structure of what we want which is a free, undivided and fully united Europe. That is what is a priority for the United States, and NATO provides a very good structure for that. It is adjusting. It is a new NATO. It is not the NATO that you and I grew up with.

The CHAIRMAN. Thank you very much.

Now, my chairman of the Rules Committee, the Senator from Virginia, Senator Warner.

Senator WARNER. Thank you, Mr. Chairman. I thank you and the other Members.

I will ask but one question, the same question that I have debated very lively publicly with Senator Biden. I happen to be a very firm skeptic of this program.

First, a quick answer. If Russia is admitted, I suggest that that would be the end of NATO because one of the primary missions of NATO would no longer exist. It would be the end because when I joined the Senator 19 years ago for the first 5 years, this senior group up here led the defense against withdrawing from NATO, pulling our troops back, predicated both on an economic argument and other arguments. We remember very well our distinguished Majority Leader Mike Mansfield who led that fight. I think if Russia were admitted, that fight would start again.

But my concern, Madam Secretary, goes to the other threat that faces all of the new nations that are looking toward admission, and that is they are fighting fairly today and peaceably for economic survival. By conferring a NATO status on the three, it puts the

other three in my humble judgment at a severe disadvantage in two ways.

First, they can put in their advertisements for foreign capital, come invest here because you will be more secure because NATO is here, not unlike the Federal Deposit Insurance Corporation when you deposit in your bank.

Second, these nations will not have to mount their own defenses because they will be a part of NATO. I have discussed this with the Ambassadors and foreign ministers and defense ministers of these countries. They readily admit our cost to build that level of defense we think and security that is necessary will be one-third or perhaps one-half of what the nations that are not admitted will have to cough up.

All of this to me indicates that you will begin to breed dissension. As we know today, part of the security of the world, the growing part of it that is threatened, are the ethnic strife, the border strife, religious strife, and you superimpose on their struggle today for economic survival, economic competition NATO status and a less cost for their defense, and I think you are sewing the seeds of strife between these countries.

I go back to Harry Truman's biography in which he said his two proudest accomplishments were the Marshall Plan and NATO, and I fear we may be undoing one of his proudest accomplishments.

Secretary ALBRIGHT. Senator, I was looking forward to coming to see you in your committee.

Senator WARNER. We will make that opportunity available and this record will be a very important part of that discussion.

Secretary ALBRIGHT. Let me say we have had this discussion and we will continue to have it.

But let me just say on the Russian question, first of all, I think that, they have expressed no interest in being members. I was answering a question of Senator Wellstone whether it was hypothetically possible, and it is because, as we have said, it is a process that is open to democracies that meet the agenda.

But it is a hypothetical question at this stage, and I think we need to focus on the fact that we are looking at a very different world. Who would have ever expected the things that we have seen in the last 10 years? So, I would just leave it in the realm of the hypothetical at this stage.

Now, on your other question, I think that there is no proof of the fact that NATO status confers better investment. If you just look, for instance, at what we have seen in western Europe, NATO membership has not been used over the past half century to draw investment, let us say, to Norway. I think that there is no historical evidence of the fact that NATO provides economic benefits.

At the same time, having spent a lot of time studying central and eastern Europe, I can tell you that the other countries, the non-invitees, are working very hard in terms of their privatization, their various other institutions that would provide good investment climate. They are creating a whole web of other relationships with the hope that they will be in NATO.

I also think that we cannot get ourselves into this argument of none or all. We have to do what is right for NATO which is expand

in a way that is good for the central core of keeping a cohesive alliance.

Senator, on your final point, I think that our greatest leaders historically have been those who have understood that history does not stand still and that there are opportunities to be seized. What Harry Truman did with both the Marshall Plan and NATO was go against the tide and assume leadership at a time when creativity was needed. While one can never speak for the dead, one would assume, in looking at his record, that he would be the kind of person that would see the opportunities that NATO enlargement offers for U.S. national interests.

Senator WARNER. I thank the witness. I thank the chair and the Ranking Member.

The CHAIRMAN. A bit of housekeeping. I ask unanimous consent that a statement by Senator Smith of Oregon be submitted at the appropriate place in the record.

[The prepared statement of Senator Smith follows:]

PREPARED STATEMENT OF SENATOR SMITH

Secretary Albright, thank you for appearing before the Committee today to begin the process of advice and consent on the proposed enlargement of NATO.

The United States is engaged in an ambitious effort to reshape the political and security structures of post-Cold War Europe. The goal of this effort is to build strong states, stable democracies, prosperous economies, and friendly governments across the breadth of Europe. We are joined in this effort by our NATO allies and by newly democratic people yearning for the opportunity to pursue political freedom and economic prosperity. Working against us are certain, backward looking leaders, historical antagonism between certain states, and ethnic and religious intolerance. These challenges that we confront, together with our friends and allies, are significant but not insurmountable.

In recent years, Europe has seen historic changes. On the continent of Europe, more people than at any other time in history live under democratic government and enjoy the opportunity to pursue freely economic prosperity for themselves and their families. This soaring accomplishment is offset by the tragedy in the former Yugoslavia, in which Europe experienced the most brutal and widespread violence since Hitler's armies stalked the Continent.

These two extremes reflect the significant, competing pressures on U.S. foreign policy at this moment in time. The United States is at once pressing for the consolidation of the gains of democracy in Europe by expanding NATO and with it our country's commitment to European security. Simultaneously, we have reluctantly, and with some controversy, assigned our soldiers to serve as peacekeepers in Bosnia in a mission that is defined less by an exit strategy than an exit date.

These conflicting impulses—to engage and withdraw simultaneously from Europe—are manifested as much in our people as in our policies. It is absolutely critical that these contradictory inclinations are resolved through the leadership of the President, and through the development of sensible foreign policies that will gain the support of the American people. The Congress can be a partner in this effort, but by its very nature it cannot lead the effort

The CHAIRMAN. Also, the record will be kept open for 3 days for additional written questions to be submitted to the distinguished Secretary.

Madam Secretary, you have acquitted yourself admirably and effectively as always. It has been a pleasure to have you with us.

Senator BIDEN. Mr. Chairman, before you close, would you yield me 30 seconds?

The CHAIRMAN. Certainly.

Senator BIDEN. Mr. Chairman, I think the last argument that Senator Warner made is the most compelling, which is that these nations are going to spend more money to go it alone or to put it another way,less money to be part of the west. It seems to me that

he makes the argument for NATO when he makes the argument that in fact they will be spending less money. They are going to spend the money. They are going to seek their own alliances. Bring them to the west.

Secretary ALBRIGHT. I agree with that.

The CHAIRMAN. Do you agree?

Secretary ALBRIGHT. Absolutely. That's why when people are saying can they meet their obligations, they know that they can do better by increasing their defense budgets to be a part of NATO and that they will spend less by being a part of it. Yes, I do.

The CHAIRMAN. Madam Secretary, is there anything else? Sometimes when I make an appearance, driving home I make the best speech of my career.

I think you have done well this morning, but do you have any closing note that you would like to add?

Secretary ALBRIGHT. Well, the only note that I would like to make, Senators, is that I do think we are embarked on a great historical partnership here of being able to take what we have been watching very carefully, the evolution of Europe, and being able to now put our stamp on it and do for the 21st century what our predecessors have done for the second half of this one.

I consider it a great honor to be here working with all of you on this. I know we are going to have an interesting debate. I think the questions are terrific. I do not know about all the answers, but I really do appreciate this and I feel that we are all making history here together.

Thank you.

The CHAIRMAN. Very well.

There being no further business, the committee stands in recess.

[Whereupon, at 12:07 p.m., the committee was adjourned, to reconvene at 2:06 p.m., October 9, 1997.]

PROS AND CONS OF NATO ENLARGEMENT

THURSDAY, OCTOBER 9, 1997

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The committee met, pursuant to notice, at 2:06 p.m. in room SD–419, Dirksen Senate Office Building, Hon. Jesse Helms (chairman of the committee), presiding.

Present: Senators Helms, Lugar, Hagel, G. Smith, Grams, Biden, Robb and Wellstone.

The CHAIRMAN. The committee will come to order.

We have Members on the way, including the distinguished Ranking Member, Mr. Biden. Mr. Biden's representative suggested that I proceed. I will do that by welcoming all of the distinguished foreign policy people that we have scheduled for today, including my friend, and the friend of a lot of people, Senator Bill Roth, whom I admire greatly.

Today we are honored to have with us people on both sides of the NATO expansion issue, and that is proper. I might say, parenthetically, that what I envision as our role is to get all of the facts laid out so that the American people, to the extent possible, will understand what the issues are and where who stands on what.

Our first witness is going to be, as I have said, the distinguished President of the North Atlantic Assembly and Chairman of the Senate NATO Observer Group.

Senator Roth will be followed by two prominent supporters of NATO enlargement, Dr. Brzezinski, whom everybody knows—nobody needs an introduction to him—and Ambassador Jeane Kirkpatrick, who is on the way here. Both have, again, generously consented to help Senators acquire a better understanding of a complex foreign policy matter.

After completion of this first panel, the committee will hear from two outspoken opponents of NATO expansion, Ambassador Jonathan Dean and Professor Michael Mandelbaum.

Again, on behalf of the committee and on behalf of the Senate, I thank each of you for being here and welcome all of our guests.

We will first hear from Senator Roth. We are glad to have you and I thank you for coming. You may proceed.

STATEMENT OF HON. WILLIAM V. ROTH, JR., UNITED STATES SENATOR FROM DELAWARE, CHAIRMAN, SENATE NATO OBSERVER GROUP, AND PRESIDENT, NORTH ATLANTIC TREATY ASSEMBLY

Senator ROTH. Thank you very much, Mr. Chairman. It is a great honor to appear before the Senate Foreign Relations Committee to provide my perspective on NATO enlargement.

I come, as you pointed out, before your committee not only as a colleague, committed to sustaining and strengthening the Transatlantic Alliance, but as President of the North Atlantic Assembly, as well as Chairman of the Senate NATO Observer Group.

Since the fall of the Berlin Wall, the North Atlantic Assembly, representing over 40 political parties from the 16 NATO nations, has given more serious and consistent study to the future of NATO than any other transatlantic organization. The Senate NATO Observer Group, organized just last May by Senators Lott and Daschle, has already held more than a dozen meetings to examine the challenges and promise of enlargement.

My association with both the NAA and the Observer Group leaves me firmly convinced that enlargement is not only necessary and important to the alliance, but to the United States as well.

Will enlargement be easy? Few things this important are ever easy. Will it be worth it? Absolutely. Let me explain why.

As a leader in the North Atlantic Assembly, I was in Berlin shortly after the Wall came down—meeting with many of the young, democratic leaders who were emerging in Central Europe. On that occasion, I was struck by two oddly opposing insights. First, is that the cold war was over. Democracy had, indeed, prevailed. My second insight, however, was that the move toward democracy alone would not guarantee peace and stability on the European continent. Having served in World War II, I was painfully aware of just how important peace and stability in Europe are to the United States of America.

As I see it, Mr. Chairman, NATO enlargement is an opportunity unprecedented in world history. For the first time, we have the chance to be proactive in shaping a strategic landscape that will contribute to peace and stability in Europe. We are not responding to aggression or disaster, but we are building a foundation for a secure future in a region of vital interest to the United States.

Four significant arguments make it clear why NATO enlargement is in America's best interest.

First, a wider alliance is a stronger, more capable, alliance. The proposal to grant NATO membership to Poland, Hungary, and the Czech Republic will add three democracies to the alliance that have demonstrated their commitment to the values and interests shared by NATO members: human rights, equal justice under the law, and free markets. Each of these nations has a growing economy and a military under civilian control.

It is important to note that each also contributed forces to Operation Desert Storm as well as our peacekeeping missions in Haiti and Bosnia. In that NATO is first and foremost a military alliance, the admission of these three democracies will enable the alliance to better fulfill its core mission of collective defense, as these nations will add another 300,000 troops to NATO.

Second, NATO enlargement will eliminate the zone of instability that now exists in Europe. Throughout its history, Europe has been a landscape of many insecure small powers, a few imperialistic great powers, and too many nationalistic defense policies, each creating friction with the other. Three times in this century these dynamics have pulled America into wars on the European continent. As President Havel has said, "If the West does not stabilize the East, the East will destabilize the West." Every time America has withdrawn its influence from Europe, trouble has followed. This we cannot afford.

Mr. Chairman and members of the committee, NATO enlargement is the surest means of doing for Central and Eastern Europe what American leadership, through the alliance has done so well for Western Europe. This includes promoting and institutionalizing trust, cooperation, coordination and communication. In this way, NATO enlargement is not an act of altruism, but one of self-interest.

Third, keeping the above argument in mind, it follows that the costs of enlargement are insignificant compared to the costs of remaining static. Should NATO fail to follow through on the commitments made in Madrid, the alliance would be denying what it has stood for and defended throughout the cold war. Why? It is because NATO is much more than a military alliance. It is also a community of values. Enlargement is not only a strategic opportunity, it is a moral imperative. We cannot ignore the valid aspirations of European democracies who seek to become contributing members of our community.

Failure to expand must be considered in terms of what it will cost as disillusionment replaces hope in Central Europe, as nationalism—which enjoyed a renaissance following World War II—fills the security vacuum in a region that has given birth to two world wars. Costs must also be considered in terms of the consequences to Russia and its struggle toward democracy. Should Central Europe remain a gray zone of insecurity, such a condition would risk reawakening Moscow's history of imperialism. NATO enlargement is a critical, nonthreatening complement to the hand of partnership that the West and NATO has extended to Russia. It insures a regional context in which a democratic Russia will have the best prospects for normal, cooperative relations with its European neighbors.

Fourth, and finally, Mr. Chairman, NATO enlargement is fundamental to Europe's evolution into a partner that will more effectively meet global challenges to the transatlantic community. An undivided Europe at peace is a Europe that will be better able to look outward, a Europe better able to join with the United States to address necessary global security concerns. A partnership with an undivided Europe in the time- and stress-tested architecture of NATO will enable the United States to more effectively meet the global challenges to its vital interests at a time when defense resources are increasingly strained.

Mr. Chairman, these arguments make it clear that America's best chance for enduring peace and stability in Europe—our best chance for staying out of war in Europe, our best chance for reinforcing what has been a strong, productive partnership with Eu-

rope—is to promote a Europe that is whole, free, and secure.What better organization to do this than the North Atlantic Alliance, an organization that has kept the peace for more than 50 years and remains unmatched in its potential to meet the security challenges of the future.

Thank you for giving me this opportunity.

[The prepared statement of Senator Roth follows:]

PREPARED STATEMENT OF SENATOR ROTH

It's an honor to appear before the Senate Foreign Relations Committee to provide my perspective on NATO enlargement. I come before your Committee not only as a colleague, committed to sustaining and strengthening the Transatlantic Alliance, but as President of the North Atlantic Assembly, as well as Chairman of the Senate NATO Observer Group.

Since the fall of the Berlin Wall, the North Atlantic Assembly representing over 40 political parties from the 16 NATO nations—has given more serious and consistent study to the future of NATO than any other transatlantic organization. And the Senate NATO Observer Group—organized just last May by Senators Lott and Daschle—has already held more than a dozen meetings to thoroughly examine the challenges and promise of enlargement.

My association with both the NAA and the Observer Group leave me firmly convinced that enlargement is not only necessary and important to the Alliance, but to the United States, as well.

Will enlargement be easy? Few things this important are ever easy. Will it be worth it? Absolutely.

Let me explain why. As a leader in the North Atlantic Assembly, I was in Berlin shortly after the Wall came down—meeting with many of the young democratic leaders who were emerging in Central Europe. On that occasion, I was struck by two oddly opposing insights. First, that the Cold War was over. Democracy had, indeed, prevailed. My second insight, however, was that the move toward democracy alone would not guarantee peace and stability on the European continent. And having served in World War II, I was painfully aware of just how important peace and stability in Europe are to the United States. of America.

As I see it, Mr. Chairman, NATO enlargement is an opportunity unprecedented in world history. For the first time, we have the chance to be proactive in shaping a strategic landscape that will contribute to peace and stability in Europe. We are not responding to aggression or disaster, but we are building a foundation for a secure future in a region of vital interest to the United States.

Four significant arguments make it clear why NATO enlargement is in America's best interest:

First, a wider Alliance is a stronger, more capable Alliance. The proposal to grant NATO membership to Poland, Hungary and the Czech Republic will add three democracies to the Alliance that have demonstrated their commitment to the values and interests shared by NATO members: human rights, equal justice under the law and free markets. Each of these nations has a growing economy and a military under civilian control.

It is important to note that each also contributed forces to Operation Desert Storm, as well as to our peacekeeping missions in Haiti and Bosnia. In that NATO is first and foremost a military alliance, the admission of these three democracies will enable the Alliance to better fulfill its core mission of collective defense, as these nations will add another 300 thousand troops to NATO.

Second, NATO enlargement will eliminate the zone of instability that now exists in Europe. Throughout its history, Europe has been a landscape of many insecure small powers, a few imperialistic great powers, and too many nationalistic defense policies, each creating friction with the other. Three times in this century, these dynamics have pulled America into wars on the European continent. As Vaclav Havel has said, "If the West does not stabilize the East, the East will destabilize the West." Every time America has withdrawn its influence from Europe, trouble has followed. This, we cannot afford.

Mr. Chairman, NATO enlargement is the surest means of doing for Central and Eastern Europe what American leadership, through the Alliance, has done so well for Western Europe. This includes promoting and institutionalizing trust, cooperation, coordination and communication. In this way, NATO enlargement is not an act of altruism, but one of self-interest.

Third, keeping the above argument in mind, it follows that the costs of enlargement are insignificant compared to the costs of remaining static. Should NATO fail to follow through on the commitments made in Madrid, the Alliance would be denying what it has stood for and defended throughout the Cold War. Why? Because NATO is much more than a military alliance. It is also a community of values. Enlargement is not only a strategic opportunity, it is a moral imperative. We cannot ignore the valid aspirations of European democracies who seek to become contributing members of our community.

Failure to expand must be considered in terms of what it will cost as disillusionment replaces hope in Central Europe, as nationalism—which enjoyed a renaissance following World War II—fills the security vacuum in a region that has given birth to two world wars. Costs must also be considered in terms of the consequences to Russia and its struggle towards democracy. Should Central Europe remain a gray zone of insecurity, such a condition would risk reawakening Moscow's history of imperialism. NATO enlargement is a critical, non-threatening complement to the hand of partnership that the West and NATO has extended to Russia. It ensures a regional context in which a democratic Russia will have the best prospects for a normal, cooperative relationship with its European neighbors.

Fourth, and finally, Mr. Chairman, NATO enlargement is fundamental to Europe's evolution into a partner that will more effectively meet global challenges to the transatlantic community. An undivided Europe at peace is a Europe that will be better able to look outward, a Europe better able to join with the United States to address necessary global security concerns. A partnership with an undivided Europe in the time- and stress-tested architecture of NATO will enable the United States to more effectively meet the global challenges to its vital interests at a time when defense resources are increasingly strained.

Mr. Chairman, these arguments make it clear that America's best chance for enduring peace and stability in Europe—our best chance for staying out of war in Europe, our best chance for reinforcing what has been a strong, productive partnership with Europe—is to promote a Europe that is whole, free and secure. What better organization to do this than the North Atlantic Alliance—an organization that has kept the peace for more than fifty years and remains unmatched in its potential to meet the security challenges of the future.

The CHAIRMAN. Mr. Chairman, thank you so much for being here. That is an excellent statement and an excellent introduction to what we are going to attempt to do here this afternoon.

We would be delighted for you to say for as long as you wish. But with all the things you have on your front burner, you may want to depart. But please stay as long as you will and as long as you can.

Senator ROTH. I am on my way to Bucharest for a meeting of the NAA. So I thank you for opportunity to be here before I leave.

The CHAIRMAN. Well, do not miss the plane.

Senator ROTH. Thank you very much.

The CHAIRMAN. Thank you.

Now two names always thought of in this town and across the country, for that matter, when foreign policy matters come up are the names of Dr. Brzezinski and Dr. Kirkpatrick, who will compose our first panel today.

I might mention that I first met Dr. Kirkpatrick through a mutual friend, who later became President of the United States. His name was Ronald Reagan. I had a hope then and I continue to have the hope that one of these days Dr. Kirkpatrick may be Secretary of State or higher.

Dr. Brzezinski, we will hear from you first. I certainly do appreciate your being here.

STATEMENT OF HON. ZBIGNIEW BRZEZINSKI, COUNSELOR, CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES, WASHINGTON, DC

Dr. BRZEZINSKI. Thank you very much, Mr. Chairman.

In my initial comment I will not retrace the ground that was covered by your discussion with Secretary Albright on Tuesday. It was an excellent discussion and many cogent arguments were reviewed regarding the issue of NATO enlargement.

In my brief comments, I would like to touch merely on the historic and geopolitical significance of NATO's enlargement, as I see it. In my view, that enlargement has truly global significance. It is central to the step by step construction of a secure international system in which the Euro-Atlantic alliance plays the major role in insuring that a peaceful and democratic Europe is America's principal partner.

Hence, NATO's enlargement is about America's role in Europe, whether America will remain a European power, and whether a larger, democratic Europe will remain organically linked to America.

It is about Europe's historically important self-definition, whether its scope and security are to be confined to the lines drawn arbitrarily in 1945, thus to a rump Europe with NATO increasingly anachronistic in the post cold war era, or whether NATO's membership should correspond to the aspirations of the democratic European nations.

It is about Russia's relationship to Europe, whether NATO's enlargement helps a democratizing Russia by foreclosing to it the revival of any self-destructive imperial temptations regarding Central Europe.

Let me also note parenthetically that NATO and the European Union have creatively resolved the old question of disproportionate German power in Europe. The progressive expansion of NATO can similarly resolve the question of disproportionate Russian power in Europe. It is noteworthy also in this connection that public opinion in key European countries is favorable to expansion.

Moreover, so far, all of the apocalyptic predictions of the critics of NATO expansion have failed to come to pass.

In brief, to me, NATO expansion is not principally about the Russian threat for, currently, it does not exist, though one cannot exclude its reappearance and, hence, some insurance against it is desirable.

Second, to me, NATO expansion is not primarily a moral crusade, meant to undo the injustice the Central European people suffered during the half century's long Soviet oppression, though one cannot ignore the moral right of the newly emancipated and democratic Central Europeans to a life no less secure than that enjoyed by the West Europeans, or, I may add, ourselves, as well.

For me, the central stake in NATO expansion is the long-term, historic, and strategic relationship between America and Europe. NATO expansion is central to the vitality of the American—European connection, to the scope of a secure and democratic Europe and to the ability of America and Europe to work together in promoting international security.

The expansion of the Euro-Atlantic alliance will bring into NATO counsels new, solidly democratic, and very pro-American nations. That will further deepen the American—European kinship while expanding Europe's zone of peace and democracy.

Such a more secure Europe will be a better and a more vital partner for America in the continuing effort to make democracy more widespread and international cooperation more pervasive. That is why NATO's enlargement, in itself a vivid testimonial to the dynamism of the democratic ideal, is very much in America's long-term national interest.

I thank you, Mr. Chairman.

[The prepared statement of Dr. Brzezinski follows:]

PREPARED STATEMENT OF DR. BRZEZINSKI

I would like to comment very briefly on the historic and geopolitical significance of NATO's enlargement. In my view, that enlargement has global significance—it is central to the step-by-step construction of a secure international system in which the Euroatlantic alliance plays the major role in ensuring that a peaceful and democratic Europe is America's principal partner.

Hence

- NATO's enlargement is about America's role in Europe—whether America will remain a European power and whether a larger democratic Europe will remain organically linked to America;
- it is about Russia's relationship to Europe—whether NATO's enlargement helps a democratizing Russia by foreclosing the revival of any self-destructive imperial temptations regarding Central Europe.

(Let me note in passing that NATO and the EU have creatively resolved the old question of disproportionate German power in Europe; the progressive expansion of NATO can similarly resolve the question of disproportionate Russian power in Europe. It is also noteworthy that public opinion in key NATO countries is favorable to expansion. Moreover, so far, all the apocalyptic predictions of the critics of NATO expansion have failed to come to pass.)

In brief, to me NATO expansion is not principally about the Russian threat, for currently it does not exist, though one cannot exclude its reappearance and hence some insurance against it is desirable.

Secondly, to me NATO expansion is not primarily a moral crusade, meant to undo the injustice the Central European peoples suffered during the half-century long Soviet oppression, though one cannot ignore the moral right of the newly emancipated and democratic Central Europeans to a life no less secure than that enjoyed by the West Europeans.

For me, the central stake in NATO expansion is the long-term historic and strategic relationship between America and Europe. NATO expansion is central to the vitality of the American-European connection, to the scope of a democratic and secure Europe, and to the ability of America and Europe to work together in promoting international security.

The expansion of the Euroatlantic alliance will bring into NATO counsels new, solidly democratic and very pro-American nations. That will further deepen the American-European kinship while expanding Europe's zone of peace and democracy. Such a more secure Europe will be a better and a more vital partner for America in the continuing effort to make democracy more widespread and international cooperation more pervasive. That is why NATO's enlargement—in itself a vivid testimonial to the dynamism of the democratic ideal—is very much in America's long-term national interest.

The CHAIRMAN. Thank you, Dr. Brzezinski. Dr. Kirkpatrick.

STATEMENT OF HON. JEANE J. KIRKPATRICK, SENIOR FELLOW AND DIRECTOR, FOREIGN POLICY AND DEFENSE STUDIES, AMERICAN ENTERPRISE INSTITUTE, WASHINGTON, DC

Ambassador KIRKPATRICK. Thank you, Mr. Chairman and thank you for inviting me today to testify before this distinguished committee.

The CHAIRMAN. Thank you for coming.

Ambassador KIRKPATRICK. Mr. Chairman, I believe that the subject of today's hearing is exceedingly important and that the Senate's decision on NATO enlargement today is even more important. I have followed this issue with substantial interest since the end of the cold war made it a practical policy option.

I begin with a question: why should we enlarge NATO? I believe that the case for admitting Poland, the Czech Republic, and Hungary to membership in NATO is not only strong, but that it is essentially the same as the case for organizing NATO in 1947—to provide a security shield behind which the free institutions of these more geographically vulnerable European democracies can strike deep roots and thrive, to deter aggression, and to discourage conflict.

Of course, there are differences between 1939, 1947, and 1997. There is no one major threat to peace and security throughout the region today. But if the threats of aggression, subversion, and conquest are less clear now than they were after World Wars I and II, the new democracies' appetite for democracy and peace is greater.

More people understand the benefits of freedom and long to share in them, and long for a place in the prosperity and security of the West. More associate that freedom, prosperity, and security with joining NATO—and the European Union, which, unfortunately, is not an issue that we are free to resolve by action of this Senate or any other American forum.

I believe, these candidates that have been proposed for membership in NATO, will strengthen that institution. Poland, the Czech Republic and Hungary share a history and a civilization with the countries of NATO and were engaged in parallel patterns of democratic development when first Adolph Hitler and then Josef Stalin's expansionist policies abruptly strangled their evolution.

The people in each of these countries share our culture. They have demonstrated their vocation for freedom with heroic efforts to throw off foreign domination and regain control of their own histories. This took place again and again during their tragic evolution of this century.

Poland, the Czech Republic, and Hungary can be incorporated into NATO, I believe, without creating any serious disruption and without requiring a reorientation of NATO's operations. They will "fit" in NATO. Their inclusion will not require qualitative changes in its purposes, culture, or mode of operation. NATO has been and, after their inclusion, will be, a military alliance of democratic nations united in the determination to preserve their free societies from aggression—by force, if necessary.

The Czech Republic, Poland and Hungary applied for membership in the European Union and in NATO years ago. Hungary actually applied for membership in the European Union before Soviet forces had departed their country. They have met all the stated requirements, and have cooperated in all proposed projects, including Partnership for Peace. They have demonstrated their seriousness.

Moreover, 4 years have passed since President Clinton said in Prague, "Let me be absolutely clear: the security of your States is important to the security of the United States. The question is no

longer whether NATO will take on new members, but when and how."

Yet to this day, no country that suffered under Soviet dominance has been admitted into either NATO or the EU.

The post cold war period has seen the emergence of numerous threats to the development of a democratic Europe. Resurgent anti-democrats have won power in some States and threaten peace in others. Serbian President Slobodan Milosevic and Slovakian Prime Minister Vladimir Mecias are examples.

Milosevic sponsored and encouraged Serbian aggression and "ethnic cleansing" against Slovenia, Croatia, and Bosnia-Herzegovena, in that order. He has attempted to destabilize Macedonia and repeatedly violated democratic norms and the human rights of the Serbian opposition. He has undermined democracy in Serbia and outside it. The violent attacks he sponsored have devastated two States—Croatia and Bosnia, and have destabilized the region.

This aggression could happen because he is not a democratic president, although he is, in fact, elected. This reminds us that not all elected presidents are democratic presidents, governing within a framework of law and constitutional rule.

It is no accident, Mr. Chairman, as the Marxists like to say, that in democratic Czechoslovakia, the separation of Slovakia from the Czech Republic was peaceful, and that the separation of Yugoslavia was violent. The difference was not in the preference of the presidents because the President of Czechoslovakia also preferred that that country remain united. The difference was the respect of those presidents for democratic decisions.

There was in the Czech Republic no will to conquest in the government. The Czech Republic is a democracy, prepared to accept the democratic self-determination of Slovakia. Serbian rulers were not committed to democratic methods and were not prepared to accept the democratic self-determination of the component States of former Yugoslavia. The result was, first, instability, and then aggression and war, which continues to this day.

There is, finally, in my judgment, Mr. Chairman, only one reliable guarantee against aggression. It is not found in international organizations. It is found in the spread of democracy. It derives from the simple fact that true democracies do not invade one another and do not engage in aggressive wars.

Numerous studies establish beyond reasonable doubt that the best system, the only reliable basis for collective security, is that all the governments in an area should be democratic governments. Therefore, what reinforces democracy reinforces peace. That is the reason that the top priority for the United States and NATO should, today, be to preserve and strengthen the new democracies in Eastern and Central Europe, and in Russia as well.

Preserving and strengthening democracies in Central and Eastern Europe should be the United States' central goal and top foreign policy priority in Europe, in my opinion. Membership in NATO will help to achieve those goals and strengthen the alliance.

Enlargement of NATO will assuredly expand the zone of security, to quote the distinguished Senator who testified before me. It will

expand the zone of security in Europe and will shrink the zone of insecurity and instability.

Unfortunately, I believe that it is necessary for the United States to take a leadership role on this issue, perhaps because we have had the opportunity to observe the inadequacy of a purely European security framework policy to achieve these desired goals. It is not graceful and perhaps not appropriate for an American to emphasize the inability of the European Union and the WEU or any of the purely exclusively European military groups to protect peace and provide collective security to Europe. Their failure is manifest, but more so because, at the time the Serbs took up arms against Slovenia and Croatia, then-President of the EU—and it was the EC, then—Mr. Poos, of Luxembourg, said, and I quote, "This is a European problem that will be solved by Europeans. There is no role here for Americans."

I think President Bush was quite ready to have the Europeans take that turn.

But everyone knows what happened. Presidents George Bush and Bill Clinton were more than willing to stand aside while first Europe, then the United Nations and Europe worked on the problem. Unfortunately, what that experience provided was additional and timely evidence of the inadequacy of purely, European security arrangements to deal with the problems of Europe.

And UNPROFOR, under Secretary General Boutros Boutros-Ghali's command provided, I think, definitive evidence on the inability of the United Nations to mount an effective military operation in Europe or, indeed, virtually anywhere else.

The passive, inadequate response of the EU, the United Nations, the OSCE, and the Western European Union testify to the ineffectiveness of a collective defense based only on these organizations. NATO has a different and a better record, though it, too, was tarnished in Bosnia by its association with UNPROFOR. I think it has reestablished its credibility.

I think we have seen clearly the inadequacy of a U.N. response, which I emphasize only because we hear rather frequently that peace can be defended by the United Nations and peace can be restored by the United Nations. I believe that certain lessons of great relevance to European security leap out of the Yugoslav experience: that membership in the U.N. cannot be regarded as a reliable guarantor of European security—we have seen that very clearly, beyond any reasonable doubt; that global institutions cannot necessarily provide reliable solutions to regional problems; that diplomacy may not be able to forestall aggression, whether or not that diplomacy is directed from the U.N.; that "peacekeeping" is not an adequate response to the determined use of military force; that the "peacekeeping" rules of engagement that the U.N. has invoked and imposed in former Yugoslavia may make peace keepers hostages without deterring aggressors or assisting victims; that effective force is often necessary to repel force.

NATO can be, and indeed, is, that effective force, Mr. Chairman.

Why should we act now?

Czech President Vaclav Havel, a man of unusual foresight and courage told the "Economist" magazine about a year ago that he feared the spirit of Munich was returning to Europe. I quote, "I do

not have in mind some concrete political act," he said. "Rather, I refer to a mentality marked by caution, hesitation, delayed decisionmaking, and a tendency to look for the most convenient solutions."

Havel charged the governments of NATO and the EU with excessive caution and worried aloud that the opportunity to build a Europe of independent democratic nations would not last forever.

As usual, I think President Havel was right. Years which might have been used to integrate the new democracies and to reinforce them, to extend the institutions of freedom have already been lost through indifference, procrastination and timidity. These characteristics—indifference, procrastination, and timidity—are not examples of effective foreign policy and not examples of the kind of policy that Americans are proud of.

There has been a persistent question about whether we could afford to support our share, our reasonable share, of the costs of enlarging NATO. I would like to say Mr. Chairman, that the United States spends each year in former Yugoslavia alone several times the cost of even the CBO's estimates of enlarging NATO. That is very interesting if you think about it.

No one made a decision to spend that much money in former Yugoslavia. I would like to say that it would have been much more economical in money and lives, to have taken timely action to deter action that conflict.

Some people might argue that we could save the money by simply ignoring the ethnic cleansing and the massacres in former Yugoslavia. But the fact is, the United States cannot be indifferent to a tragedy in the heart of the civilization of which we are a part.

What about Russia? Mr. Chairman, I believe that NATO is a defensive alliance dedicated to deterring and, if necessary, defeating aggression. A democratic Russia will pose no threat to anyone and a democratic Russia should not fear NATO. The most urgent problem in my judgment in U.S. relations with Russia is to help the Russian democrats defeat the internal enemies of Russian democracy.

I think our government is working quite hard on that problem and, indeed, has since the end of the cold war.

I think that it should be remembered that President Yeltsin himself has on several occasions clearly indicated that he has no problem with the inclusion in NATO of these independent European neighbors who were formerly members of the Warsaw Pact.

President Yeltsin is himself principally concerned with the strengthening of democratic institutions in Russia. We cannot help him achieve his goals or Russians achieve the goals of a strong, consolidated, democratic government by appeasing the extremists and anti-democrats in Russia. We do not help Russian democrats by handing the opponents of democracy in Russia a victory over NATO, a longstanding symbol of the West's commitment to defend democracy

We can only help by strengthening and moving boldly toward the construction of a democratic Europe, which is, indeed, wholly consistent, indeed virtually identical, with his goal.

Mr. Chairman, I believe that Americans understand the American stake in a stable democratic Europe. Public opinion surveys

and studies over the period from the end of World War II, the Marshall Plan, and the establishment of NATO, down to last week demonstrate that Americans support an active U.S. role in Europe and support a strong America and a strong democratic NATO. I think that the Senate should do no less.

Thank you.

[The prepared statement of Ambassador Kirkpatrick follows:]

PREPARED STATEMENT OF AMBASSADOR KIRKPATRICK

Mr. Chairman, thank you for inviting me to testify before this distinguished committee today.

The subject of today's hearing is important. The Senate's decision will be more important. I have followed this issue with interest.

Why enlarge NATO?

The case for admitting Poland, the Czech Republic, and Hungary to membership in NATO is not only strong, it is essentially the same as the case for organizing NATO in 1949—to provide a security shield behind which the free institutions of these more geographically vulnerable European democracies can strike deep roots and thrive, to deter aggression and discourage conflict.

Of course there are differences between 1939, 1949 and 1997. There is no one major threat to peace and security throughout the region today. But if the threats of aggression, subversion and conquest are less clear now, as they were after World Wars I and II, the appetite for democracy and peace is greater. Still, more people understand the benefits of freedom and long to share it—and the prosperity and security of the "West". And more associate that freedom, prosperity and security, with joining NATO and the European Union.

The new members "fit" in NATO

Poland, the Czech Republic and Hungary share a civilization with the countries of NATO and were engaged in parallel patterns of democratic development when first, Adolf Hitler's, then Joseph Stalin's expansionist policies interrupted their evolution. The people in each of these countries share our culture. They demonstrated their vocation for freedom with heroic efforts to throw off foreign domination and regain control of their own histories.

Poland, the Czech Republic and Hungary can be incorporated into NATO without creating serious disruption or without requiring reorientation of NATO's operations. They will "fit" in NATO. Their inclusion will not require qualitative changes in its purposes, culture, or mode of operation. NATO has been and, after their inclusion, will be a military alliance of democratic nations united in the determination to preserve their free societies from aggression—by force if necessary.

The Czech Republic, Poland and Hungary applied for membership in the European Union and in NATO years ago (Hungary actually applied for EU membership before Soviet forces had departed). They have met all stated requirements and cooperated in all proposed projects including Partnerships for Peace.

Moreover, four years have passed since President Clinton said in Prague, "Let me be absolutely clear: the security of your states is important to the security of the United States ... the question is no longer whether NATO will take on new members but when and how." But neither they nor any other country that suffered under Soviet dominance has been admitted to NATO or the EU.

"Threats" to a democratic Eastern Europe

The post Cold War period has seen numerous threats to the development of a democratic Europe. Resurgent anti-democrats have won power in some states and threaten peace in others. Serbian President Slobodan Milosevic and Slovakian Prime Minister Vladimir Mecias are examples.

Milosevic sponsored and organized Serbian aggression, and "ethnic cleansing" against Slovenia, Croatia and Bosnia-Herzegovenia (in that order) and acted repeatedly to destabilize Macedonia. He repeatedly violated democratic norms and the human rights of the Serbian opposition. He undermined democracy in Serbia and outside it. The violent attacks he sponsored devastated two states—Croatia and Bosnia and destabilized the region.

It is no accident, as Marxist liked to say, that in democratic Czechoslovakia separation of Slovakia from Czeck Republic was peaceful. And that the separation of Yugoslavia was violent. *The difference was respect for democratic decisions.* There was no will to conquest in the government of the Czech Republic. The Czech Repub-

lic is a democracy prepared to accept democratic self-determination of Slovakia. Serbian rulers are not committed to democratic methods.

There is, finally, only one reliable guarantee against aggression—it is not found in international organizations. It is the spread of democracy. It derives from the simple fact that democracies do not invade one another, and do not engage in aggressive wars.

Numerous studies establish beyond reasonable doubt that the best system, the only reliable system of collective security is that all the governments in an area should be democratic governments. Therefore, what reinforces democracy reinforces peace. That is the reason that the top priority for the United States and NATO should today be to preserve and strengthen the new democracies in Eastern and Central Europe and Russia as well. *Preserving and strengthening democracies in Central and Eastern Europe should be the United States central goal and top foreign policy priority in Europe.* Membership in NATO helps achieve those goals.

The Inadequacy of a purely European Response

It is not graceful and perhaps not even appropriate for an American to labor the inability of the EC and the WEU to protect peace and provide collective security to Europe. That failure is manifest, the more so because at the time Serbs took up arms against Slovenia Croatia, then President of the EC, Mr. Poos of Luxembourg, said, "This is a European problem that will be solved by Europeans. There is no role for Americans."

Everyone knows what happened. Presidents George Bush and Bill Clinton were more than willing to stand aside while first Europe, then the United Nations and Europe worked on the problem.

Unfortunately, this experience provided additional and timely evidence of the inadequacy of purely European security arrangements. And UNPROFOR, Secretary General Boutros Boutros-Ghaii provided definitive evidence on the inability of the United Nations to mount an effective military operation.

The passive, inadequate response of the EU, the United Nations, the Organization on Security and Cooperation in Europe, and the Western European Union have testified to the ineffectiveness of a collective defense based only on these organizations. NATO has a different and a better record though it was tarnished in Bosnia by its association with UNPROFOR.

The Inadequacy of a U.N. Response

Certain lessons of great relevance to European security leap out of the Yugoslav experience:

- that membership in the United Nations cannot be regarded as a reliable guarantor of European security;
- that global institutions cannot necessarily provide solutions to regional problems;
- that diplomacy may not be able to forestall aggression—whether or not that diplomacy is directed from the U.N.;
- that "peacekeeping" is not an adequate response to the determined use of military force;
- that the "peacekeeping" rules of engagement may make "peacekeepers" hostage without deterring the aggressors or assisting the victims; and,
- that effective force is often necessary to repel force;
- NATO can be that force.

Why Act Now?

Czech President Vaclav Havel, a man of unusual foresight and courage, told the Economist magazine about a year ago that he fears the spirit of Munich has returned to Europe.

"I do not have in mind some concrete political act," Havel said. "Rather I refer to a mentality marked by caution, hesitation, delayed decision-making and a tendency to look for the most convenient solutions." Havel charged the governments of NATO and the European Union with "excessive caution" and worried aloud that the opportunity to build a Europe of independent democratic nations will not last forever.

As usual, Havel was right. Years which might have been used to integrate the new democracies and extend the institutions of freedom have already been lost through indifference, procrastination and timidity.

Can we Afford It?

The United States spends each year in former Yugoslavia several times the cost of enlarging NATO.

How much more economical in money and lives it would have been to deter *that* conflict.

What About Russia?

NATO is a *defensive* alliance dedicated to deterring and, if necessary, defeating aggression.

A democratic Russia will pose no threat to anyone. The most urgent problem in U.S. relations with Russia is to help Russian democrats defeat internal enemies of democracy. Our government is working hard on that problem.

It should be remembered that President Yeltsin has repeatedly indicated that he has no problem with the inclusion in NATO of these independent European neighbors. We do not help Russian democrats by appeasing their opponents.

The CHAIRMAN. Thank you very much. Those were two excellent statements.

In doing a little housekeeping arithmetic, I note that we have about 8 Senators here. I have to divide the time so that we share it equally as nearly as possible. So I suggest that we have a 5 minute time period each, at least on the first round.

Dr. Brzezinski, some critics of NATO enlargement are alarmed by the negative reaction of Russia to this policy. If, as we are led to believe by those critics, Russia has no designs on the territory of Poland, Hungary, and the Czech Republic, how does the membership of those countries in NATO impact Russian interests?

Dr. BRZEZINSKI. Mr. Chairman, I do not believe that it impacts on Russian interests adversely at all unless Russia is of the view that NATO is an enemy and that the United States is an enemy. If that is the Russian view, then we have a very serious problem, in which case we ought to expand NATO for that reason as well.

Ambassador KIRKPATRICK. That's right.

Dr. BRZEZINSKI. But I don't think the Russians think of NATO as an enemy. I don't think the Russians think of America as an enemy, though some members of the Russian foreign policy elite—in almost all cases, in fact, former members of the Soviet foreign policy elite—would like to have the potential option in the future of exercising dominant political influence in Central Europe. This is why they don't like the expansion of NATO.

In my view, we shouldn't cater to these anachronistic prejudices. But we ought to work to create conditions whereby Russia is not tempted in that fashion and is, therefore, more likely to become really a democracy.

Let me just quote one sentence from Andrei Kozyrev, the former Russian Foreign Minister. He says that to pay too much heed to the Russian critics of NATO expansion would play into the hands of the enemies of democracy in Russia.

I completely agree with Kozyrev.

The CHAIRMAN. An excellent answer.

Ambassador Kirkpatrick—and I like to call you that because you did so well at the United Nations—how will the memberships of Poland, Hungary, and the Czech Republic in NATO enhance the defense of democracy in Europe? What you said addressed this very subject. What is the greatest strategic value, do you think, of these three countries to the NATO alliance?

Ambassador KIRKPATRICK. I think that their principal value to the NATO alliance is to expand in Europe and in an area of Europe which has been, historically, one of turmoil and victimization, to expand the zone of peace and the conditions of peace and stability.

I believe that Western Europe as well as Central Europe and Eastern Europe will, in fact, have enhanced stability and confidence in the peace of their region if these countries are accepted for membership in NATO.

Mr. Chairman, I read that you had said that it was an historic opportunity. I think it is an historic opportunity and I think it is the right thing to do, as well. I think the people of these countries, having been denied by accidents and tragedies of history that we all know about should be given the opportunities for peace, prosperity, and stability that they seek and would be very reliable allies. They would, as Dr. Brzezinski said, and as I think Senator Roth said, strengthen the armies of NATO. They will be enthusiastic, disciplined, and effective members of NATO because they have already paid the greatest price to join.

So I think both in war and in peace, militarily and politically they would strengthen NATO and the context of NATO operations.

The CHAIRMAN. Thank you, ma'am.

Senator Biden.

Senator BIDEN. Thank you, Mr. Chairman. Thank you both for being here. You lend a great deal to this discussion.

I would like to parse this debate arbitrarily into two pieces. The political argument up here is going to get down to money, in my humble opinion, and whether or not there is any use for NATO, period. It's the old Mansfield argument—bring the boys home.

There is a strong strain of isolationism, stronger in one party than in the other, but it exists in both, and there is the question of why can't the Europeans do this. I mean, what do they need us for?

I will leave that argument aside and focus on the arguments that are made by the foreign policy establishment of which you are two prominent members—and we are going to hear two prominent members after you who are opposed to expansion—and the intellectual community. They usually do not talk about expansion in terms of money.

All of you will come up here—and I am a strong supporter of expansion—and will say stability is the question. Mr. Dean and Mr. Mandelbaum are going to argue that enlargement will diminish stability rather than enhance it in Europe. I argue that enlargement enhances stability and I think you will also be making that argument.

I would like to lay out, as I have been doing for the past 6 months, what I think the arguments are devolving to. There are only 3 or 4 arguments in opposition to expanding NATO and I would like you to comment on them, if you will.

You mentioned the present President of Russia does not have a problem—I might add that I met with Yavlinsky and he had no problem. I met with Zyuganov and he had no problem. I met with Lebed and he had no problem. I met with Baturin and he had no problem. Not a single one of them had a problem in face to face meetings each of which lasted a minimum of an hour. Not one of them viewed the expansion of NATO as a threat, a physical threat.

They viewed it in terms of being excluded from Europe. They viewed it in terms of it having consequences for them culturally and politically. They viewed it as a slap in the face. They viewed

it as an insult to their pride. But none of them—and I asked the explicit question, "Do you view it as a threat?" Not one of them has said that. Not one of the ones I mentioned. I think I have covered the various political factions.

Now here is what the arguments against expansion come down to, as I see it, and then I would like you to comment. First is that expanding NATO will diminish the organization's ability to gain consensus on a lot of issues because 3 more countries are being added to the 16, making a total of 19. It is hard enough to get consensus now, and the added difficulty will unravel NATO.

Second is that expansion will aid the Russian nationalists, the Browns and the Reds, although I see no evidence of that. This argument had much more saliency 10 months ago. It has little now, in my view, in light of the NATO—Russian accord that has been reached. But that is a second argument I have heard.

The third argument is that expansion will require us to station troops in the new member countries on the border of Russia. Not one single head of state in each of these countries that I visited, not one single defense minister, not one single head of the military, not one single person of any authority in any party in any of the 3 countries, has said they want permanent troops stationed on their soil. We have all said we are not going to permanently station troops. We are not going to give Russia the right to veto stationing troops, but regardless of that nobody has said we are going to permanently station troops in any of those countries. That is the third argument that I hear.

The fourth argument is that these countries cannot pay. My counter to that is that if they do not pay to go this cheaper route, does anybody think these regions are is going to sit around and not try to increase their military capability on their own; not try to establish bilateral or multilateral relationships in that gray zone? And then aren't they going to spend more money?

The other counter argument is that this power vacuum that exists in Europe can be filled by the stability of extending the hand of NATO to the east and stabilizing the situation in Russia.

So I would like you to comment on: one, whether expansion will diminish consensus; two, will Russian nationalism be enhanced; three, are we likely to permanently station American troops in those three countries; and, four, is joining NATO going to cause them to drain their treasuries where otherwise they would not, which is the implication?

Thank you, Mr. Chairman.

Dr. BRZEZINSKI. If I may start, Senator, first of all, these are very good questions. Second, you have answered most of them very well. So I am not sure I can improve. But I will give it a try.

Senator BIDEN. Well, do you agree or disagree? Maybe I should put it that way.

Dr. BRZEZINSKI. As for diminished consensus, I think you are going to get new NATO members who are going to be really gung-ho and who are very, very pro-American. I think it is going to strengthen the tendency of NATO to be vital. New members tend usually to be activists, and these are countries which are very pro-American.

Will it aid Russian nationalism? This is one of these hoary arguments that has been made for several years, that Russian nationalists will come to power if NATO expands. Well, we have announced that it will expand. Have they gained power?

What about the recent changes in the Russian Government? Have they moved them more toward the nationalists or more toward the reformers? There is simply no evidence for it.

All of the evidence we have in terms of public opinion polls is that the vast majority of the Russian people don't give a damn. This is an issue which preoccupies the Russian foreign policy elite, the old Soviet foreign policy elite, that hobnobs with some members of our foreign policy elite and tells them well, of course, we know NATO is not a threat, but our stupid people think it is a threat and, therefore, if you expand NATO, they will move toward the nationalists.

Then they go back home and say to the Russian people that NATO expansion is a threat, don't you think? And the most that they get is a yawn. So it is a hoary argument.

The argument that this will bring American troops into these countries on the borders of Russia is a particularly perplexing argument because Hungary does not have a border with Russia, the Czech Republic does not have a border with Russia, Poland has a tiny strip of a border with the Kaliningrad region, but basically is separated from Russia. So, first of all, it is an argument made by people who don't know geography. Second, the countries concerned don't want American troops on their soil.

Senator BIDEN. That's what I think.

Dr. BRZEZINSKI. All public opinion polls indicate that they do not want foreign troops. They want to be part of the alliance. They want to contribute to it. But I think they would like to have a status, say, like Norway.

What about that they can't pay? Well, first of all, they are growing. They are now beginning to spend more or less on the NATO level. Poland I think actually is slightly above the NATO average. They know damn well that if they are not in NATO, they will have to spend a hell of a lot more.

Senator BIDEN. Thank you.

The CHAIRMAN. Dr. Kirkpatrick.

Ambassador KIRKPATRICK. I have now heard two sets of good answers to those questions from Senator Biden.

I think that the concern about consensus, how difficult will it be to build a consensus on NATO is not only a valid one but a very important one. But I think it is also true that as for these three countries, their membership in NATO will certainly not complicate or render more difficult the process of achieving consensus.

I believe, as Dr. Brzezinski has just suggested, that these countries will make splendid, enthusiastic participants in NATO and will, indeed, strengthen American leadership in NATO, which, in my judgment, is important and necessary.

Senator BIDEN. If you forgive me, Mr. Chairman, I must say that it is a pleasure to be agreeing with both of you.

Ambassador KIRKPATRICK. On Russian nationalism, I also agree with the view expressed by Dr. Brzezinski, and I think it is your view as well, that it would not enhance Russian nationalism.

I think, as Dr. Brzezinski has said, that there is a lot of exaggeration of the strength of Russian nationalism by the old Soviet foreign policy elite, which looks for new grounds to make outrageous demands and support outrageous policies. I do not think that NATO's enlargement will have any discernible effect. It may have an effect on the argument, but I don't think it will have an effect on the strength of Russian nationalism. I don't think it is something we should lie awake worrying about.

I think the Russian people have an agenda of their own which involves a better living than they have had in their lifetime and their history, and more peace and more freedom.

I don't believe it will bring U.S. troops to the borders of Russia. That is for geographical reasons, as Dr. Brzezinski made clear. Also it is because it just won't happen. These countries don't desire troops just as we would rather not put them there. We control our own troops. We don't send U.S. troops anyplace that the U.S. Government does not decide to deploy U.S. troops.

It is simply not true that these countries could not pay their way in NATO. They could, or if they can't right now, all of them soon will be able to, and I think they will be eager, in fact, to assume the burdens of full membership in NATO. The added security of NATO can only enhance their economic prospects.

I fully expect that they will be very reliable participants and contributors and will enhance the strength of NATO.

The CHAIRMAN. Representatives of all three countries with whom we met recently indicated precisely what you said.

Ambassador KIRKPATRICK. OK. Good.

The CHAIRMAN. Senator Lugar.

Senator LUGAR. Thank you, Mr. Chairman.

Dr. Brzezinski, two sentences that you wrote in your testimony I thought were really terrific. You talked about the relationship to Russia and whether NATO's enlargement helps democratize Russia by foreclosing the revival of any self-destructive, imperial temptation. That is a different argument or way of phrasing than I have heard and I think it is very, very helpful.

But I wanted to ask about the preceding sentence as regards America. You say that NATO's enlargement is about America's role in Europe, whether America will remain a European power—that is, America as a European power—and whether a larger, democratic Europe will remain organically linked to America.

Now this makes sense, I think, to members of this committee, to you, to Dr. Kirkpatrick and to others. But it is a basic argument with regard to NATO altogether that we are having or that many of us have never had before. In other words, as I talk to constituents, they would say why are we a European power, why do we want to be a European power and organically linked. They say that really stretches the bridge too far altogether.

What is your rationale, just as a help to all of us, understanding why NATO is important, as to why America should want to be a European power? What advantages are there to us in this and if so, of course, this is the basic reason for being in NATO. Try to express that, if you can.

Dr. BRZEZINSKI. Senator, you have raised a very fundamental issue. It has been addressed in part by Dr. Kirkpatrick and I will follow her lead in that regard.

Europe is the place in which some of the worst human suffering and some of the worst tragedies of this century were precipitated. We were dragged into two world wars by the dynamics of European politics.

Some of the worst suffering experienced by people in the course of this century was a consequence of these wars.

We have created a system over the last 50 years which has dramatically decreased the probability of war, which has deterred aggression, which has created security in a very important part of this very large Eurasian continent. I believe that our future role in the world and the peace of the world depends centrally on the maintenance of that relationship.

If we were somehow to begin to withdraw from Europe, if the relationship with Europe started being loose, vague, antagonistic, I think the world would be sliding, maybe if not toward new wars since there are no immediate protagonists threatening us, but certainly toward anarchy.

So I do think that the maintenance and enhancement of our relationship with Europe and of our presence in Europe is central to nothing less than global stability. The American people, for all of their hesitations about use of force and their uneasiness about casualties still instinctively understand that.

I was struck by the fact that just today, as you have launched this very important national debate on the enlargement of NATO, a public opinion poll has been released regarding the question of the enlargement of NATO. An overwhelming majority of the American people favor the enlargement of NATO.

Well, that certainly does not signal to me a desire to withdraw from Europe if at the same time the American people, with only 18—18—percent opposing, say that we should enlarge NATO. It seems to me that, instinctively, our people understand that our fates have become inter linked, our values are the same, and we share a common interest in making these values more pervasive, in expanding the area that is safe and democratic at the same time, that is strong and can, over time, attract others, or, if necessary, contain and deter others if they are threatening.

Senator LUGAR. Thank you very much.

The CHAIRMAN. Thank you, Senator Lugar.

I believe Senator Robb is next. Senator Robb.

Senator ROBB. Thank you, Mr. Chairman and I thank our two distinguished witnesses. I regret that I had another commitment and could not hear Dr. Brzezinski's remarks today. I did have the privilege last evening of hearing one of the most extraordinary and provocative addresses I have heard in Washington in years and I suspect that it is taken directly from his most recent book which I would, on the basis of last night's remarks alone, commend to others who want to be pushed in terms of some of their thinking.

Dr. BRZEZINSKI. I hope this is being televised nationwide, Senator.

Senator ROBB. I am afraid that it is not, so this will have limited value in terms of a promotion for the book, but certainly for the

speech. I won't go on beyond that. I think there are matters in there that I hope you will bring and repeat before this committee when different subject matter is the focus of our attention.

But I would like to ask just one question of both of our distinguished witnesses, if I may. I am not very good at leading a friendly witness, which would give you some indication of where I am coming from in this particular debate. The question of cost is one which is raised frequently and the question of cost avoidance is not always factored in. I am not sure that it is possible to give precise numbers, even with a great deal of study.

I believe last night and I know previously others have alluded to the cost avoidance of Nunn-Lugar funds, for instance, in terms of what we don't have to spend on our own defense if we reduce the capability and, presumably, the potential of a possible enemy at home.

Ambassador Kirkpatrick made reference to the amount of money that we are spending in Bosnia as compared to the amount of money that we would spend out of the U.S. Treasury for this particular NATO enlargement as things now stand.

I wonder, if you can, put some sense of a comparative cost avoidance to the U.S. Government in terms of the kinds of costs that we might otherwise have to spend if we decided not to pursue this scenario, if we decided, for whatever reason, not to approve of the enlargement of NATO.

Ambassador KIRKPATRICK. Senator Robb, I have thought about this quite a bit. We have CBO estimates, which I think, by the way, are extremely exaggerated, about the costs of NATO enlargement to us and to other NATO powers. I think the costs can be kept substantially below those CBO estimates. But I don't think we know what they would be compared to.

It occurred to me that one thing they could be compared to is the cost of our military expenditures in non-NATO areas of Europe today, and the most outstanding example is the former Yugoslavia, and Bosnia quite specifically. I had a research assistant who was formerly a member of the U.S. Government, working in budget matters, do some very careful research for me on the costs of some of the so-called U.N. peace operations. He calculated the cost to us—our agreed-to share—as it were—of those peace operations in former Yugoslavia.

I might say that these estimates do not include the very large U.S. contributions that were made to what I call off budget items, that is, funds or resources spent but never submitted to the Congress for authorization or appropriation. They were simply provided through the Pentagon.

The figures that I am about to propose were of expenses that were authorized and appropriated in the formal process, acknowledged by the administration and all parties. Those figures put our expenditures in Bosnia at something around $4.5 billion between the end of 1992 and 1996. They put at about $2 billion our expenditures for Bosnian activities in 1996 and 1995. There is no year that we have participated that the expenses have not been at or over $1 billion, which is several times greater than anyone estimates the costs of enlarging NATO.

Now why is that a relevant comparison? It is because if NATO enlargement will have the effects that several of us have suggested, it will enhance the stability and peace in the region by both consolidating and strengthening democracies in the region, but also consolidating stability in the region and expanding the area that no aggressive government would feel inclined to attack.

I cannot be certain that there would not be continued efforts by Milosevic, let's say, to take such actions as he has in the past. But I believe that an expanded, active, ready NATO, who understands that neither the U.N. nor an exclusively European security force provides an alternative, will be a big deterrent to aggressive power and aggressive action.

The CHAIRMAN. Thank you very much.

Senator Hagel.

Senator HAGEL. Mr. Chairman, thank you.

I, too, would like to add my thanks to both of you for contributing your distinguished voices to this debate.

Dr. Brzezinski, I was struck by the first paragraph in your statement where you reference the global significance of enlargement of NATO. I have thought for some time that this might, in fact, be the most significant consequence of the NATO expansion issue. All the other issues we have discussed today that you both have thought through and written and talked about are all critical, such as Russia. But when you really start to think about the connection of security and stability as you move South and East to Central Asia, to the Middle East, and, as you say in your paragraph a step-by-step construction of security internationally, I think that has a powerful amount of insight into something that we need to really sort through as we debate this issue.

I would very much like to hear in a little more detail from you, Dr. Brzezinski and Ambassador Kirkpatrick, your thoughts on this one issue.

Dr. BRZEZINSKI. Thank you.

If I may, let me just add one footnote to the preceding very able answer by reading from a document prepared by former Secretary of Defense Perry and Ashton Carter, former Assistant Secretary of Defense. They say the following: "Despite the debate over the estimated costs of enlargement, the fact remains all estimates of the costs to existing members of adding the three new candidate members identified at Madrid show them to be a small fraction of existing NATO expenditures, the current U.S. burden of supporting its NATO commitments, and the U.S. defense budget." Then they go on to estimate that it will be, in any case, less than 1 percent.

So I think this cost issue, while important, should not be blown out of proportion.

Now on your very large issue, I think we are entering a phase in world affairs in which the long-range choice for us is either a slow slide toward some form of international anarchy with no new single power emerging as a threat to us the way Nazi Germany was or Soviet Russia was, but a slow slide into international anarchy, or a gradual expansion of genuine international security cooperation by a process of building blocks and ink blotting effect, expanding particularly the zone of security and democracy.

Here I think the American—European connection is absolutely central. But over time I would hope—and I hope it does not sound too illusory—over time, over the next 20 or 30 years, I would think we would point toward the creation of what might be called eventually a Trans-Eurasian or a Transcontinental security system in which NATO, in effect, the Euro-Atlantic alliance, involving America and Europe, would become linked to some sort of cooperative security arrangement with Russia, eventually pointing toward China, and America and Japan allied together also in a security relationship with China. In effect, this would be a kind of transcontinental OSCE.

But we can only get there if we create solid, vital blocks of cooperative States committed to the same values and sharing the same interests. This is why the argument for constricting NATO to a rump Europe—one look at the map today shows that NATO really is linked to a rump Europe—is historically irrelevant. It is an anachronistic way of looking at the world.

We are building here a long-term structure, a long-term process of creating the architecture of peace across all of Eurasia. The way to start is where we can start, with the democratic, solidly philosophically committed to the same values we are countries, countries that want to be our allies and who are committed to the notion of cooperative security.

So we are engaged here in a long-term process, the first step of which is being taken now. But I think it is going to be a long-term process well into the next century. That is why your task is so historic.

Senator HAGEL. Well, thank you. I think it is significant and I think there is no reason why we cannot connect it all the way around the world. I think we must.

Dr. Kirkpatrick, I would be interested if you had any thoughts here.

Ambassador KIRKPATRICK. No. In my testimony, I emphasize the fact that the countries which are being considered for inclusion in NATO are countries that share our culture, our values, and our aspirations and goals. I think that is very important and I think it is possible, basically, to build really strong alliances where there are such shared goals and values, and broad agreement on institutional arrangements.

I believe that an enlarged NATO will insure an enlarged zone of security as well as democracy in Europe and that it will serve as an even more powerful magnet for Russia and other countries in the region who are themselves tending in that direction in any case.

I think this process of building strength, consolidating freedom and prosperity, which then serves as a magnet is a process by which we can hope for an indefinite expansion of this zone of peace and security.

I think I want to read Dr. Brzezinski's new book before I comment on the extension to Asia. I do believe that Asia, some countries in Asia, are likely to pose some difficult problems to the security of that region. I believe that an active American role in Asia is also important to the peace and freedom in that region. That is a point, by the way, that was made by the Australian minister of

defense at a luncheon here in Washington just a few days earlier this week. I think that is valid as well.

The CHAIRMAN. Thank you very much.

Senator Wellstone.

Senator WELLSTONE. Thank you, Mr. Chairman.

I know we are going to have testimony from Mr. Dean and Dr. Mandelbaum, but the more I try to learn about this, I think the more skeptical I become. I want you all to help me work through these arguments.

I am not exactly sure why we are talking about expanding NATO. I am not sure what the compelling need is. It certainly does not seem to me to be a military threat from Russia, a country that cannot even invade itself. It certainly does not seem to me to promote economies in democracies because I don't see how you do that in a military alliance and, in any case, the more I hear the discussion, the more I am attracted to what Senator Nunn used to talk about, which is we ought to be talking about expanding the European Union. That seems to me to be the way in which we focus on promoting market economies and democracy and it is win/win from the point of view of what the potential consequences are in Russia.

Moreover, I know that both you, Dr. Brzezinski, and you, Dr. Kirkpatrick, are very committed and sincere in your viewpoints and are professional and knowledgeable. You put a tremendous emphasis on promoting peace and democracy in the world and I agree with you. The question is whether this will do that.

I mean, there are people like George Kennan, who is not an isolationist, and Paul Nitze, who is not an isolationist, much less our panelists to come, who are not isolationists, who raise very real questions as to what exactly are we gaining from this, what is even the reason to do this, vis-a-vis what are the potential consequences or implications of this.

Now I just want to go a little bit further and get your reaction.

I think that from everything I have read—and there is a little bit of disagreement, I guess, with Ambassador Kirkpatrick—the democrats in Russia are the most vociferous in their opposition. The democrats—not with a large "D" but with a small "d"—are the most worried about this, though, I must say, it seems to be the case that people of all political stripes are very worried about it as well.

So the question becomes what is the reason to do this. The final part of my question, which I raised the other day and I want to go back to, is if the focus is on building economies and building democracy, the countries we are talking about are the most stable. We are talking about Czechoslovakia, Poland and Hungary.

I would think we would be talking about Belarus, we'd be talking about Ukraine, we'd be talking about the Baltic States. Are we talking about them and if we are, are you going to tell me that this does not have any consequences for what happens in Russia?

Finally, shouldn't we be talking about Russia?

Secretary of State Albright spelled out the criteria for choosing new NATO members: "If we were creating a new alliance today, we would not leave a democratic country out in the cold because it was once, against the will of its people, part of the Warsaw Pact. The only question we would consider is this: which democratic nations

in Europe are important to our security and which are willing and able to contribute to our security?" That was before the Senate Armed Services Committee, April 23, 1997.

Well, by these standards, it is Russia whose citizens certainly were not consulted about joining the Warsaw Pact and, by the way, whose officials have expressed the wish to belong to the Atlantic Alliance. The Secretary said that this was not the case, but that is not my understanding at all.

Senator BIDEN. She said not NATO.

Senator WELLSTONE. Pardon?

Senator BIDEN. Excuse me, Senator. I think she said not NATO.

Senator WELLSTONE. Let me just finish. So wouldn't we be talking about Russia? Wouldn't we be talking about Belarus? Which countries should we be talking about?

This is a range of questions. Why are we doing this? What is the military threat? How does a military alliance expand economy and democracy? What are the consequences within Russia? Isn't it true that the democratic forces in Russia are the most opposed? Finally, would Russia be eligible, from your point of view, to join an expanded NATO?

Dr. BRZEZINSKI. Well, I can take part of your question and then perhaps Ambassador Kirkpatrick can take part of it.

First of all, that the democrats are most vociferous in opposition to expansion of NATO, that, of course, depends on one's definition of "democrat." I know that Zhirinovsky is vociferous in opposition to NATO. But he is surely not a democrat.

Senator WELLSTONE. I'm certainly not talking about him.

Dr. BRZEZINSKI. Zyuganov is vociferous in his opposition to expansion of NATO. He is not a democrat. Gaidar is not vociferous in opposing the expansion of NATO. In fact, on occasion he has indicated that they should not be so worried about it and not make such an issue out of it.

Yavlinsky is not opposed to the expansion of NATO. Kozyrev has written eloquently favoring the expansion of NATO. So I think the picture is more mixed.

But there are some Russians who say they are democrats and who are opposed to the expansion of NATO. Then I think they have to explain what is it that they are really opposed to. Is it because they think NATO is an enemy? Is it because they think America is an enemy? Or is it just possible that they really would like to have a sphere of influence in Central Europe, which is exactly what the Central Europeans do not want?

Insofar as the argument that we should be more worried about Belarus or Russia than about the new democratic States of Central Europe, I think there is something to the argument in the sense that we should be worried about where they are headed. But it certainly is not an argument for having them in NATO.

I think NATO is an alliance of like-minded States that are securely committed to the practice of democracy and share common philosophical views regarding the nature of the individual and his relationship to society and the State. That is what is so discerning about the NATO alliance.

I do not think Belarus by that standard qualifies for membership, though we should be worried about what is happening in it.

But worrying about what is happening in it I think gives more salience to the idea of the adjoining States being securely part of Europe.

What about that we should be expanding EU? Well, the United States cannot expand EU. We are not a member of the EU. I would like to see EU expand, but it is an infinitely more complicated process than expanding NATO. You have to adopt something like 3,000 to 5,000 laws of the Common Market standard and implement them domestically in order to qualify. It is a longer-range process. But we encourage it. By the year 2002 or 2003, probably the three candidate members that you are now considering will be members of the EU as well.

Insofar as Russian membership in NATO is concerned, first of all, it is a fact—and I think Senator Biden is correct—that no Russian leader has stated clearly and explicitly that they would like Russia to join NATO. Joining NATO does have implications for them. It means that their armies should be subordinated to an integrated command, currently headed by an American and so forth. I see no evidence of Russia wanting to be part of NATO.

Beyond that, there are certain objective criteria that countries ought to meet to be members of NATO, and on this there is consensus between us and the Europeans. They have to be stably democratic. Russia is not yet so. They have to have effective, working, market economies. Russia does not have that, not fully, not yet. They have to have effective civilian control over the military. Russia does not. They have to have real respect for minority rights domestically. Ask the Chechens about respect for domestic rights of minorities. They have to have no border conflicts with their neighbors. That is hardly true of most of Russia's southern and eastern frontier.

So simply on the basis of objective criteria, the issue is not Russian membership in NATO. But there is a legitimate issue about structuring a relationship of stability with Russia and of reassuring Russia that NATO is not a threat, by: one, promising them not to station American or German forces on the soil of new members—we are doing that; no nuclear weapons on the soil of the new members—we are doing that by creating transparency in NATO, by having the Russians present there; we are doing that by having systematic consultations with Russia on NATO; we are doing that by having Russia participate in the Partnership for Peace. We are doing that.

So I think we ought to strike a balance. I have advocated for the last 3 years not only NATO expansion but a 2 track approach: expand NATO and sign some accommodation, some agreement, with Russia which reassures the Russians regarding their legitimate concerns. But we should not cater either to anachronistic prejudices or to hidden geopolitical designs.

Senator WELLSTONE. Just a clarification, by the way. My argument was not necessarily that if there was going to be expansion that Poland is not important, or Czechoslovakia. I am just saying that if the concern is about stability and democracy, it would seem to me there would be other countries as well. I would still raise the question—though I have run out of time and will come back to it—as to what exactly is the reason for this. Is it a military threat?

I don't see it. How does a military alliance help these countries economically? I don't see that, either.

Isn't it true—I quite agree with you that some people call themselves "democrats" in Russia, but they are not. But my impression from talking to a lot of people is there is a great concern in that country among democrats as to where this is going to take Russia.

The CHAIRMAN. I hate to do this, but the Senator's time has expired a long time ago.

Would you like, Dr. Kirkpatrick, to comment?

Ambassador KIRKPATRICK. Just very briefly, Mr. Chairman.

I would like to say concerning the fact that Russians were not consulted about their membership in the Warsaw Pact in the previous regime and therefore should not be held responsible for that membership, Russians were not consulted about anything in the previous regime. This is one of the reasons that that regime proved so brittle, I think, in the opinion of all of us. Neither was any other member of the Warsaw Pact consulted about its membership in the Warsaw Pact. They were not consulted about anything.

I believe, too, that there are a lot of different reports about how many of Russia's democrats oppose NATO enlargement and how strongly. We know some who don't oppose it. I think it is particularly significant, personally, that a very critical Russian democrat, Boris Yeltsin, has repeatedly indicated that he saw no problem, basically, about the expansion of NATO into the area now in question.

He has from time to time backed off this clearly under domestic political pressures as all prudent presidents do from time to time. But we all know that there are Russian democrats who oppose and Russian democrats who support. I think it is an oversimplification to suggest that Russian democrats generally oppose the enlargement of NATO. Even if they did, I would simply say they have not thought that through because Russian democrats have an especially large interest in the consolidation of democratic governments and the strengthening of stability and peace in Central Europe, which is closest to them.

What are we trying to do and why are we trying to do this? I ask myself this. Just as a personal note, I became an advocate of the enlargement of NATO in 1992, and began at that time to both write and speak about it. I concluded at a certain point that maybe the time that we ought to enlarge NATO and really work on it had passed and that maybe it was not as desirable as it was in 1992, or 1993, or 1994, since the world seems to be a good deal more peaceable and stable than we might have dreamed—at least the European, the Western world is.

Why, then, should we do it? I think, Senator Wellstone, that, first of all, NATO is a very great asset not for Americans exclusively, or perhaps even principally, but it is a great asset for democratic civilization and for Europeans who have had a lot more trouble in keeping peace than, for example, we in the Americas have had. NATO is a great asset, in my judgment, to that end.

I have believed from the very beginning, and the more I read and think about it, the more it seems to me that, from the very beginning, NATO was a multi functional institution, which we political scientists know most institutions are. From the beginning it was

engaged in the strengthening and consolidation of democratic governments and again and again it incorporated new democracies and provided and instilled in them the reinforcement, training, and experience of the other democratic countries. I think that has been particularly important with the military establishments in a number of relatively new democracies—Spain, Portugal, Turkey, Greece, and other such countries, not to mention the initial reorienting of the German military.

I believe it will be important to the new democracies in Central Europe and I believe always in conserving one's assets.

Thank you.

The CHAIRMAN. I thank you very much.

Dr. Brzezinski, I promised to try to get you out of here by 3:15. I missed it by 12 minutes for which I apologize, but not very strongly because we are glad to have you and appreciate your coming.

The same goes for you, Ambassador Kirkpatrick.

Senator BIDEN. Thank you both.

Dr. BRZEZINSKI. Thank you very much.

Ambassador KIRKPATRICK. Thank you, Mr. Chairman.

The CHAIRMAN. We will pause now momentarily while we set up the second panel.

[Pause]

The CHAIRMAN. We are genuinely grateful to have two additional experts here. They are Hon. Jonathan Dean, Senior Arms Control Advisor for the Union of Concerned Scientists here in Washington, headquartered here; and Dr. Michael Mandelbaum, Professor and Director of American Foreign Policy of the Paul H. Nitze School of Advanced International Studies at Johns Hopkins University. I recognize that I may have mispronounced your name, sir.

Thank you very much.

Mr. Dean, you may proceed.

By the way, your entire statements will be printed in the record. You may proceed.

STATEMENT OF HON. JONATHAN DEAN, SENIOR ARMS CONTROL ADVISOR, UNION OF CONCERNED SCIENTISTS, WASHINGTON, DC

Ambassador DEAN. Thank you, Mr. Chairman. I want the thank the committee for this opportunity to express my views on NATO enlargement.

Mr. Chairman, I have been closely involved with NATO since the early 1950's, when I helped with German entry into NATO. It is painful for me personally to speak in opposition to enlargement, but necessary. NATO in its present form and present membership continues useful and important. But enlargement of NATO will be costly, risky, and above all, unnecessary.

The estimates of enlargement costs, and reference has been made to that, are still very loose and imprecise. But, even if we take the low, $30 billion, total for the first group of candidates as estimated by the State Department in its February report to the Congress, the United States is likely to have to pay the largest part of that total if it is serious about these force improvements.

Neither the European allies nor the candidate States can be expected to pay the amounts allocated to them in these estimates. Moreover, these estimates cover only the first three candidates for membership—the Czech Republic, Hungary, and Poland. I believe that if the enlargement process continues, the total cost at the end will be from 3 to 5 times this low State Department figure of $30 billion for the first group, with the United States paying at least half of this overall total of $90 billion to $150 billion.

Nearly all of this expenditure would be, in my view, wasteful because the need for the expenditure is created by the enlargement program and not by objective factors.

My estimate here rests on the fact that including the Madrid 3, there are now 12 candidates for NATO membership. This total of 12 candidates can easily increase to 15 if Austria, Sweden, and Finland decide to apply. In fact, I see a 16th country, Ukraine, on the horizon.

Continuous enlargement of this scope and possibly doubling NATO's current membership insistently recalls the scenes in Disney's "Fantasia" about the Sorcerer's Apprentice who cast a spell to create a spring of water but ended with a flood because he did not know how to say "stop."

NATO has already decided at its Madrid summit to entertain the candidacies of five more countries—Romania, Slovenia, and the three Baltic States. We very much hope that better wisdom will prevail, but if in fact the first group of three is actually admitted as NATO members, then there should be no doubt anywhere that negotiations on Baltic State membership will be seriously pursued.

If nothing else, partisan political competition in the United States will push these negotiations fatefully forward. No one will wish to be accused of faint-heartedness in the face of certain Russian opposition.

If the Baltic States do become members of NATO, then the costs to present NATO members of making a realistic effort to defend these countries, which border Russia at the Eastern end of the Baltic Sea, will include very large increases in NATO's force projection capabilities, including naval forces and combat aircraft, and, quite probably, explicit reliance on nuclear weapons, matching a parallel and ominous development in Russian nuclear weapons policy.

There is no room, of course, in the small Baltic countries to station outside NATO forces. But defending Romania and Bulgaria, if they become members, would, in practical terms, probably require stationing large NATO forces there. Possibly part of them may have to be United States troops.

As regards risks, enlargement on this scale would dangerously expand the scope of current United States security commitments. It would extend United States security guarantees to States with traditional mutual hostility, like Hungary and Romania, Greece and Bulgaria, not to mention Macedonia and Albania.

Then there is Russia, which still has 20,000 nuclear warheads. The Russian public, as has been mentioned here, pays relatively little attention to foreign affairs. It has other worries. But the political class in its entirety, with very few exceptions, from President Yeltsin to Zhuganov, opposes NATO enlargement and strongly. This is the group which will form the views of the Russian public

about the outside world for the next generation, with the message that Russia is hostilely encircled and has been cheated by the same countries on the cold war outcome.

The NATO-Russia Joint Council is a useful device, but it cannot contain the negative Russian reaction to actual NATO enlargement, especially if that enlargement includes the Baltic States bordering directly on Russia.

We have, of course, already seen adverse reaction to NATO enlargement in the Russian Duma's refusal thus far to ratify START II and its general blockage of arms control agreements.

Mr. Chairman, the main thing that every one of these costs and these risks have in common is that they are completely unnecessary. They are unnecessary because what Eastern European countries most want and most need is a form of membership in the Western community that provides support for their growing economic, social, and political structures.

The European Union, as has been mentioned, is preeminently qualified to provide this support. Negotiations to enlarge the Union will begin next year. Among the first group of candidates very likely to be admitted are the Czech Republic, Hungary, and Poland, the same three countries who are today the leading candidates for NATO enlargement.

Because of its nature and its mission, the European Union can do this job better than NATO. It is significant that public opinion in all three candidate countries sees this and shows stronger support for European Union membership than for NATO membership.

Moreover, Mr. Chairman, the European Union should do it. It is their primary responsibility, not ours, to nurture democratic and free market institutions among their European neighbors. They can do this without incurring the risks of NATO enlargement. European Union enlargement causes no problems with Russia.

It is true that these negotiations for entry to the European Union may take considerable time, perhaps, as Dr. Brzezinski has mentioned, until 2003 or 2004, or even longer. But Eastern Europe has plenty of time for this. It is making continuous political and economic progress. There is no crisis in Eastern Europe and no military threat to the area to require rapid action.

However, a special, fast track European Union enlargement program for the Baltic States is needed as a substitute for their NATO candidacy.

NATO enlargement is also unnecessary because an improved Partnership for Peace program provides close bilateral security relationships between the candidate countries and NATO.

Finally, NATO enlargement is unnecessary because NATO, in its present form and membership, effectively provides stability in Europe, tying the United States to Europe, reassuring European countries that a united Germany will not become dominant, and providing very adequate residual insurance against Russian misbehavior. NATO today performs all three of these functions without increasing the possibility of Russian misbehavior as the enlargement project does. It performs these functions at no extra cost to the United States.

Mr. Chairman, I believe these circumstances justify a request from the Senate to the administration to suspend action on its

present enlargement program until it has rethought this issue and has presented to the Congress and to the American public a detailed plan for organizing European security which is genuinely comprehensive and which has a specific place in it for all of the potential NATO candidates and also for Russia. Such a plan would place European security on a far more stable footing without the heavy costs and risks of the present NATO enlargement program.

Thank you.

[The prepared statement of Ambassador Dean follows:]

PREPARED STATEMENT OF AMBASSADOR DEAN

I am Jonathan Dean, adviser on international security issues of the Union of Concerned Scientists. I am also speaking on this occasion as a board member of the Council for a Livable World.

I have been involved with NATO since the early 1950s, when I helped with German entry into the alliance.

NATO in its present form and present membership continues useful and important. But enlargement of NATO will be costly, risky and, above all, unnecessary.

Costs

The costs to the United States of NATO enlargement have been estimated at from two to twenty billion dollars for the first group of candidates over a ten to fifteen year period. These estimates are still very loose and imprecise. But even if we start with the very low $30 billion total for the first group of candidates estimated by the State Department in its report of February 1997 to the Congress, the United States is likely to have to pay the largest part of that amount if it is serious about these force improvements.

A great deal of evidence, including well attested statements by French President Chirac and German Chancellor Kohl as well as the views of UK, French, German and Netherlands defense ministers reported in the Washington Post of October 3, points to the conclusion that current NATO members will not pay the shares allocated to them in these estimates—and that the United States will consequently have to take on a much larger proportion of the enlargement costs.

For their part, the Eastern European candidate countries are faced by a costly and unneeded remilitarization precisely at a time when they have to focus their resources on economic and social reconstruction. They will not be able to afford these force increases, whose cost has been estimated by the Congressional Budget Office at six times their current defense budgets. Again, if the U.S. is serious about these improvements, it will have to pay for most of them itself.

Moreover, these estimates cover only the first three candidates for membership—the Czech Republic, Hungary and Poland. The total cost of NATO enlargement will probably be three to five times this low State Department estimate of $30 billion, with the United States paying at least half of that total.

This is because, including these three countries, there are now twelve candidates for NATO membership. The others are Latvia, Lithuania, Estonia, Slovakia, Slovenia, Romania, Bulgaria, Albania and Macedonia. This total of twelve candidates can easily increase to fifteen if Austria, Sweden and Finland decide to apply for NATO membership. In fact, I see a sixteenth country—Ukraine—on the horizon. Internal discussion in Ukraine about applying for NATO membership has gone back and forth. If the candidacy of the Baltic States appears to be malting progress, then Ukraine will either apply for full membership or fall into very serious internal dissension.

Enlargement of this scope, doubling NATO's current membership, recalls the scenes in Disney's "Fantasia" about the sorcerer's apprentice who cast a spell to create a spring of water but ended with a flood because he did not know how to say stop.

The Risks

NATO has already decided at the Madrid Summit to entertain the candidacies of five more countries—Romania, Slovenia, and the three Baltic States. We very much hope that better sense prevails, but, if in fact the Czech Republic, Hungary and Poland are formally admitted as NATO members, there should be no doubt that these negotiations on Baltic State membership will be seriously pursued. If nothing else, partisan political competition in the United States will propel them. No one will wish to be accused of faint heartedness.

If the Baltic States do become members of NATO, then the costs to present NATO members of making a realistic effort to defend these states bordering Russia at the eastern end of the Baltic Sea will include very large increases in NATO's force projection capabilities, including naval forces and combat aircraft, and quite probably explicit reliance on nuclear weapons, matching a parallel ominous development in Russia. There is no room in the small Baltic countries to station NATO forces, but defending Romania and Bulgaria would in practical terms probably require stationing large NATO forces there. If this happens, part of them will have to be U.S. troops.

With these points, we also come to the risks of NATO enlargement.

Holding to the present twelve candidate states, enlargement would dangerously expand the scope of current U.S. security commitments. It would extend United States security guarantees to states with traditional mutual hostility like Hungary and Romania, and Greece and Bulgaria, not to mention Macedonia and Albania. More work has to be done to resolve the quarrels of these countries, but it is very doubtful that internalizing them in NATO is the most productive or the safest way to go about it.

Then there is Russia. The Russian public is confronted by difficult problems of daily life. Consequently, it pays relatively little attention to foreign affairs. But the Russian political class in its entirety opposes NATO enlargement. And this is the group that will form the views of the Russian public on its outside environment for the entire next generation. Russian policymakers are also worrying about the activities of the Clinton administration and U.S. oil companies in the Central Asian republics. Together with NATO enlargement, their concerns reinforce the image of hostile encirclement that has already played such a negative role in Russian history.

We have already seen negative reaction to NATO enlargement in the Russian Duma's refusal thus far to ratify START II and its general blockage of arms control agreements.

The NATO-Russia Joint Council is a useful device, but it will not contain the negative Russian reaction to actual NATO enlargement, especially if that enlargement includes the Baltic States bordering directly on Russia.

Do we really want to deliberately add a decade of trying to cope with this issue to the tasks of Russian governments already tottering under the burden of economic and social reforms—in a country that still has 20,000 nuclear weapons? It defies common sense to believe that applying more and more pressures like this to a weak political structure can have positive results.

Costs and Risks Not Necessary

The main point that every one of these costs and risks have in common is that they are completely unnecessary.

They are unnecessary because what Eastern European countries most want and most need is a form of membership in the Western community that provides support for growing economic, social, and political structures. The European Union is preeminently qualified to provide this support. Negotiations to enlarge the European Union will begin next year. The first candidates—very likely to be admitted—will be none other than the Czech Republic, Hungary and Poland, the same three countries who are today the leading candidates for NATO enlargement.

Because of its nature and mission, the European Union can do this job better than NATO. It is significant that public opinion in all three candidate countries sees this and shows stronger support for European Union membership than for NATO membership (see NATO Review, #3, May-June 1997, p. 17). Moreover, it is appropriate that the European Union and not the United States take on these economic and political responsibilities for the Union's European neighbors. The European Union can do so without the risks that arise from foisting off this task on a less suitable NATO. It is true that these negotiations for entry to the European Union may take considerable time, perhaps until 2003 or 2004 or even longer. But Eastern Europe has the time for this—it is making continuous political and economic progress, and there is no crisis in Eastern Europe and no military threat to the area to require rapid action. A special European Union enlargement program for the Baltic States is urgently needed.

NATO enlargement is also unnecessary because an improved Partnership for Peace backed by a coordinating Euro-Adantic Council provides close bilateral security relationships between the candidate countries and NATO.

And NATO enlargement is unnecessary because NATO in its *present* form and membership provides stability in Europe—tying the United States to Europe, reassuring European countries that a united Germany will not become dominant, and providing very adequate residual insurance against Russian misbehavior. NATO today performs all three of these functions without increasing the possibility of Rus-

sian misbehavior, as the enlargement project does, and it performs these functions at no extra cost to the United States.

In sum, there is no perceptible logic or gain to the NATO enlargement project, while the project entails many serious but also superfluous costs and risks to this country. I believe these circumstances justify a request from the Senate to the Administration to suspend action on its present enlargement program until it has rethought the issue and has presented to the Congress and the American public a plan for organizing European security which is genuinely comprehensive and which has a place in it for all of the potential NATO candidates and ultimately also for Russia.

Such a plan would place European security on a far more stable footing without the costs and the risks of the present NATO enlargement program.

STATEMENT OF DR. MICHAEL MANDELBAUM, PROFESSOR AND DIRECTOR OF AMERICAN FOREIGN POLICY, THE PAUL H. NITZE SCHOOL OF ADVANCED INTERNATIONAL STUDIES, THE JOHNS HOPKINS UNIVERSITY, WASHINGTON, DC

Dr. MANDELBAUM. Thank you, Mr. Chairman. Let me thank you and my friend, Senator Biden, for giving me the opportunity to share my views with this committee.

I have submitted for the record and a copy has been made available to all members of this committee a pamphlet I have written, entitled "NATO Expansion: A Bridge to the 19th Century," which sets out in detail my reasons for opposition. In that pamphlet, I make at some length two points that I wish simply to state here without elaboration because time is short.

[See appendix for the material received for the record.]

Dr. MANDELBAUM. First, I believe that we get no benefits whatsoever from NATO expansion. All public policy must weigh advantages and disadvantages. Whatever the costs of NATO expansion—and I will be talking about that—I believe that the advantages we incur are zero.

Second, I believe that the only coherent reason for expanding NATO is to contain Russia. This is a military alliance. Russia might some day become a threat to its neighbors, but it is not a threat now and, therefore, NATO expansion, as planned by the administration, is at best premature and at worst counterproductive.

Rather, Mr. Chairman, than dwelling on those points, I wish to address five others that I think are important for the committee and the Senate to consider: first, the costs of expansion; second, the status of the former communist countries that are not being included; third, an argument we are likely to hear with ever greater frequency, that we must proceed with this plan because our credibility is at stake; fourth, some alternatives to our current course; and, fifth, some comments on how this policy is being managed.

Let me also state for the record, Mr. Chairman, that I do not agree with much of what was said about Russia and Russia's attitude toward this policy by the previous panel. I would hope, Mr. Chairman, that you and your distinguished colleague, Mr. Biden, would convene one or more sessions of this committee to hear the testimony on this subject of our best experts on Russia, those with a lifetime of study, reflection, and dealing with that important country.

Senator BIDEN. Mr. Chairman, with your permission, I should point out to the witness that we have ordered just such a hearing

and the very people you are talking about will all have a chance to testify.

Dr. MANDELBAUM. Thank you very much, Senator Biden. As often, you are ahead of me.

As for the costs, I believe that the administration has dramatically underestimated both the total and the American share of these costs. The administration's estimate of the total is $35 billion, but the Congressional Budget Office estimate is 4 to 5 times that. Moreover, as my colleague, Ambassador Dean, has pointed out, the administration's estimates presume 3 or 4 new entries, but I believe we are now committed in some form to at least 8, with more to come. Moreover, the administration assumes that no American troops will be stationed in any of these countries.

But I do not believe, Mr. Chairman, that it will be possible to guarantee the security of the Baltic States without the deployment of Western troops. That, at least, is a question that I hope the Senate will ask the Department of Defense.

As to the share, the administration forecasts the United States paying 15 percent of the fixed costs and 6 percent of the total costs. I do not believe that is remotely likely, Mr. Chairman.

The administration foresees the Central Europeans, the new members, paying 35 percent of the total costs. I believe they will not be able to pay. They have steadily reduced their defense spending since their liberation. They have been warned by the World Bank and the International Monetary Fund not to increase defense spending. In no poll of public opinion in any of the three prospective members have I ever seen more than 20 to 25 percent of respondents say that they are willing to spend more on defense.

As for the Western Europeans paying 50 percent of the total cost, as the administration predicts, this reminds me of a story about the great Duke of Wellington, the victor at Waterloo, who was once approached on the battlefield by a junior soldier who did not recognize him and who approached him by saying, "Mr. Smith, I believe." The great duke turned to him and said, "If you believe that, you'll believe anything."

How do we know that the Western Europeans won't pay 50 percent of the total cost—because they have said so. At the Madrid Summit, Chancellor Kohl, President Chirac and Prime Minister Blair all said on the record in one form or another that their countries would pay nothing. Nor, Mr. Chairman, do I believe that this is political posturing. It is politically impossible for these countries to spend more money for NATO expansion.

Germany and France are under enormous pressure to reduce government spending in connection with the project of a single European currency which, despite all of the claims that have been made for NATO expansion, is far more important to them than anything having to do with NATO.

Britain is under similar pressure.

All the Europeans regard NATO expansion as an American initiative for which America will pay. So if we are going to do this, Mr. Chairman—and I believe we should not, but if we are—let us go in with our eyes open. No one else will share the burden which occasions a number of reflections.

First, it may be that we won't have to spend very much money. But if there is no need for more spending, that means there is no threat to these countries, in which case there is no need to expand NATO.

Second, whatever the near-term costs, we are undertaking the mother of all unfunded mandates here.

Third, I believe that the refusal of the Europeans to bear what we would regard as their fair share of the burden will lead to a Transatlantic quarrel within NATO about burden sharing which will weaken the Atlantic Alliance, which I favor retaining, far more than expanding NATO could strengthen it.

Fourth, and finally, given that the Europeans will spend nothing, this will raise one of two questions in the minds of those of us American taxpayers who do have to pay. First, if NATO is, indeed, a security organization, why is European security more important to Americans than to Europeans? If, on the other hand, as the administration sometimes claims, NATO is being turned into a social welfare organization, the question is why are American tax dollars being used for social spending in Europe rather than for social spending, or, as some would prefer, tax relief in the United States?

Perhaps, Mr. Chairman. There are good answers to these questions, but I personally have never heard them.

The next point I would like to address is the status of the former communist countries not being included in this expansion, notably the Baltic States.

I believe that expansion as planned confronts the United States with a problem with respect to these countries that we can neither avoid nor solve. We have promised the Balts membership. We have made statements to that effect. They expect membership, and if Poland, Hungary, and the Czech Republic are entitled to join NATO, certainly Estonia, Lithuania, and Latvia are equally, if not more, entitled. Yet the Russians have said unequivocally from Yeltsin on down that this is unacceptable and that they would respond negatively.

If they should do so, Mr. Chairman, that would leave us with three options, each of which is worse than our present circumstance is not having expanded NATO.

First we could expand NATO membership to the Baltics, meaning that we would bring the Western military alliance to Russia's border. At the very least, I believe we would have to expect a sharp diminution in cooperation with Russia and the remilitarization of the line between Europe, between NATO and Russia.

Second, we could try to bring in the Baltic States but fail because our Western European allies vetoed this. This, I believe, they would do. I believe that Baltic membership is unacceptable to the Western Europeans, which means that we would have a huge Transatlantic quarrel with our Western European allies over this issue.

Or, the third alternative where the Balts and Ukrainians are concerned is that we would fail to expand and thereby do precisely what the administration claims NATO expansion is designed to avoid. We would renege on a promise. We would give Russia a veto over NATO's affairs. We would draw a new line of division in Eu-

rope and we would strand new democracies on the wrong side of it.

Now some argue privately that we can avoid this issue, that we can just expand to these three countries and let it go at that. I do not believe that this is feasible, even if it were proper, which I don't believe it is.

First, we are on record as promising the Balts membership. Second, they will press us on this issue, and rightly so.

Third, no American president will ever unequivocally rule out Baltic or Ukrainian membership, which means that the Russians will always have to assume that we may expand to Russia's border, which means at the very least that this issue will become a central one in relations between us and the Russians as far as the eye can see with no benefit to us.

Now, Mr. Chairman, I would like to address an argument that we have heard already and will hear I think more insistently in the future. That argument is that, whatever reservations one may have about NATO expansion, it is now too late to turn back. The failure to ratify NATO expansion, as indicated by the administration, it will be said will shatter American credibility and the U.S. position in the world.

I do not believe this is remotely the case. The argument about maintaining credibility was a powerful one during the cold war. It was the reason that we fought a major war in Korea. It was the reason we stood firm in West Berlin. It was the reason that we fought and continued to fight in Vietnam.

That argument was persuasive because of its context. We were engaged in a global conflict with a militant, militarized adversary. It was reasonable to fear that retreat in one place would invite aggression elsewhere.

But that context has disappeared completely. The cold war is over. The Soviet Union has collapsed. If the Senate decides that the course recommended by the administration is not the wisest one from the standpoint of American national interest, will the Soviet army be in West Berlin the next day? The question answers itself.

I would like also, Mr. Chairman, to address another version of this issue, that is that this vote is a test of American international commitment and that if we fail to expand NATO as indicated, we will be guilty of isolationism.

Now as a professor of American foreign policy, let me assure you that there is not now and never has been a policy of isolationism in the United States. No significant American figure ever imagined that the United States could or should isolate itself from the rest of the world.

George Washington was not an isolationist. He was a shrewd and effective geopolitician. We could use some of his shrewdness now.

More to the point, even if the Senate should decide that this particular course is not a wise one, this would not leave the United States disengaged from Europe. We would still be central to NATO. We would still be central to the Partnership for Peace. We would still be central to the unprecedented and under appreciated arms reduction treaties designed by President Reagan and negotiated by President Bush. We would still be part of a multiple series of bilat-

eral and multilateral political, economic, and cultural ties with Europe and with the rest of the world.

This would hardly signal a retreat from engagement.

What is the alternative, then? Well, I echo my colleague's injunction that there is certainly no need to do anything rapidly, if at all. By the administration's own testimony, there is no threat, there is no urgency. If you want to get a sense of what is possible with respect to NATO expansion, listen to those now urging expansion to Central Europe on the subject of the Baltic countries.

They have said and will say well, there is no hurry. We don't have to rush into bringing the Balts into NATO. We can devise different arrangements for them.

Mr. Chairman, it seems to me that whatever security arrangements are adequate for the Balts are more than adequate for the Poles, the Hungarians, and the Czechs. Moreover, we have an excellent security order now in place consisting of NATO, the Partnership for Peace, arms treaties, and a Russia that is not a threat. We cannot be sure that that will always be true. But if circumstances change, we can change our policy, and we will have plenty of advance notice to do so.

We should, I think, concentrate on the real security issues in Europe: clearing up the status of the Russian finger on the Baltic, Kaliningrad, getting some assurances on the status of Belarus, getting START II ratified and proceeding to reduce nuclear weapons even further, and proceeding further with the reduction begun in the Reagan and Bush administrations of reducing non-nuclear weapons in Europe.

Ironically, NATO expansion is at best a distraction from and at worst a hindrance to dealing with the real security threats.

Finally, Mr. Chairman, I would echo my colleague's suggestion, first put forward by your distinguished former colleague, Senator Nunn, that we harmonize the expansion of security guarantees in Europe with European Union membership.

I have one final set of comments, Mr. Chairman, on the way that this policy is being carried out.

As I have said, I see no benefits whatsoever to this policy. But I recognize that there are those whom I deeply respect, including the two gentlemen who flank you, one of whom is present, also Senator Lugar, who have made important contributions to American foreign policy in the past and who I hope will in the future, who see things differently, who are able to detect what I cannot find in this policy, namely some merit.

But I believe that, even those who do find some merit, ought to be concerned, indeed alarmed, about the way this policy is being carried forward. I believe that that way is a recipe for failure.

We know from bitter experience, since 1945, that the foreign policies of the United States fail when they lack public support. Public support, in turn, has three requirements, none of which has been fulfilled here. The first requirement is clear aims. But they are muddled. Is NATO an organization to promote security or social welfare? Are we including or containing Russia? Is this the old sturdy NATO or an entirely new organization? The American public simply does not know what it is being asked to support.

The second requirement for public support is a clear strategy. I do not mean necessarily an exit strategy; I simply mean a plan, some sense of how goals are to be achieved. There is an old military axiom that says don't take the first step without knowing the last.

In this case, not only do we not know the last step, we don't know the next step. I find the way the issue of Baltic and Ukrainian membership is being treated by the administration particularly disturbing. In response to the question what comes next, they simply say well, this process is open ended and we won't name names.

Mr. Chairman, that is not an answer and it's not a policy. It is an evasion. It amounts to saying to us, the American people and you, our elected representatives, in response to what may be the most momentous question hanging over this issue, we won't tell you. Well, that means either they know but won't disclose the answer or they won't disclose the answer because they don't know it.

The first of these is constitutionally dubious, the second strategically alarming.

The third requirement for attaining public support in any major undertaking of the United States is candor about cost. As I have said, Mr. Chairman, I believe that the discussion of costs is characterized by an absence of candor.

The failure, finally, to fulfill these three requirements has led, bitterly, to failure for the United States—in Vietnam in the 1970's, in Lebanon in the 1980's, in Somalia in the 1990's, and I fear in Bosnia in the future.

Failure in Vietnam, Beirut, Somalia, and Bosnia was costly and tragic. But failure where NATO expansion is concerned, at the heart of Europe, involving the two greatest European powers, Germany and Russia, and the most destructive weapons on the planet, nuclear weapons, failure here, Mr. Chairman, could be far worse.

Thank you.

The CHAIRMAN. I will say to you, sir, that I am very much interested in your questions, and that is precisely the reason these hearings have been scheduled.

Now there are at least three more hearings and I can guarantee you, sir, that we are going to try to get to the bottom of all the questions that you have asked plus the hundreds that we have ourselves. So this is no done deal.

Mr. Ambassador, there is a large volume of public information available for anybody who wants to find it that Russia is cheating or has cheated on the ABM Treaty, the CFE Treaty, the START I Treaty, the Missile Technology Control Regime, the Biological Weapons Convention and, already in advance, the as yet unratified Chemical Weapons Convention, which, by the way, I oppose vigorously.

With the words of Sam Ervin ringing in my ears, I am going to quote him because I thought he had a point. He said, up to that time, when he was serving in the Senate, that the United States had never lost a war or won a treaty. I think that is what you are warning about here, both of you.

Now with the backdrop of the cheating that I have just enunciated, could you be suggesting that the NATO enlargement should

be put off so that the hard line elements in the Russian State Duma will approve the START II Treaty?

Ambassador DEAN. Well, Mr. Chairman, I do expect that the Yeltsin Government will make an effort shortly to gain Duma approval of the START II Treaty.

I am not proposing, making the proposal you describe, but a different one, which is that the administration should develop a comprehensive program for, if you want to call it NATO enlargement or for European security, which term I think I would use, which has a place in it for all of these candidates, including the Baltic States, Ukraine, Romania and all of the other present candidates and possible future ones, and also which lays out a timetable and requirements for possible Russian membership in this system.

It is not accurate to say, as some have been saying here, that Russia has expressed no interest in NATO membership. Gorbachev several times suggested this as a possibility. Yeltsin has several times suggested it as a possibility. Only last year, Prime Minister Chernomyrdin, speaking at Davos, again suggested it as a possibility.

It is true that they have never pressed a specific claim for it.

But what I have in mind is a program which would allow NATO enlargement, which would defuse its negative aspects, and which, at the end of the road, would have a real prospect of Russian membership, but in a situation where they, because they had such a prospect, would not object to the membership of Baltic States, Ukraine and other potential candidates. That is what I find missing from the administration's approach: We should either not enlarge, or do it right.

The CHAIRMAN. I am not going to try to play "gotcha" with you. But back in 1993—and I know you were going to be asked about this if you have not been before, and I do it for no reason whatsoever except to give you an opportunity to explain now for the record what others may ask you—in 1993, you wrote an op-ed for the "*Washington Post*" that made one of the best arguments I have ever seen in support of NATO expansion. You wrote that the inclusion of Poland, Hungary, and the Czech Republic would be "good for them, good for the West"—and I'm quoting you—"and good for Russia, too, provided that it is accompanied by a clear definition of a new NATO policy toward the former Soviet Union.

[The information referred to follows:]

[From the Washington Post, September 6, 1993]

OPEN THE RANKS TO EASTERN EUROPE

(By Michael Mandelbaum)

An event of symbolic significance took place in Warsaw last month when President Boris Yeltsin became the first Russian to visit Poland as the leader of a free and equal country rather than as an imperial master. The Polish government used the occasion to advocate a measure with practical consequences for the future, especially for the United States. Polish President Lech Walesa issued a joint statement with Yeltsin noting Poland's desire to join the North Atlantic Treaty Organization, the Western security alliance that had opposed the Soviet Union during the Cold War, and stating Russia's understanding of this desire.

The idea is a good one. The inclusion of Poland—and of Hungary and the Czech Republic, the two other formerly Communist countries most firmly committed to democracy and free markets—would be good for them, good for the West and good for

Russia too, provided that it is accompanied by a clear definition of a new NATO policy toward the former Soviet Union.

Poland, Hungary and the Czech Republic seek full participation in NATO along with membership in the European Community as a way of anchoring themselves firmly and irreversibly in the West. Their pro-Western governments wish to strengthen the forces within their countries committed to consolidating democracy and building market economies.

Poland, the largest and strategically most important of them, faces no immediate threat: It is on cordial terms with its historical adversary to the west, Germany, and the collapse of the Soviet Union means that, with the exception of the detached Baltic fragment of Kaliningrad, it no longer shares a border with Russia, its great imperial tormentor to the east. Membership in NATO is, for the Poles, a way to ensure that no threat will arise in the event that Russian political forces opposed to Boris Yeltsin and democracy and interested in recreating the Soviet empire should take power in Moscow.

Because Poland, Hungary and the Czech Republic face no imminent threat, the West would not risk war by admitting these countries to NATO. Nor would their membership saddle the alliance with internal territorial and political disputes of the kind that set Greece and Turkey at odds with each other during the Cold War.

Including the three Eastern European countries in NATO would bring benefits not only to them but to the West as well. It would ensure stability on Germany's eastern border. It would extend the zone of stability and democracy in Europe eastward, thereby consolidating some of the gains of the Cold War. Perhaps most important, NATO membership for these three countries would begin the long complicated and necessary process of transforming NATO from a defensive alliance against a threat that no longer exists into a broader security community capable of contributing to the establishment of democracy and the maintenance of peace from the English Channel to the Pacific coast of Russia.

Part of that process may well involve undertaking "out of area" missions, such as policing a negotiated settlement in the former Yugoslavia. Here Poland could be particularly useful. As a country with a proud military tradition and a strong sense of international responsibility, Poland would likely be more willing to furnish troops for such operations than many Western European members of the alliance.

NATO's European members are not unanimously enthusiastic about opening their ranks to Eastern Europe. Many in Western Europe want the alliance to remain exactly as it is, as an insurance policy against the revival of a threat from the east and as a mechanism for preventing the "renationalization" of defense policy, by which they mean independent German foreign and defense policies.

The only way to perpetuate NATO, however, may be to change it. Unless the alliance adapts to the new circumstances of the post-Cold War world, public support for it, especially in North America, may wither. As Sen. Richard Lugar of Indiana, the most influential Republican voice on foreign policy and a supporter of expanding alliance membership, recently put it, "The choice is not between the current NATO and a new NATO but rather between a new NATO and no NATO."

Were it to accept the three Eastern European countries, the alliance would have to establish a timetable for their accession to membership. The most important issue this prospect raises, however, is NATO's relationship to the countries to its east. Specifically, expansion to the borders of the former Soviet Union unavoidably raises the question of NATO's approach to that vanished empire's two most important successor states: Russia and Ukraine. The suspicions and multiple sources of conflict between them make the relationship between these two new and unstable countries, both with nuclear weapons on their territory, the most dangerous and potentially the most explosive on the planet today.

An expanded NATO must contribute what it can to promoting peaceful relations between them, while avoiding the appearance either of constructing an anti-Russian coalition or washing its hands of any concern for Ukrainian security.

There is no more difficult task for the United States and its European allies and none more urgent. To the extent that their accession to NATO provides an occasion for addressing that task seriously, Poland, Hungary and the Czech Republic will have performed yet another service for the West.

The CHAIRMAN. Now how should I put this.

Have Poland, Hungary, and the Czech Republic veered so far from the course of democratic and economic reforms in the intervening years that you now oppose their membership in NATO?

As I say, I am not trying to play "gotcha" with you. Take your time.

Dr. MANDELBAUM. Not at all, Mr. Chairman. It is a good question, a fair question, and it bears on your hearings and on the process that you and your colleagues are going through.

I wrote that article in the fall of 1993 when it appeared that the expansion of NATO would be acceptable to the Russian political class, and you quoted a crucial point in that article—provided we could find appropriate arrangements for the countries between Poland, Hungary, and the Czech Republic and Russia.

The administration has come up with no such proposals and that is what my colleague, Ambassador Dean, was suggesting and what I think is needed.

But let me go further, Mr. Chairman. I wrote that piece and then I got detailed responses from people whom I deeply respect who said, we think you're wrong. You should rethink this issue.

Because I respected them so much, I did sit down and rethink them, leading, incidentally, to a book that I published last year. I concluded that my critics were right and that I had been wrong. I believe this is important for the following reason, Mr. Chairman.

This is one of those issues that sounds good at first glance. When you first hear about it, you think why not? Let's be inclusive. Who could object to that?

But then, when you look further into it, you discover all the snares and pitfalls and disadvantages. So I changed my mind.

If I can change my mind, Senator, so can others. It is never too late to be right. I would say to some of my friends that if you change your mind on this issue, you will feel better and you will be doing your country a service.

The CHAIRMAN. Now you know how I felt about the Chemical Weapons Treaty.

Senator SMITH. Mr. Chairman.

The CHAIRMAN. Senator Smith.

Senator SMITH. I wonder if I could follow up your question with the gentleman.

The CHAIRMAN. Sure.

Senator SMITH. It seems to me that the NATO—Russia agreement provides the very kind of security arrangement that you propose that they needed to make this all work. Yet, that is one of the things that gives some of us heartburn, that maybe it gave them too much.

Is it defects in that agreement that caused you now to change your view?

Dr. MANDELBAUM. No. I changed my mind some time before. But I'm glad you raised the NATO—Russian agreement, Senator, because I think that does deserve some comment.

I would make two comments in particular. First, this agreement has been put in place on the basis of publicly stated and diametrically opposite interpretations by the American and Russian Presidents. President Yeltsin said on television, publicly, to the Russian people that this gives Russia a veto over all the issues of concern to Russia in Europe. President Clinton told us just the opposite.

So I fear that this could be a recipe for misunderstanding.

More to the point, Senator, President Yeltsin and every other Russian has asserted that the NATO—Russia charter is null and void if and when NATO expands beyond these three to former Re-

publics of the Soviet Union. That is why I say, Senator, that the current expansion, as planned, puts that second expansion irrevocably on the agenda, presents us with a problem that we can neither avoid nor solve, and to no benefit to ourselves.

Senator SMITH. Thank you, Mr. Chairman.

The CHAIRMAN. Senator Biden.

Senator BIDEN. Gentlemen, in the 24 years I have been here I have called on both of you to ask for your advice. I respect you both a great deal. I think on almost every issue, certainly with you, Mr. Ambassador, we have been in agreement.

But I think you are dead wrong here. Let me tell you why. I think you are unintentionally disingenuous when you assume a dynamic situation in Eastern Europe and a static situation in Russia. Thank God you are not doing planning from this perspective regarding what the future of the United States and Europe will be.

All of the criteria you lay out assume a static situation in Russia. All the criteria you set out assume a dynamic situation in Eastern Europe.

Second, you ended, Professor Mandelbaum, with the comment: what purpose for NATO if not to contain Russia?

Well, Ambassador Dean can tell you the purpose. It was not merely to contain Russia. It was to harness Germany; it was to bring stability in Europe; and it has never, never, never only been to contain Russia.

Now if you accept the proposition you stated, then we should not only not expand NATO, we don't need NATO. We don't need NATO.

Third, this idea that all of a sudden all of these arms control agreements have been put on hold because of expansion is a perversion of recent history. They were on hold before they got anywhere, before there was any serious discussion of expanding NATO. There wasn't anybody who believed it was going to happen.

I visited Russia on several occasions; sat in the Duma; went and spoke to those folks. Mr. Ambassador, they were going nowhere fast. The reason is one of the arguments you have presented. From the Russian standpoint, they need START III, not START II. They cannot afford START II.

It didn't have a damn thing to do—with all due respect—with NATO expansion. Also, this idea that we must have clear aims, clear strategy, and candor about costs. If the costs are as you stated, I am the only one who has stated from the outset that there will be no expansion of NATO. We will not vote for it—flat out.

I spent one entire week—and the Polish Ambassador is sitting back there and probably remembers that week—embarrassing people on occasion, sitting with them and saying, "if you think you get a first class ticket without paying your 35 percent, forget it." Our State Department folks sat there and thought oh, my God, what is he saying?

Well, it is real simple, real basic. If you are correct and if the 15 European members of NATO have not gotten the message that they have to pay 50 percent of the cost and the expanding countries 35 percent, then there will be no vote here. You don't have a thing to worry about. Nothing will expand. I promise you that.

It will not happen.

The last point regards the projection of force, Mr. Ambassador, that was part of a 1991 NATO agreement before there was any discussion—any discussion—of NATO expansion. They are not meeting their agreement—"they," meaning the 15 European nations currently in NATO. They are not doing it. But it is not because of NATO expansion.

Now, I could not agree with you all more if the costs are as you state, misrepresented and likely to be unmet. I agree with you. Expansion of NATO is a dead letter.

But I find it fascinating to go back to this notion of the rationale for NATO in the first place. It is true that no one feels a threat. I sat in every Eastern European capital. No, that's not true. I didn't get to Romania. But I listened to them, all the leadership, opposition as well as elected leadership. None of them feels any threat from Russia right now. None. Zero. None.

So if it is the Russian threat that propels the rationale for NATO, let's save ourselves $120 billion now. I'll tell you what I am more worried about. I am more worried about Germany and France 20 years from now. They have not yet established a degree of political maturation after over 100 years of being nation-states, where they are at peace with one another without the United States playing an integral role in Europe. That is what I worry about.

I think that is a more real prediction and I'll bet you, if you have a differing view, our grandchildren will read that the more likely scenario than the amputated Russian bear lumbering across Europe to attack, is that Germany and France are at it again 30 years from now—maybe not in open war but in open conflict.

So all these false premises create false choices. The choice between knowing now exactly how all of Central Europe and Eastern Europe are going to mature, or, without that precise knowledge now, doing nothing. You sound like the former general and revered figure in America today, General Powell. He is the reason why we did not get to the point that you and I think we should have gotten to in the Balkans. He said unless he could be guaranteed that no American would be killed or guaranteed that we could put 500,000 forces there, America should do nothing.

That is a prescription for paralysis.

You point out that if the rationale for NATO relates to a Russian threat only, we should not expand. Well, we should not have NATO, I would respectfully suggest, if that is the only rationale for its existence. We could save a lot of money.

Second, what I am curious about is how we got to the point where anyone is thinking about permanently stationing troops in the Baltics or permanently stationing troops in Romania. You are correct, Ambassador, that if there is an open threat, we will have to do that. But, guess what? If they are not part of NATO, what do you think we are going to do?

What do you think we are going to do? Are you all taking the position similar to what the Brits took in 1937, 1938, and 1939, which said by the way, if there is a threat, we are not going to respond?

If there is a threat to Romania, if Russian troops are massing on the border, or to the Balts, we are going to do one of two things. We are either going to capitulate or Europe will respond. All the

President is saying is wherever we have new members coming in, we will put infrastructure in place, no permanent stationing of American forces, to accommodate the very thing that we would have to accommodate if this threat becomes a reality.

So I think it is somewhat disingenuous to suggest that the Duma, because of its reaction—and by the way, I read every word of what you write, Doctor, every word; I can probably quote some of it from memory—that the Duma didn't go along with these arms control agreements because of expansion. Malarkey. I think it is disingenuous to suggest that if we are going to bring in a country to NATO, it means that we would have to permanently station troops there. That assumes that we would not react if, in fact, there was a threat to them anyway.

So look, I think there are problems with expansion. But I think the idea of the Russians eventually becoming part of NATO, relies on their definition of NATO as an OSCE. It is not a NATO like you and I define NATO.

No Russian leader that I am aware of has said—and it would be wonderful if I could stand corrected on this; I will not say it again and make the "mistake" again—no Russian leader has said they are willing to subordinate Russian forces under the command of an American general as required by the way NATO is now constructed. They have said a redefined NATO, i.e., OSCE, is something they could think about.

So I just think it is real important for such impressive people for whom I have such great respect, not to raise the bar here in a way that creates a problem. It's a little bit like saying to me that if, in fact, in 1949, you couldn't tell me exactly whether or not Germany could ever become a member of NATO, we should have no NATO because we would be isolating Germany like we did after World War I. We are going to put new NATO members in that position.

I think I have talked too much and I apologize.

Senator WELLSTONE. Let's hear from the witnesses.

The CHAIRMAN. Have at it.

Dr. MANDELBAUM. If I could respond, Mr. Chairman, certainly no one could accuse Senator Biden of lacking candor.

Let me confine myself to three points by way of clarification and rebuttal. First, I do not take the position that the only justification for NATO is containing Russia.

Senator BIDEN. What is the justification?

Dr. MANDELBAUM. The only justification for expanding NATO is containing Russia. But there is a continuing a continuing justification for NATO, which I have set out in my 1996 book, "The Dawn of Peace in Europe," and I would be happy to supply you and other interested members of the committee with a copy.

Senator BIDEN. Can you summarize in a paragraph what the rationale for NATO is?

Dr. MANDELBAUM. The rationale for NATO is three-fold: to keep the United States engaged in Europe; to prevent the Germans from having to pursue an independent policy; and to serve as an insurance policy in case things go wrong in Russia.

Let me add, since you ask me, Senator, that does not require any particular level of force or any particular level of expenditure. I remind you that in 1949, when the NATO Treaty was first signed,

it was envisioned as a guarantee pact, not as an integrated military force on the continent.

I certainly favor keeping that guarantee in place indefinitely, and I think that the military force we need in Europe, if any, to carry it out really depends on the nature of the threat, which depends on Russia. So we should be flexible on that as the founders of NATO intended.

Senator BIDEN. With all due respect, how is that different? I'm sorry. We should debate this later, I guess. I'm sorry.

The CHAIRMAN. Yes.

Dr. MANDELBAUM. I would be happy to return and I have presumed on the chairman's patience. Could I have one more minute, Mr. Chairman?

The CHAIRMAN. Sure.

Dr. MANDELBAUM. I would like to comment on the widespread assertion that NATO is a school for democracy, that being a part of the Western military alliance fosters democracy.

Senator BIDEN. No straw men. I didn't say that.

Dr. MANDELBAUM. Well, this is widely said, Senator. I don't impute it to you, but I believe it is false. I believe there is no evidence for it.

To give you an example, Germany, West Germany became a member of NATO in 1954, 9 years after the end of the war, when democracy was fully established. So many things are now imputed to NATO. In fact, such great claims are made for the democratizing benefits of NATO for which, as far as I can tell, there is no evidence that I sometimes think that one of the great miracles of history is 150 years of democracy without NATO membership in the United States.

But I would like to say for the record that I believe these three countries are democracies. They are civilized, Western countries. They do not need NATO membership to behave properly. They have a wide range of problems, all of which stem from 40 years of communism, all of which they will deal with successfully, none of which has anything to do with NATO.

Senator BIDEN. Why does Germany need NATO, then?

Dr. MANDELBAUM. Thank you, Mr. Chairman. Thank you for your indulgence.

The CHAIRMAN. Now, Mr. Ambassador, I think you ought to have some time, too.

Ambassador DEAN. It would be difficult to respond to all of the issues that Senator Biden has raised.

Senator BIDEN. Oh, we'd be here at midnight.

Ambassador DEAN. Yes, we would, or something close to it.

Senator BIDEN. I apologize, Mr. Chairman.

Ambassador DEAN. However, I did not hear anything in what he said which would do anything other than strengthen my point of departure, which was that NATO, in its present form, is adequate to these tasks without enlargement.

Senator BIDEN. I agree. We have not gotten to that. I was just pointing out the criticisms you made of expansion. We have not gotten to the next piece.

The CHAIRMAN. Very well.

Mr. Wellstone.

Senator WELLSTONE. Mr. Chairman, I want to tell you, when that light turns red, I am not going to pay any attention to it, either.

Senator BIDEN. You have to be here 25 years to do that, Paul, or be the Ranking Member, one of the two.

Senator WELLSTONE. Then, Joe, I will do it proportionally and still won't pay any attention to that light.

The CHAIRMAN. Just try.

Senator WELLSTONE. Seriously, there are just a couple of specific points I want to pick up on that went back to my question earlier.

As I understand the position that you all have taken—and, first of all, I am just trying to find out as somebody who is trying to work his way through this and trying to decide what is the right position to take, that is, the why of this, why are we expanding NATO—I think what I understood your testimony, what I think you have said is that it does not really make sense if you are trying to think about it from the point of view of expanding democracy or stability in these countries; and that probably the reason for expanding would be for containment; but then the question is who are we trying to contain. Am I correct or not correct, just in terms of what you said?

Ambassador DEAN. Yes.

Dr. MANDELBAUM. Yes.

Senator WELLSTONE. The second point is cost and we will come back to that. I think that is a big issue in our country. I think we all agree on that. Senator Biden has made it crystal clear that, in fact, if some of the estimates of cost severely underestimate what we are going to be faced with, or the European countries are not going to be paying, then that is going to become a big concern in our country.

But I still want to focus now on this. If there does not seem to be a clear reason to do this, let's then go to the downside of it beside cost. I want to go back to Russia because I keep feeling that what happens in Russia is going to crucially affect the quality of our lives and our children's lives for better or worse. I want for it to be better. I want the forces of democracy to triumph there.

There are two points. You said, Professor Mandelbaum, that you did not agree—at least I thought I heard you say this, but you did not get a chance to comment on it—with the analysis of opinion, at least among the political class, the positions that President Yeltsin has taken, and so on and so forth, in regard to expansion. Could you spell that out a little bit more because the testimony prior to your testimony was very different.

Dr. MANDELBAUM. Yes, Senator. I am delighted to hear that you will have a panel in which people who are genuine experts on Russia will come and tell you this.

What I would say is what I believe is a fact is that no one in Russia favors NATO expansion, period.

Now there are many things you can say about this. You can say that they can't stop it, which is true. You can say that they will get used to it over time which may be true. We simply don't know. You can say that NATO expansion is so important that it is worth paying whatever price we have to pay with the Russians in order to secure it. Of course, I don't agree with that because I don't think

it is worth anything at all. But that is certainly a legitimate position and I assume that the two panelists who preceded us would take that position.

But I do not believe there is any basis in fact for saying that any Russian of any political stripe is at all well disposed toward NATO expansion. I also believe that it is the democrats who are most concerned because they care most about cooperating with the West and NATO expansion makes it more difficult—not impossible, but more difficult—for them to promote the policy that they prefer.

Senator WELLSTONE. My final question is this. That, to me, is a very important issue. I think that is a serious question and one that we need to think deeply about.

Now my last question is more one for the record because Senator Biden did not get a chance to follow up on this and I want to do so for him. There is the whole question of the definition of NATO and whether or not Russia has said that it would like to join an expanded NATO or not. Senator Biden was very vociferous in saying that he would like for somebody to clarify the record.

Could one of you do that?

Dr. MANDELBAUM. Well, Senator, in my pamphlet I cite a number of published instances where senior Russian officials inquired on this and were told in no uncertain terms that they were not going to be allowed to join NATO.

I would add, Senator, that I do not favor bringing Russia into NATO. I think we have the best of all possible worlds now, and it is only what I regard as the ill-advised plan to expand NATO that raises this issue at all. Were there no NATO expansion, I don't think the Russians would be interested. Given my view of NATO's continuing relevance, I see no purpose in Russian membership.

Senator WELLSTONE. If there is no expansion, it is a moot point. If there is expansion, then the question becomes how this is perceived within Russia.

Dr. MANDELBAUM. Let me add one other point, Senator. If we expand to Central Europe, then the pressure will be enormous, and rightly so, to expand to the Baltic countries and to Ukraine. At that point, we may find ourselves in the position in which the only way we can honor the promise to the Baltic countries is to bring in the Russians at all.

Now that might or might be a good thing. It might or might not be disastrous. But I would regard that as less good from the point of view of American national interest to the status quo, which I favor.

Senator WELLSTONE. Ambassador Dean, is there anything you want to ask—and I am out of time?

Ambassador DEAN. Yes.

Senator WELLSTONE. I'm sorry. I mean is there anything you want to add.

Ambassador DEAN. I think it is quite clear that the Baltic State membership issue is the danger line in this entire complex of questions. There is no doubt whatever about the record there, that both Yeltsin—and Chernomyrdin said it only 2 weeks ago in Lithuania—feels that this would be a matter of the gravest security interest to Russia.

That is the problem that I see. That is the reason why I suggested that there be a fast track European Union method of giving membership in the European Union to these three countries as a substitute for their membership. I believe since they are small and their economies are not large, this could be done and should be done.

The CHAIRMAN. The distinguished Ranking Member, Mr. Biden, wants 5 minutes, and I tell him that I have the wire clippers in my hand.

Senator BIDEN. All right and thank you.

Gentlemen, Mr. Ambassador, I agree with you absolutely about the Balts. That is the fault line.

Really, much of what is being said here is that if, in fact, we had said at Madrid only these three and never anybody else, concern would be significantly diminished for both of you—I think, diminished. You still would not be for NATO expansion, but it does not rise to the level that you are most concerned about.

I fully agree with you and made the very point you made when I met with our European colleagues. I think when Senator Roth and I were with the NATO Observer Group and met with European defense ministers and foreign ministers, although they could not make such a judgment, we felt that a rapid move toward EU membership would really diffuse an awful lot of this.

Next, would your view change if tomorrow the Duma passed the START Treaty and the Chemical Weapons Convention? If a week from now or a month from now that happened, what would you say then about whether or not this emboldens the Reds and the Browns, emboldens the nationalists, and undermines U.S.-Russian relations? Would it change your view at all if those arms agreements are passed by the Duma? That is for either one of you.

Ambassador DEAN. It would change my view as to the present impact. But the souring of Russian political opinion toward relations with the United States did take place earlier and has been a constant. My worry, of course, is about the long-range implications of this development over a period of decades.

Senator BIDEN. I think that is a legitimate concern. I am not dismissing that concern.

I remind you that 2 plus 4 was the same argument. I just want to remind you of that. The same, exact argument was made.

It does not mean it should not have been made and it does not mean the argument should not be made now. My point is about dynamic change in Russia.

The question I have is what do you think happens in the gray area? I read with great interest in your piece, Doctor, about moving the fault line East. We are just drawing new lines in Europe. That's a legitimate point that you made.

Regarding the Poles and the Romanians who have not been invited to joint NATO thus far, what do you think these countries in this gray zone now do about their military relationships? I am not making the argument now that if we don't do this such and such will happen.

The chairman and I agree. If, in fact, this thing goes down for whatever reason, that the idea of American credibility is not lost. We have credibility because we are the 10,000 pound gorilla. It

does not matter what anybody thinks. There is credibility, period. I agree with that argument. So I am not making that argument in a back door way here.

But what happens? What do you think will develop? Just as you feel it is appropriate to ask the President to be able to tell you now how that region is going to develop so that he has a comprehensive plan, you tell me how you envision Central and Eastern Europe and the former Soviet States evolving in terms of their security architecture over the next 10 to 15 years absent this move.

Ambassador DEAN. Maybe I could start.

Absent this move, I think the main slack in the situation should be taken by the European Union and its expansion of membership.

Senator BIDEN. Do you think they will?

Ambassador DEAN. Oh, yes. I do think so. As a matter of fact, most experts do agree that the first tranche will be accepted by the year 2003 or 2004.

Senator BIDEN. Six months ago, those same experts did not think there was going to be one. I spent the last 2 years of my life doing nothing but this. I read the same experts.

Ambassador DEAN. Yes. But I think it will happen. Maybe the timing will be off. I think we realize that Estonia is in this first group.

Senator BIDEN. That's right.

Ambassador DEAN. And I think there is good prospect that the other two Baltic States will get in, too.

I think NATO in its present form should continue. I think the European Union should expand and that, indeed, the OSCE, which you have mentioned, should be built up somewhat. I have no objection whatever to the NATO—Russian Founding Act. I think it is a good thing which should be expanded. So it, too, should play a role. Those are the components, I think, of a stable European security order.

Senator BIDEN. I will leave you with only one thought. The red light is about to go on, and I take the chairman seriously.

I leave you with only one thought. Just as I will entertain the argument you have made—and sincerely, because I have an inordinate amount of respect for both of you. That is not hyperbole. You know that. You know what our relationship has been all these years.

I would like you to think about the dynamism that exists within Russia now and why you feel we have to view it in a static sense rather than a dynamic sense.

I cannot predict to you exactly how it is going to turn out. But I am prepared to predict, and my political future is resting on this prediction, that the dynamism in Russia is a dynamism that looks West. Russia sees, or ultimately will see, security and stability among its former "charges" and will moderate, not exacerbate, its attitudes toward dominion. I see that dynamic movement.

I am not suggesting you agree with it. I just respectfully suggest you at least entertain the prospect that if past is prologue, the recent past, I think there is argument that my view is at least as probable as the one you have.

The last point I will make is this. I have noticed in the French legislature, the German legislature, and the British legislature,

that when it comes to a choice between farmers and foreign policy, farmers always win. Did you hear what I just said? Farmers always win.

One thing I do know more about than either of you is politics. I mean that sincerely. Just look at the past. The reason why there has been any movement, in my view, on the EU is because of the movement on NATO.

The CHAIRMAN. As they say it in order, so might it be.

Senator BIDEN. Thank you, gentlemen.

The CHAIRMAN. Thank you, all. I hope that we have ventilated this. We have tried to. This is the way we want to do all hearings.

The record will be kept open for 3 days for Senators to submit written questions.

Thank you for appearing.

We stand in recess.

[Whereupon, at 4:38 p.m., the committee adjourned, to reconvene at 2 p.m., October 22, 1997.]

QUALIFICATIONS OF POLAND, HUNGARY AND THE CZECH REPUBLIC FOR NATO MEMBERSHIP

WEDNESDAY, OCTOBER 22, 1997

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The committee was scheduled to meet, pursuant to notice, at 2 p.m. in room SD–419, Dirksen Senate Office Building, Hon. Gordon H. Smith, presiding.

The Foreign Relations Committee hearing on the Qualifications of Poland, Hungary and the Czech Republic for NATO membership was canceled at 2:00 p.m. on October 22 due to an objection under Rule 26, § 5a. Per the unanimous consent request of Senator Smith of Oregon on November 5, 1997, the testimony submitted for this hearing is included in the written record of the hearing on NATO enlargement.

PREPARED STATEMENT OF MARC GROSSMAN,
ASSISTANT SECRETARY OF STATE,
EUROPEAN AND CANADIAN AFFAIRS

Senator Smith, Senator Biden, members of the committee It is an honor and a privilege to have this opportunity to appear before you today.

On October 7th, Secretary of State Albright appeared before this Committee to make the case for NATO enlargement and to ask for your consent to the addition of three new members to the Atlantic Alliance.

Today I hope to help contribute to your deliberations by talking about the reasons the United States and our NATO allies extended invitations to Hungary, Poland and the Czech Republic. As Secretary Albright said here on October 7: "Let me assure you that we invited only the strongest candidates to join the Alliance."

NATO membership entails the most solemn security commitment one country can make to another--the commitment to come to their defense in a crisis. NATO's decision in 1994 to enlarge the Alliance, and the Alliance's decision in 1997 to invite Poland, Hungary and the Czech Republic to begin accession negotiations were made only after a careful review of America's strategic interests and the qualifications of the countries involved. In making the decision to invite Poland, Hungary, and the Czech Republic to begin the process of accession, we put America's interests first.

Secretary Albright reviewed for this committee the reasons NATO enlargement is in America's interests: extending the zone of stability which NATO provides to the countries to NATO's east would further our goal of a united, peaceful Europe.

NATO must remain the strong Alliance that has served us so well for the last half century. That is why we have said from the onset that we will only admit countries that are willing and able to assume the responsibilities of membership and whose inclusion will serve the overall strategic interests of the Alliance. NATO is not a charity or a political club; it is and will remain a military Alliance.

All aspiring nations must meet each of these two tests: first, they must prove that they are willing and able; second, we in the Alliance must agree that their membership serves our common interests.

Before turning to the qualifications of these three countries, let me describe why their admission passes the test of being in the U.S. national interest.

The United States is a European power. If we have an interest in the lands west of the Oder river, then we also surely have an interest in the fate of the 200 million people who live in the nations between the Baltic and Black Seas. We fought World War II in part because these nations had been invaded. We waged the Cold War in part because they were help captive. Had Poland, Hungary, and the Czech republic been allowed to choose in 1949, when NATO was first founded, there is little doubt that they would have chosen to join the Atlantic Alliance.

As Secretary of State Albright said yesterday, now that the nations of central Europe are free, we want them to succeed and we want them to be safe. For if there were a major threat to the security of the region, I am certain we would chose to act, enlargement or no enlargement. Expanding NATO now is the surest and most cost effective way to prevent that kind of threat from arising, and thus the need to make that choice.

Poles, Czechs and Hungarians do not look at NATO as a one way street. They are committed to the Alliance's principles of shared responsibilities. They want to join NATO for the same reasons current allies want to keep it. History has taught them to believe both in a strong Alliance and a strong American role in Europe. They want to start taking responsibility for their freedom and security. They want to contribute to the security of the trans-Atlantic region.

But recognition of our strategic interest and their aspirations is not enough to earn an invitation to the world's most successful Alliance. These countries have to demonstrate to all current NATO members that they are qualified. NATO is a first class Alliance and we expect all new members to make a first-class contribution.

Decisions on who to include in the Alliance are made by the Alliance. There are no set criteria for NATO membership. There is no checklist that countries can meet in order automatically to gain entry. But there are five basic principles which we have established as benchmarks and we have insisted that each prospective member meet. These five principles are based on the NATO Enlargement Study of 1995 and were subsequently laid out by former Secretary of Defense Perry in a speech in Norfolk, Virginia in June 1996. They are:

- commitment to democratic reform;
- commitment to a free market economy; good neighborly relations;
- civilian control of the military; and
- military capability to operate effectively with the Alliance.

Twelve Central and Eastern European Partners have expressed their desire to join NATO. Last spring at the NATO Ministerial in Sintra, we discussed with our allies which of the aspiring Partners met this twin test of being in our strategic interests and being qualified. In the run-up to the July Madrid summit, we consulted closely in the Alliance on our choice. The discussions were vigorous.

At the Madrid summit, President Clinton and the allies reached consensus to extend invitations to the three countries we are discussing today: Poland, the Czech Republic and Hungary.

Why these three? Because Poland, Hungary, and the Czech Republic have not only met the requirements for NATO membership; they have exceeded them. Because Poland, Hungary, and the Czech Republic will be security producers, not just security consumers. Because Poland, Hungary, and the Czech Republic will make the Alliance stronger and will enhance European security and stability. And because Poland, Hungary and the Czech Republic will make America safer for future generations.

I will address the first four principles, my colleague, Assistant Secretary Kramer will address the military capabilities and contributions of each of the three invitees.

POLAND:

Poland has a solid track record of nearly eight years of reform. It has just witnessed its second democratic change of government since the collapse of communism. It has held seven fully free and fair elections at various levels since 1989. The press is free and the government has been a strong supporter of human rights. Poland has a new Constitution, approved by national referendum in May, 1997, which codifies the division of powers among the President, Council of Ministers, legislative and judicial branches.

Poland's economic growth rates since 1993 have been among the highest in Europe. Economic reforms in 1989 removed price controls, eliminated most industry subsidies, opened markets to international competition, and imposed strict budg-

etary and monetary discipline. Poland was admitted to the Organization for Economic Cooperation and Development (OECD) in 1996. The government is committed to privatization, and the private sector accounts for nearly ⅔ of GDP and employs 60 percent of the workforce. In 1996, Poland spent approximately 2.3% of GDP on defense.

Poland has resolved outstanding differences with its neighbors. Last May, President Kwasniewski traveled to Kiev to sign a declaration of reconciliation with Ukrainian President Kuchma, and Poland and Ukraine are exploring the possibility of establishing a joint peacekeeping battalion. Poland has strong economic ties with Russia and expressed support for the NATO-Russia Founding Act signed last May. Poland's relationship with the Baltic states, the Czech Republic, Hungary and with its NATO neighbors, Germany and Denmark, is excellent.

Poland's new Constitution codifies civilian control of the military and Poland is establishing legal and administrative structures to ensure such control is effective and provides for parliamentary oversight of the military. The 1996 National Defense Law subordinated the Chief of the General Staff to the Minister of Defense.

HUNGARY:

Hungary has had two complete democratic changes of government since 1989, in fully free and fair elections. All six parliamentary parties strongly support Hungary's entry into NATO. The government upholds human rights, freedom of expression, the rule of law, and an independent judiciary. The government has taken steps to improve the conditions of its ethnic minorities and to deal more effectively with the growing problem of organized crime.

Economically, in 1995, Hungary engaged in a successful strict stabilization program to cut the current account and budget deficits and to accelerate structural reform. Since 1990, Hungary has attracted almost ⅓ of all foreign direct investment in Central and Eastern Europe (approximately 16 billion dollars). Hungary has privatized almost all of the telecommunications and energy sectors, and has almost completed the consolidation and privatization of its banking sector. Hungary joined the OECD in May, 1996. In 1996, Hungary spent 1.6% of GDP on defense and has committed to increase military spending by .1% of GDP per year for the next five years.

Hungary has also resolved all outstanding differences with its neighbors. In 1996, Hungary concluded Basic Treaties on Understanding, Cooperation, and Good-Neighborliness with Slovakia and Romania, ending long-standing disputes among those countries. Hungary and Austria have a joint peacekeeping battalion which is part of the UN peacekeeping force in Cyprus, and Hungary and Romania are working to establish a joint peacekeeping battalion. Hungary's relations with Slovenia, Italy and Croatia are strong. In the last year, Hungary and Ukraine have signed bilateral cooperation agreements against organized crime, terrorism and drug trafficking.

Hungary has effective civilian control of the military, guaranteed by legislative and constitutional mechanisms which provide oversight of the military by the Defense Ministry, and oversight of the Defense Ministry by the Parliament. The constitution gives Parliament control of the military budget, structure, deployment, fielding, stationing, and senior leadership. The 1993 National Defense Law specifies that the Minister of Defense, who is a member of Parliament, is the superior to the Chief of Staff (Commander) of the Armed Forces.

THE CZECH REPUBLIC:

The Czech Republic has three fully free and fair elections since 1989. In 1996, two national elections were held: one for the lower house and one for the newly-created Senate. The Constitution provides for an independent judiciary and guarantees internationally recognized human rights. Freedom of speech, freedom of assembly and freedom of the press are fully protected.

Since 1989, the Czech Republic has engaged in tight fiscal and monetary policies, liberalization of trade and prices, and privatization of state enterprises.

Real GDP has been rising since 1994, inflation is controlled, and unemployment is low. The Czech Republic has, nonetheless, recently faced trade and current account deficits. The government has increased capital markets regulation and instituted fiscal austerity measures to address these problems.

The Czech Republic entered the OECD in December 1995 and has concluded an association agreement with the EU, as well as free trade agreements with the members of the European Free Trade Area and the Central European Free Trade Area. The Czech government has committed to increase military spending by 0.1% of GDP per year with a goal of reaching 2.0% by the year 2000.

The Czech Republic maintains excellent relations with its neighbors. In January 1997, the Czech Republic and Poland agreed to harmonize their countries' ap-

proaches to NATO and EU membership. Relations with Germany are especially strong and Germany is by far the Czech Republic's leading foreign investor. Austria and the Czech Republic have strong historical and economic bonds and Austria is the Czech Republic's sixth largest foreign direct investor. Relations with Slovakia are fundamentally sound, although some residual issues from the split of Czechoslovakia still remain. But ties and travel between the people of the two countries are very strong.

Under the Czech Republic's constitution, the President is the Commander-in-Chief of the military. The Minister of Defense is a civilian and the Parliament is increasingly active in defense and military issues. Parliament is expected to enact a defense law this year that will formally confirm in law the civilian command structure mandated by the constitution.

CONCLUSION:

We chose these three countries because we were convinced they will be good allies. They each have a track record that underscores their commitment to the values the Alliance is pledged to defend and uphold. In the past eight years, these countries have been among America's staunchest friends. Their forces fought with ours in the Gulf War and are with us today in Bosnia. They have joined with us on issues that are of vital importance to us, such as human rights, nonproliferation and the Chemical Weapons Convention. They are prepared to meet the responsibilities of NATO membership, including paying their share of NATO's costs. Our citizens and their citizens share many historical, familial, and cultural ties.

Poland, Hungary and the Czech Republic may not be as advanced as other current allies. They have work to do which require sacrifices to meet the obligations of NATO membership. They have challenges ahead of them.

But, they know that the benefits of NATO membership outweigh the costs. And we know that their membership in NATO will make NATO stronger, and America and Europe safer.

PREPARED STATEMENT OF FRANKLIN D. KRAMER,
ASSISTANT SECRETARY OF DEFENSE
FOR INTERNATIONAL SECURITY AFFAIRS

Mr. Chairman and members of the Committee: I welcome the opportunity to testify on the issue of NATO Enlargement, and, in particular, on how the military capabilities of the three select countries—Poland, Hungary, and the Czech Republic—will contribute to the effectiveness of the NATO Alliance and the achievement of security and stability in Europe.

Fundamental to answering this question is a recognition that Europe is changing and will continue to change in the 21st century. The preservation of security, including through military means, likewise is changing. The objective of NATO enlargement is to enhance security in the face of, and as part of, this change.

Now, and in the 21st century, the United States has and will continue to have a vital interest in Europe, as critical to preserving our own security and stability. We likewise seek to preserve and ensure the expansion of freedom and democracy throughout Europe. For these reasons, we fought two World Wars and we stayed the course during the 45 years of the Cold War. To serve these objectives in Europe in the century to come, we seek to avoid a power vacuum, the boiling over of ethnic divisions, the redress of old hatreds, or the establishment of any conditions that would create instability and insecurity and lead to future conflict. And we look to be able to perform the military missions, with our allies, that the 21st century may bring.

Those 21st century goals will be achieved and those 21st century military missions will be performed by NATO in a changing European context where:

- NATO itself is changing, from an Alliance committed to a fixed defense to one that is mobile and can deploy to where new threats may occur;
- Allies are working with Partner countries outside the NATO Alliance, in particular, through the Partnership for Peace;
- But where NATO retains its core capabilities, including, most importantly, its ability to perform collective defense.

NATO enlargement is part of the process of the adaptation of security in Europe. The military capabilities of the three new countries therefore must focus on NATO's

missions. Let me discuss them each, but let me begin with a context, the context of the existing capabilities that each country brings:

It is important to recognize that each of these countries has military forces that will add to the Alliance's existing capabilities:

- Poland has a force of 230,000, roughly the size of the forces of the United Kingdom (228,000) and Spain (200,000).
- The Czech Republic and Hungary have forces of 57,000 and 60,000, respectively, roughly the size of the armed forces of Portugal (56,000) and Canada (64,830). Combined, the three invitees will add almost 300,000 soldiers, sailors and airmen to the Alliance, including units with unique and specialized capabilities such as chemical decontamination and combat engineering. All three countries have begun training their troops in NATO doctrine in earnest, and all three will be able to make a substantial contribution to the force projection, strategic depth, and capabilities of the Alliance. Put simply, from this perspective, an Alliance with nineteen committed Allies has more to offer than one with sixteen, and a larger Alliance can spread the fiscal and operational burden more evenly.

It goes without saying, of course, that these three countries need to make improvements in a number of areas, including operational capabilities, force structure and modernization. I would like to address how Poland, Hungary and the Czech Republic plan to improve their capabilities and readiness and how they can make their contribution to the Alliance most effective.

I. CONTRIBUTING TO AN ADAPTED ALLIANCE

In the 21st century, NATO must be able to deal with the problems of instability and insecurity, and each of the new countries has demonstrated already the ability to contribute to these new missions.

With the largest and most capable military in Central and Eastern Europe, Poland has brought its 25 years of peacekeeping experience to NATO's efforts in Bosnia. Since 1974, Poland has participated in more peacekeeping operations than any former Warsaw Pact country, and it currently has more personnel in UN peacekeeping, military observer and civilian police missions than any other country. These deployments with multinational operations have enabled Polish troops to gain experience which has greatly enhanced their NATO-interoperability. It currently has a 400-person airborne infantry battalion in SFOR's U.S. sector, a 355-person logistics battalion in the Golan Heights (UNDOF), an infantry battalion and military hospital (632 troops) in Lebanon (UNIFIL), 53 soldiers in Eastern Slavonia (UNTAES), and troops supporting eight UN observer missions. In 1989, they established a military training center for UN operations in southeastern Poland. In 1992, the Poles deployed an infantry battalion with UN forces in Croatia. Since then, Poland has shown an increased willingness to provide combat forces in support of peacekeeping, as reflected by their commitment to IFOR and SFOR. Poland is currently working to establish joint peacekeeping battalions with Ukraine and Lithuania, and the Poles have contributed to UN efforts in Rwanda (UNIMIR), Georgia (UNOMIG), Tajikistan (UNMOT), Iraq/Kuwait (UNIKOM), the Western Sahara (MINURSO) and Cambodia (UNTAC).

The Czech Republic currently has a 620-person mechanized battalion in SFOR, and prior to that it contributed an 870-person mechanized battalion to IFOR and a 985 person infantry battalion in UNPROFOR. The Czechs also deployed a 200-man decontamination unit to DESERT SHIELD/DESERT STORM and have provided observers to UN observer missions in Croatia (UNTAES), the Prevlaka Peninsula (UNMOP), the Former Yugoslav Republic of Macedonia (UNPREDEP), Mozambique (UNOMOZ), Georgia (UNOMIG) and Liberia (UNOMIL).

Hungary contributed a 400-500 man engineer battalion to conduct bridging and other engineering operations in support of IFOR. This battalion, now reduced in number to 200-250, is currently deployed in support of SFOR. Hungary's support to IFOR and SFOR also included allowing U.S. and NATO forces to transit its airspace, station at its airfields and use its facilities. Hungary demonstrated its ability to operate as part of the NATO team with every bridge that was built and every plane that landed and took off from its airfields. Over 80,000 U.S. military personnel rotated in and out of IFOR and SFOR assignments through the Hungarian airbase at Taszar. U.S. armor units calibrate their guns at Hungarian ranges prior to deploying to Bosnia, and again upon re-deploying.

Past Hungarian peacekeeping contributions have included a 39-troop contingent in Cyprus (recently increased to more than 100) as part of an Austrian battalion assigned to UNFICYP; a 26 soldier and 15 policemen contingent in the Sinai (MFO); and 20 observers in Iraq/Kuwait (UNIKOM), Angola (UNAVEM), Cambodia (UNTAC), Mozambique (UNOMOZ), Tajikistan (UNMOT), and Georgia (UNOMIG).

Hungary may also provide forces to the UN Standby Forces High Readiness Brigade (SHIRBRIG).

In short, Poland, Hungary and the Czech Republic are already working with NATO and NATO Allies in the field.

II. AVOIDING NEW DIVISIONS IN EUROPE

NATO must also work with the other countries of Europe to keep new dividing lines from being created. The Partnership for Peace and its recent enhancements are integral efforts in this regard. Each of the three new countries has many substantial outreach efforts, including significant involvement in the Partnership for Peace, which will strengthen the bonds between NATO and those countries not yet selected for membership.

The Czech Republic has served as a political role model for Central and Eastern Europe. It has made great progress in establishing broad democratic control over its armed forces; it is fully dedicated to a free, open market economy and since 1989 it has been a fully functioning democracy. The Czech Republic has also cultivated close ties with all of its neighbors. No border is in dispute with Germany, Austria, Poland or Slovakia, and the Czechs have no conflicts with neighboring countries relating to minority ethnic groups. Since the Madrid Summit, Prague has also increased its trilateral regional defense cooperation with Warsaw and Budapest. The Polish, Hungarian and Czech militaries agreed to jointly address the NATO Defense Planning Questionnaire (DPQ), air defense, logistics, human resources management, and the preparation of delegations to the accession negotiations. Bilaterally, the Czechs have also contributed to the security of Central Europe by resolving historical disputes and developing close ties with Germany. In 1993, they signed a military cooperation agreement with Germany, and they have worked closely with the German military since then.

Poland is forming joint NATO-interoperable peacekeeping battalions with both Ukraine and Lithuania, efforts which not only improve its ability to deploy to peacekeeping operations, but which also reassure both Kiev and Vilnius that their future lies with Europe. It is also working with Germany and Denmark to form a trilateral mechanized infantry corps that would be fully integrated into the NATO force structure.

Outreach initiatives like these, combined with Poland's geographic location, will enable Poland to serve as an important ambassador for NATO to the East. Poland has also undertaken active defense cooperation with the Baltic states, particularly Lithuania, to reassure them of Europe's commitment to their security. Poland has also made efforts to normalize relations with Moscow, which reinforces the increasingly close cooperation between NATO and Russia. Finally, Poland's internal reforms, including enhancing civilian control of the military and taking steps to strengthen its democratic polity and market economy, serve as a role model for other Central and Eastern European states which aspire to increased integration into Western political, economic and defense institutions.

Hungary participates in several Central-European regional cooperation organizations that indirectly reduce the effects of risks and instability. Hungary has concluded more than 170 cooperation agreements with its neighbors, encompassing a broad variety of fields. Especially noteworthy are agreements with Slovenia and Italy to form a trilateral peacekeeping brigade; an agreement with Romania to form a combined peacekeeping battalion; and a treaty with neighboring Slovakia on good-neighborly relations and friendly cooperation that covers everything from protecting the environment, to protecting minorities, to pledging never to use force against each other. Hungary is also a participant in the U.S.-established secure "hot line" network, which provides secure communications among most central European Ministers of Defense in the event of a crisis.

Each of these countries' outreach efforts helps to strengthen ties with current NATO members, as well as to build bridges from the Alliance to important non-NATO allies and Partners. Their efforts are thus already contributing to the enhancement of the Alliance.

III. ENHANCING THE ALLIANCE

The three new countries have, as I have already discussed, shown the ability and willingness to contribute to the Alliance's new missions and to work in Europe to erase old divisions and to bring all European countries into an effective security structure. Ultimately, however, NATO depends on its ability to perform collective defense. Each of the three new countries is taking steps in the right direction to perform that collective defense mission. To understand these steps, let me again give some context.

Poland, Hungary and the Czech Republic all maintained their militaries for four decades under the Warsaw Pact. Not surprisingly, then, the current status of these militaries reflect Warsaw Pact doctrines and approaches. In our working with these countries, we have sought to make their militaries more like NATO militaries, for such a transformation is important to make their inclusion into NATO as effective as possible. We recognize that they will not have fully transformed militaries by 1999. Instead, we have sought to ensure that each country has a plan to effect such a transformation over time. We have done so in NATO and also through bilateral efforts, as have other members of the Alliance. In NATO, we have focused on interoperability through the Partnership for Peace and, since the Madrid Summit, on the NATO Defense Planning Process. We have also focused on the key national priorities for each country to make it most able to work effectively with NATO. As we considered such priorities, we found that there were three broad, critical categories: personnel reform; training and doctrine; and interoperability, this last with a focus on command, control and communications, air defense architecture, logistics, and infrastructure to facilitate reinforcement.

Let me discuss the plans of each of these countries to deal with these critical NATO and national issues. Each of the three countries has recognized that NATO compatibility depends on the implementation of a well thought-through plan. As noted above, these plans include involvement with PfP, the NATO Defense Planning Process, and the establishment of national efforts.

A. Interoperability Through the Partnership for Peace

I have discussed previously the benefit of PfP toward avoiding further divisions of Europe. But the PfP program, particularly the conduct of military exercises, has also been a training ground for NATO enlargement. For example, in 1997 alone, Poland will have participated in 22 PfP exercises in which the United States also took part; the highlight of these events was exercise BRAVE EAGLE, one of the largest and most complex Pfp exercises to date, which Poland hosted. Poland also participates in a hundreds of bilateral and multilateral exercises, seminars, and other activities with other Partners and NATO Allies, all of which contribute to increasing their interoperability. The Poles have emphasized military training and tactical exercises in their PfP participation.

Hungary has been an enthusiastic participant in the PfP program and the enhanced PfP effort, as the Hungarians believe that PfP activities contribute directly to the establishment of NATO interoperability and its declared objective of NATO integration. Hungary was, in fact, the first Partner to include a PfP line item in its defense budget. Like Poland, Hungary has participated extensively in bilateral and multilateral military exercises and activities which have produced valuable lessons learned. The Hungarians have participated in seventeen multilateral PfP exercises in 1997 in which the United States also took part, and it will host a major exercise next Spring. The invitation in Madrid will gradually alter the nature of Hungary's participation in PfP, making Hungary not only a consumer but more and more a contributor to the enhanced PfP program. Since the Madrid Summit, for example, Hungary has offered to mentor Romania on the DPQ process, and they have volunteered to participate in the twelve NATO teams assessing Albania's post-conflict military.

The Czechs participated in eighteen multinational PfP exercises with U.S. involvement in 1997. They have also conducted numerous joint training activities and joint exercises with a majority of other Allies, including Belgium, Canada, Denmark, France, Germany, Italy, the Netherlands, Spain and the United Kingdom. They have conducted joint company, battalion and brigade training with the French 7h Infantry Division and the British Royal Marines, just to name a couple of the major training partners. In overall numbers of activities, they have been particularly closely involved with Germany, where they signed up for 100 joint activities for 1997 alone.

In addition, during the last three years all three countries have participated in PfP's Planning and Review Process (PARP), in which NATO established 41 specific Interoperability Objectives (IOs). Examples of these objectives include: C3/SAR, ground refueling of aircraft, commonality of airfield procedures, use of NATO communications procedures and terminology, aircraft IFF system, logistics support, and interoperability of communications equipment and of air navigation aids. Poland committed to attain all 41 IOs by 1999, Hungary pledged to reach 38, and the Czech Republic promised to meet 31.

As NATO assessment teams have visited each country over the past two months they have increasingly discovered evidence that PfP and PARP have produced results directly relevant to NATO enlargement. For example, when the American gen-

eral heading the NATO team visiting Kecskemet Air Base asked how Hungary would accommodate a squadron of NATO F-16s, he was surprised by the precision and level of detail of the Hungarian response—and the level of installation readiness achieved. He was told that the Hungarians has not just "planned" for the accommodation of NATO's F-16s—they had done it. Through a PfP exercise, Hungary had hosted a squadron of Dutch F-16s for several weeks in 1996.

In many cases, the selectees have used the interoperability objectives as guideposts for procurement decisions—decisions they have made and implemented—in advance of NATO membership. For example: a SHAPE analyst monitoring the NATO Common Fund Cost Study's progress noted that even though communications and information systems requirements were increasing, the prospective costs to the Czech Republic kept dropping. Upon closer inspection, it turned out the Czechs had already anticipated the requirements for secure and non-secure digital communications programs and had applied NATO standards to the national programs they are pursuing on their own. In short, because of PfP the Czechs have already spent their own money to fund some projects that we had assumed would be paid for by NATO as a whole through the common budgets.

All three countries' active participation in PfP activities and exercises have helped them understand how to operate with NATO forces and are preparing them for the burdens and responsibilities of NATO membership. Experience gained through PfP was integral, for example, in each country's preparation of its DPQ reply.

B. Successful Completion of Initial DPQ

Since Madrid, the three invitees have gone beyond PfP activities and worked with the NATO international staff to fill out a special Defense Planning Questionnaire (DPQ) as their initial step into the NATO Defense Planning Process. These questionnaires, which all NATO allies submit annually, are a disclosure of each country's force and financial plans. Each of the invitees was visited in July and September by the international staff, which delivered and explained the DPQS. Teams with the international staff met frequently with the invitees to assist their defense ministries in preparing their replies. I am pleased to be able to tell you that all three of the invited countries submitted their DPQ replies by the deadline of 1 October—a deadline that was not announced to them until the Madrid Summit in July. To put this in perspective, only four of the current NATO allies met their deadline this year—and the United States was not one of them.

Poland has declared its willingness to commit all of its operational military forces to NATO. One-third will be designated as "NATO-Assigned," meaning they will be fully integrated into the NATO force structure and placed under the operational command or control of a NATO commander when called upon. These NATO-Assigned forces, which include both immediate and rapid reaction forces, are already partly capable of joint operations with NATO and should be fully interoperable by 2002. The types of units to be assigned to NATO include airborne, armor and air defense units, as well as fighter squadrons and transport aircraft. Poland will designate the remaining two-thirds of its armed forces as "NATO Earmarked," meaning they could be put under NATO operational command or control in time of need.

Since its DPQ submission, Czech officials have noted that they are willing to earmark up to 90 percent of their operational forces to NATO in times of crisis. The Czech Republic is also expected to assign to NATO's force structure elements of both their immediate and rapid reaction brigades, as well as fighter and combat helicopter squadrons, search and rescue units, chemical defense units, and mechanized and artillery brigades. The military and MOD staffs will also continue to refine the DPQ Reply with NATO and help develop its Target Force Goals, which are due early next year.

Presently, Hungary has assigned to NATO both immediate reaction and rapid reaction forces, consisting of combat brigades and battalions, support brigades and battalions, fighter squadrons, artillery units, and anti-air, anti-armor and combat helicopter assets. These forces are only partially able to conduct joint operations with NATO at present, but the Hungarians are working hard to increase capabilities. Hungary has also earmarked to NATO a number of air force units.

C. National Efforts

PfP and NATO defense planning efforts are only part of the work of these countries to be able to perform the task of collective defense. I have regularly worked with the governments of these countries on NATO issues. In mid-September, I traveled to Budapest, Prague and Warsaw to discuss with senior civilian and military officials the steps which these countries are taking to prepare themselves for NATO membership. In extremely candid sessions, they provided their assessments of their

own strengths and weaknesses, and they discussed in great detail their plans for improving their interoperability with NATO forces. Remedying many of the shortcomings they identified will be costly, and some will take time. I was, however, pleased with what I heard. Let me review some of their efforts.

1. Military reforms and modernization

In Poland, I was briefed last month on the wide range of military reforms and modernization programs that will reshape Poland's military doctrine, restructure the armed forces, and modernize military technology and capabilities. The Ministry of Defense has developed a comprehensive 15-year plan to modernize the military and make it interoperable with NATO, assisted by the defense planning skills learned from the processes of compiling Poland's Defense Planning Questionnaire Reply and cooperating with NATO Staff on the development of Target Force Goals. The initial focus of the long-term plan will be on several key areas: command, control and communications (C3); air defense and air traffic control; logistics and infrastructure; and personnel reform, including a 21 percent reduction in forces and an increase in the quality of training provided to those that remain. These areas of focus are identical to those we see as critical.

Hungary has developed its own plan, "Force 2000", to better prepare it for NATO admission. Its goals are to downsize the armed forces, standardize structures along NATO lines, further professionalize and increase the volunteer personnel in its force, and improve the quality of military life. This plan is scheduled for completion in 2001. After 1998, the Hungarians will focus on additional NATO adaptation requirements and the modernization of land and air force equipment. Hungary has an integrated system of defense planning compatible with the NATO system. The new command and organizational structure, to be in place by the end of 1997, places the main emphasis on establishing NATO compatibility. The medium-term plan priorities include the modernization of air defense, reconnaissance, information and control systems, the acquisition of modem armored and transport vehicles, modernization of aircraft and helicopters, implementation of NATO standards, and training and equipment interoperability for NATO designated units. Hungary has devoted a large amount of staff time to learning the NATO defense planning process. The staff is now turning its attention to completing the process and focusing on the development of NATO-directed Target Force Goals by early next year.

The Czech defense leadership is well aware that their process of creating a new defense establishment is far from complete. They know that they need to take steps to increase public support for membership (and recent polls do show much increased support); that serious, effective military personnel reform must take place; that a series of defense acts must be passed by parliament to legalize the reforms being implemented in the Czech Armed Forces; and that interagency coordination on defense issues must be improved. They realize that they have much work to do in these areas; while they are working with us and other Allies to overcome them, the Czechs know that they will have to do the majority of work themselves. The Ministry of Defense will be working hard to implement the recommendations of its recently-approved long-term defense plan, "National Defense Concept 2005," which addresses most of the Czech Republic's crucial defense reform challenges.

2. Allocating Sufficient Resources

The reforms called for in each country's long-term modernization plan will not come cheap, and each country has pledged to commit the resources required to achieve their objectives. Poland has carefully thought through the financial implications of the broad reforms in its 15-year plan, which calls for annual increases in defense spending which are pegged to the levels of GDP growth to cover the necessary costs. Based on a conservative estimate of 4.2 percent annual growth, defense spending will increase approximately 3.2 percent annually. In 1996, Poland spent 2.3 percent of its GDP on defense, a higher percentage than half of current NATO Allies.

Hungary has also focused on the need to provide adequate resources for defense. The total national defense budget for 1997 is about $800M, which represents about 1.8% of projected GDP. Hungary has stated that it plans to link defense spending growth to the rate of GDP growth and to increase the percentage of GDP dedicated to defense by 0.1 percent annually for the next five years. If so, Hungarian defense spending may increase in real terms by three to eight percent annually during the next four years. Between 80-85% of future planned defense budgets will be dedicated to the maintenance of the Hungarian Defense Forces (HDF), and 15-20% will be allocated to its development. Hungary assesses that this budget may not provide the necessary funds for a significant degree of modernization in the armed forces. Until the end of 1998, Hungary will allocate 12% of its military budget to procure-

ment and modernization; in 2001, Hungary plans to increase the amount allocated to 25%. Lacking sufficient overall fiscal resources for modernization of the entire force, we can anticipate that Hungary will concentrate its efforts in specific areas such as modernizing air and air defense forces, modernizing C41 capabilities and preparing selected ground units capable of operating alongside NATO forces in peacekeeping and out-of-area operations.

Czech military, defense, foreign affairs and parliamentary officials assured me in September that the Czech Republic plans to increase its defense budget by 0.1 percent of GDP for each of the next three years, bringing defense spending up to 2.0 percent of GDP by the year 2000. For 1998, using Czech Defense Ministry figures, this would raise total defense spending from approximately $900 million to $1.1 billion dollars. Such a decision is a positive sign, particularly in light of the devastation caused by the recent floods, which hit about one-third of the country. I am confident that their determination to implement crucial reforms and their decision to devote substantial resources to the restructuring and modernization of the armed forces will help make the Czech military a net provider of security by 1999.

D. CORE CAPABILITIES AND INTEROPERABILITY

The Czechs, Poles and Hungarians are all focusing on the deficiencies that we believe present the greatest challenges: personnel; training and the adoption of NATO doctrine; and interoperability.

1. Personnel

We have made it clear to all three that serious, effective military personnel reform must be accomplished as soon as possible within the Armed Forces, and all three have begun to take the necessary steps. The Czechs agree that they need to create a Western structured military, reliant on an effective Non-Commissioned Officer corps, with quality, well-trained forces that are properly recruited, paid, housed, and retained. To accomplish these goals, they understand that they need to dedicate the required resources and, in some cases, pass appropriate legislation.

Personnel reforms will encompass perhaps the most drastic and the most difficult changes to the Polish military. The military has announced plans to cut total forces from 230,000 to 198,000 by 1999, and to 180,000 by 2004. It will increase the number of career soldiers from 36 percent to 50 percent of total troops, and it plans to improve the junior-to-senior officer ratio from its current 50:50 to a more appropriate 70:30 by the year 2012. To reflect better the reliance by NATO militaries on a skilled, professional NCO corps, Poland plans to increase the number of NCOs to one-third of its total forces and to invest heavily in their training.

Difficult personnel reforms are also needed in Hungary. Hungary's priority areas for personnel also include improving the ratio of junior to senior officers and of officers to NCOS, but they also plan to address quality of life issues for the military, win a 23% pay raise for the military in 1998 (Parliament votes on this issue in early December), and enact legislation on pay standards (scheduled to take effect on January 1, 1999). The military has stated that it will cut ground forces personnel from the present 59,715 to 34,000 by 2005, and Air Force personnel from the current 17,500 to 14,000. Hungary hopes to have a 60:40 professional to conscript ratio by the end of the century. Another important objective is to increase the present one-to-one proportion of NCOs to officers to two-to-one, and ultimately three-to-one. The length of service for conscripts will be reduced from 12 to 9 months.

Like Poland and Hungary, personnel reforms will be perhaps the most drastic and most difficult change for the Czech military to implement. The Czechs assured us during a recent visit to Prague by Assistant Secretary of Defense for Force Management Policy Fred Pang that personnel reform is their number one military priority. They pledged to develop, with our support, a concrete action plan that will address and correct their personnel deficiencies.

The Czechs began the process of implementing personnel reform back in March when it approved the National Defense Concept. The primary objective of the concept is to reorient the military away from the heavy, manpower-intensive Soviet-style corps of the Warsaw Pact and toward smaller, more mobile, NATO-compatible units in both the Czech Ground Forces (Army) and Air Forces. The plan aims to downsize the armed forces to 55,000; develop a professional cadre of career soldiers; standardize structures along NATO lines; improve the quality of military life; and, most importantly, develop a professional NCO corps. The implementation of this plan, which started on July 1, is scheduled for completion by the end of 1998.

2. Training and NATO Doctrine

Each country has begun to aggressively adopt NATO doctrine and incorporate it into their training programs. Within the PfP framework, all have obtained NATO

Standardization Agreements (STANAGS) and regulations and are translating them as fast as they receive the documents from Brussels. All three have also set up NATO Integration departments in the Ministries of Defense and Foreign Affairs, as well as in the General Staff, to help achieve their prioritized interoperability goals and facilitate their swift operational integration into the Alliance.

Training will become a crucial element of each country's integration plans. The operational experience gained through active participation in PfP exercises has greatly improved the ability of all three invitees to operate jointly with NATO forces. Each country is conducting staff exchanges with the United States in such areas as acquisition, budget and finance, logistics, public affairs and legislative affairs.

The one million dollars Poland received from the United States under the International Military Education and Training (IMET) program has provided training in such key areas as English language skills, NCO development, and logistics. Poland has also received training from other Allies in logistics, English language, C3, and defense planning. English language proficiency is a critical element of NATO interoperability. and Poland plans to have 25 percent of officers in NATO-designated units proficient by 1999. Over 1,100 officers per year are currently studying NATO languages (primarily English).

The Hungarians have placed a great deal of emphasis on training. Two of Hungary's highest priorities are to increase English proficiency and to improve the quality of professional training, and the one million dollars in IMET funds which the United States provided in 1997 has been spent wisely in both areas. NATO Allies also provide training to Hungary in NATO doctrine, recruitment, defense planning, and force modernization.

Training provided by the United States and Allies has directly impacted both Hungarian operational capabilities and senior-level defense planning and reform. The Chief of the Defense Staff and Commander of the HDF is the first officer of his grade and responsibility from all of Central and Eastern Europe to attend the U.S. Army War College. His First Deputy Chief of Staff is also a U.S. War College graduate. Together, based on their U.S.-training, they have successfully restructured the Hungarian General Staff and Service Staffs along NATO lines to be more compatible and interoperable with NATO.

The Czech Republic rightfully views the Partnership for Peace (PfP) program as the most direct path to achieving NATO compatibility, and its participation with the United States and other Allies have enabled it to begin developing the capabilities needed for it to operate with NATO forces. Active PfP participation, coupled with its peacekeeping activities, already allows Prague to contribute well-trained and seasoned personnel that are familiar with NATO procedures and operations. The Czechs have used the $800,000 in IMET funds provided by the United States in 1997 for training in such areas as English language skills, NCO development, and defense planning. The Czech Republic has also received training from other Allies—the United Kingdom, France and Germany, among others—in C3, logistics, air defense, and air traffic control.

3. Interoperability

The third broad area of national effort for each of these countries is interoperability with a focus on C3, air defense architecture, logistics, and infrastructure. All three invitees will be making significant investments to infrastructure improvements—some of which they would have made whether they were invited to join the Alliance or not—and they know that those improvements will be costly. We are finding, however, that some of the infrastructure inherited from the Warsaw Pact is adequate and does not require significant modifications for NATO use. When a SHAPE assessment team visited Poland in September, for example, they asked a Polish major familiar with the details of a particular rail complex whether we could reasonably expect to transport a NATO armored division through it in one week's time. The amused major replied by asking the SHAPE general how many Soviet heavy divisions he thought they planned on moving through the same location when the trains were heading west.

All three countries are also moving quickly ahead on initiatives to improve interoperability in key areas. For example, sweeping reforms to existing air defense and air traffic control systems have greatly improved the three invitees' ability to defend and manage their airspace. When their Air Sovereignty Operations Centers (ASOC) come online in 1998, Poland, Hungary and the Czech Republic will have consolidated control of their civilian and military air traffic control networks into one streamlined system and be ready to establish a future link with NATO's air defense system when the political decision to do so is made. Hungary has already completed

the installation of "identification-friend-or-foe" (IFF) transponders to their modem combat aircraft, and Poland and the Czech Republic plan to do so by 1999.

POLAND

Poland has ensured that most senior unit commanders are familiar with NATO command, control and communications procedures by incorporating NATO C3 procedures into its training, by participating in C3-related Partnership for Peace exercises, and by adopting NATO command structures, military maps, and hundreds of standardization agreements (STANAGs). U.S. Warsaw Initiative funds are being used to acquire NATO-interoperable communications equipment, and a U.S. Air Force team conducting a C3 interoperability study reported that Poland already has "an excellent foundation for achieving NATO interoperability objectives" in this area.

Poland has selected two air defense squadrons for full NATO interoperability, and it is working to implement NATO air defense doctrine across the board. Improvements made under the Warsaw Initiative-funded Regional Airspace Initiative (RAI) have enabled Poland to cut air defense personnel from 110,000 in 1991 to 56,000 in 1997, and it is striving ultimately to bring this number down to 38,000.

Poland's ports, airfields, rail and road networks and other infrastructure are already largely capable of receiving NATO troops and materiel, and its logistics forces are working to improve their ability to support NATO troop deployments to Poland and Polish troop deployments abroad. Poland has identified specific areas where improvements continue to be required, and it has included them in its 15-year modernization plan. Poland's defense infrastructure includes nine training facilities that are available to NATO, several of which have already been used by NATO Allies.

HUNGARY

Along with the Poles and the Czechs, the Hungarians are moving ahead with their new NATO-interoperable Air Sovereignty Operations Center. Force modernization is required in all services but will take many years due to lack of available funds. Approximately 70-80% of major equipment is becoming antiquated, for example, and the current air defense capability is limited.

In the area of command, control, and communications (C3), the Hungarians have incorporated NATO C3 procedures into training, ensured that all major unit commanders are familiar with NATO C3, stressed English language training, and made very effective use of the funding Congress has made available through the International Military Education and Training program. All Service schools and academies include NATO C3 in their curricula. Active participation in C3-related PfP exercises has helped them adopt NATO-compatible procedures. They are using over $3 million in Warsaw Initiative funding to acquire NATO-interoperable communications equipment, and plan on spending more this fiscal year.

In the area of Air Defense and Air Traffic Control, the Hungarians are in the process of merging civilian and military air traffic control networks. They hope to see the ASOC operational in 1998 and already have aircraft equipped with IFF systems, as previously mentioned. In addition to the U.S., Belgium and the Netherlands are providing Air Traffic Control assistance.

In the area of infrastructure, the Hungarians are well on their way toward the creation of a NATO-compatible air base at Taszar that can be used as a staging base. Their assistance has allowed us to throughput more than 80,000 U.S. military personnel for rotation into and out of IFOR/SFOR assignments, and Hungary will continue to provide such host nation and transit support for Allied forces.

As far as logistics are concerned, the Hungarians have set a medium-term objective to improve interoperability and the capability to receive NATO troops and materiel. They hope to have NATO fuel classification and increased distribution capabilities by 1999. They have established a NATO logistics liaison unit in the General Staff, and the U.S.-contracted Logistics Management Institute conducted a very successful logistics exercise last month.

CZECH REPUBLIC

The Czech modernization program also focuses on C3; air defense and air traffic control, and infrastructure. In the area of C3, the Czechs have incorporated NATO C3 procedures into training; all major unit commanders are familiar with NATO C3 and they have stressed English language training. All Service schools also include NATO C3 instruction. In the area of Air Defense and Air Traffic Control, the Czechs are in the process of merging their civilian and military air traffic control networks (considered state-of-the-art), a process which will be completed with the introduction of their Air Sovereignty Operations Center (ASOC) in 1998.

In the area of infrastructure, the Czech Republic's airfields, rail and road networks, as previously mentioned, are already capable of receiving some NATO troops and materiel. It is also working closely with NATO to make sure its infrastructure will be NATO-compatible.

As far as logistics are concerned, the Czechs, like the other two invitees, have set a medium-term objective to improve interoperability and the capability to receive NATO troops and materiels They are working with NATO on a number of key issues, including plans to increase their distribution and storage capabilities by 1999. They have also established a NATO logistics cell in the General Staff. They have flexible and redundant distribution networks for petroleum, oil and lubricants; are increasing their links to western oil and gas pipelines; and possess sufficient munitions for their current weapons systems.

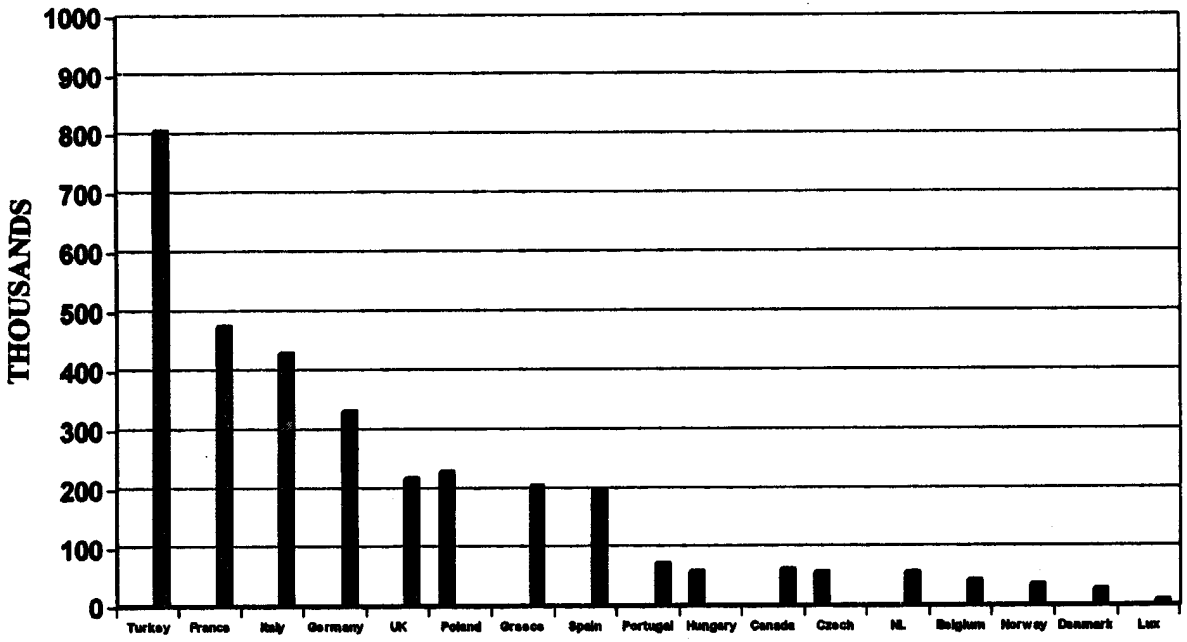
CONCLUSION

Reforming military doctrine, overhauling personnel systems, and modernizing weaponry and equipment are not small tasks, and all three countries' armed forces certainly have hard work ahead of them. It goes without saying that much still needs to be done to turn their plans into reality. However, their Political and military leaders are firmly committed to their integration with the West and to their membership in NATO. They have promised to dedicate the necessary resources to improve their military capabilities, and the defense establishments of the United States and other NATO Allies will continue to help them achieve their objectives by providing training, advice and material assistance. I am fully confident that, with the reforms and strategies currently being implemented in all three countries, Poland, Hungary and the Czech Republic will be both reliable allies and net Producers of security to the North Atlantic Alliance.

Thank you.

Strength of Armed Forces

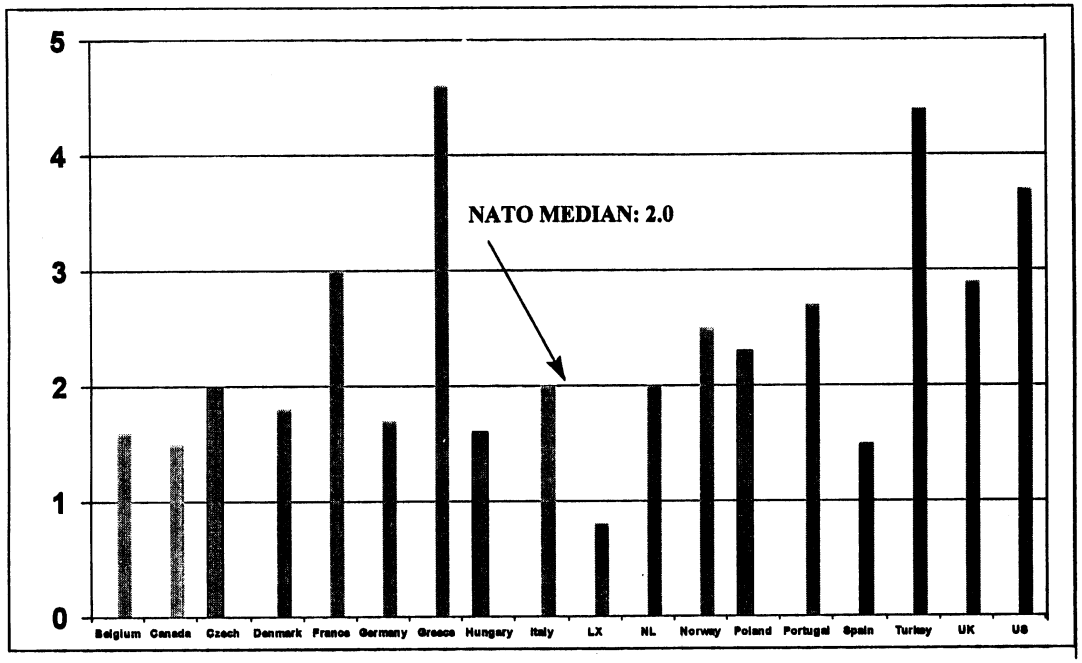
1996

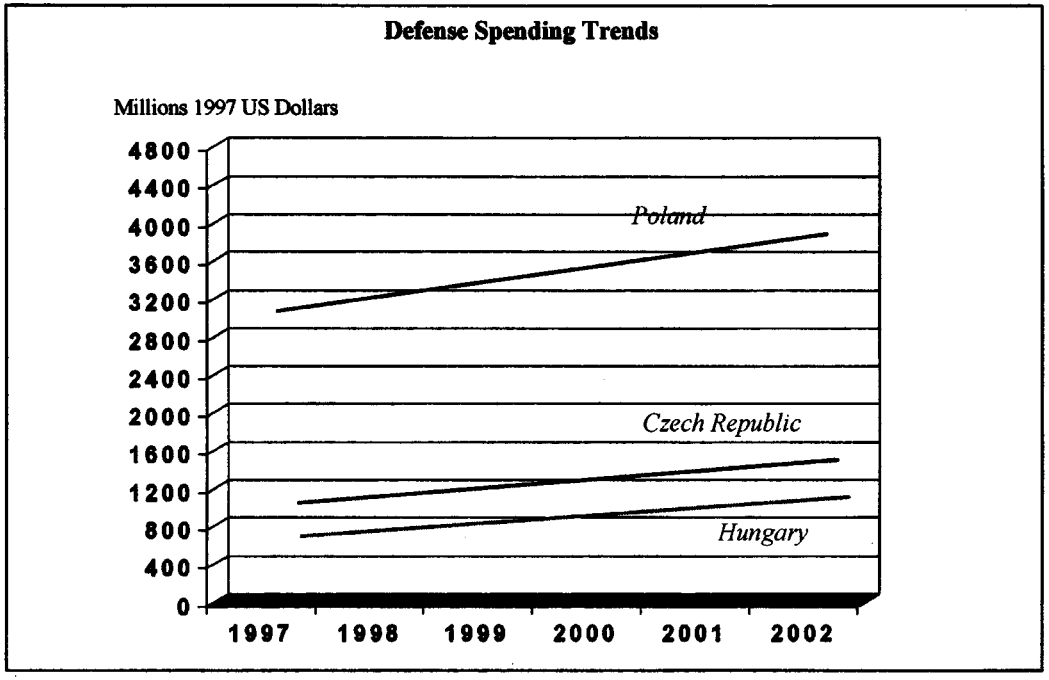


PEACEKEEPING CONTRIBUTION OF THE NATO INVITEES

	POLAND	HUNGARY	CZECH
Bosnia:			
SFOR	✓	✓	✓
IFOR	✓	✓	✓
UNPROFOR	✓		✓
UNMIBH	✓	✓	
Other:			
MFO *(Sinai)*		✓	
MINURSO *(Western Sahara)*	✓		
MONUA *(Angola)*	✓	✓	
UNAMIR *(Rwanda)*	✓		
UNAVEM *(Angola)*	✓	✓	
UNDOF *(Golan Heights)*	✓		
UNFICYP *(Cyprus)*		✓	
UNIFIL *(Lebanon)*	✓		
UNIKOM *(Iraq Kuwait)*	✓	✓	
UNMOP *(Prevlaka Peninsula)*	✓		✓
UNMOT *(Tajikistan)*	✓	✓	
UNOMIG *(Georgia)*	✓	✓	✓
UNOMIL *(Liberia)*		✓	✓
UNOMOZ *(Mozambique)*		✓	✓
UNOMUR *(Uganda Rwanda)*		✓	
UNPREDEP *(Macedonia)*	✓		✓
UNTAC *(Cambodia)*	✓	✓	
UNTAES *(Eastern Slavonia)*	✓		✓

Defense Burden
Spending as Share of GDP - 1996




Defense Spending Trends
Millions 1997 US Dollars
4800
4400
4000
3600
3200
2800
2400
2000
1600
1200
800
400
0
1997
1998
1999
2000
2001
2002
Poland
Czech Republic
Hungary

PREPARED STATEMENT OF DR. STEPHEN A. CAMBONE,
SENIOR FELLOW, POLITICAL-MILITARY STUDIES PROGRAM,
CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES

Mr. Chairman, it is an honor to appear before this Committee to discuss with you my judgment of the military capabilities of Poland, Hungary and the Czech Republic, each of which have been invited to accede to the Washington Treaty and become members of the North Atlantic Treaty Organization.

My judgment of the candidates' military capability is based on two factors. First, the strategic objective of the United States in seeking the enlargement of NATO. Second, on an estimate of the contribution to be made by the military capabilities of the enlarged alliance to the achievement of that objective. I will define both factors, briefly, because I derive the criteria for judging the military capabilities of the candidates from them.

Strategic Objective of Enlargement

By enlarging NATO to include Poland, Hungary and the Czech Republic, the US can reasonably assure itself that economic, political or military developments in the heart of Europe will not provide the occasion, as it has repeatedly in the past, for tension, crisis and war. Those occasions in the past have been rooted in what seem to be two, immutable, facts of European history, over the last three centuries. The first is the inherent weakness of the states within the Central European region. The second is their location between the powerful states of Europe to their west and east. Over those three centuries it is possible to trace the origins of Europe's major wars, in whole or in part, to these two immutable facts.

We enter the fourth century of Europe's modern history with the facts of European political, economic and military life fundamentally unchanged. Western Europe possesses political and economic power unimaginable only fifty years ago and far in excess of what any state in Central Europe can hope to approach for a generation or more. Russia, while weak as it recovers from the ravages of communism, it is not without substantial political, economic and military potential. That potential is fully within its reach and if realized its power would dwarf the states in the Central European region within a generation. We are hopeful that these facts will not lead to tension, crisis and war in the coming generation. We also are hopeful that the states of Europe have renounced war as an instrument of state policy.

But prudence dictates that we not rely on our hopes and that we ought not to allow chance the opportunity to play its fickle role in our affairs. This is especially so when we have at hand the means to assure, so far as it is possible, that the immutable facts of political, economic and military power in Europe do not follow their historical course. The enlargement of NATO to the states of Central Europe can provide this assurance. Through enlargement the members of the alliance, and none more than the US, can assist the candidate states to complete their transition to modem liberal states and establish friendly relations with their neighbors. But more than this, the enlargement of NATO creates the conditions under which these states are shielded from pressures from their east while permitting the US and its allies to extend through them a liberal and liberating influence into the Baltics, the Balkans and eastward toward Minsk, Kiev and Moscow.

For those schooled in the old concept of geopolitics, enlargement consolidates in Europe the political victory of the democracies over tyranny in the Cold War, deters those who might seek to exploit the real and potential disparities of power on the continent and defends the still nascent civil society of Europe against aggression of any form. For those schooled in the new concept of preventive diplomacy, enlargement further reduces the likelihood of conflict today, protects the newly founded liberal regimes in the heart of Europe and increases the possibility that nations further to the east will find in the success of their immediate neighbors examples worthy of emulation.

The Military Contribution to our Strategic Objectives

The achievement of our strategic objective requires a combination of political, economic and military initiatives. Our attention here is on the contribution to be made by our military capabilities to achieving our objective. With respect to those capabilities, the US chose to ally itself through the Washington Treaty and to combine its forces in NATO with those of its allies in order to assure that in Europe sufficient military capability would exist to accomplish the following missions.

- a defense by each ally of its borders and its air and sea approaches,
- collective defense among the allies to maximize their individual deterrent and defense capabilities,

- and, in the aftermath of the Cold War, "out of area" or peace support operations by any combination of allies operating as a combined force.

This mission list remains the priority listing for allies within NATO. The priority is dictated by the requirement of a sovereign state to see first to its own security, to that of its allies and then to that of the regional or international system. But if the list reflects the obligations of states to their citizens, circumstances dictate how best to accomplish these missions. During the Cold War each ally had to provide substantial forces to defend its borders and air and sea approaches. But each ally understood that no member of the alliance was capable of providing for its security alone. The collective capabilities of all were needed to lend to each the confidence that together they could defend themselves should deterrence fail.

The decisive victory of the Cold War has made it possible for the allies individually and the alliance as a whole to pursue these missions in ways different than they did during the Cold War. Today, the maintenance of the collective defense capabilities of the alliance remains essential to the defense of each ally. But today, and into the future, the absence of a massive, imminent and direct hegemonic threat means that the requirements imposed on each ally to defend itself are substantially lower than they were during the Cold War. Yet the risks to allied nations have not disappeared by any means. A few examples illustrate the point. Kaliningrad is still a depot for a large number of competent troops that could be used to influence affairs in the Baltic region or in Belarus, with direct consequences for Poland. Ukraine and Russia are closer today than at any time in the post-Soviet era. But Ukraine has embarked on a security policy that is not entirely coincident with that of Moscow. Tension between Russia and Ukraine will affect Poland, Hungary and the rest of NATO. We have seen how crisis and conflict in the Balkans can threaten allied security. Iraqi and Iranian arms build-ups pose a threat as well. So, too, do developments along the African littoral. Again, these are not threats of the same kind as posed by the Red Army and the USSR. But they are threats to the territory of NATO's member states that must be addressed by a combination of national defense establishments and collective defense efforts.

In this reduced threat environment all allies have agreed that their security depends more today than in the past on their ability to conduct military operations on or beyond the periphery of the alliance. A reactive defense doctrine does not meet the strategic conditions of the day. Based on this assessment, and given the logic and the habits of allied cooperation the allies have reached agreement on two points. First, they will continue to maintain collective defense capabilities to deter the lower but not insignificant probability of a direct and massive attack on one or more of them. Second, some or all of them may draw on those capabilities to conduct operations on or beyond the periphery of the alliance to deter or defeat threats that each of them believe undermine their security.

It is into this newly revised framework for collective defense that the national capabilities of new members of the alliance must be fitted, And it is in the context of that framework, and the requirements for collective defense and power projection that it imposes on the allies that the contributions of the new members should be judged.

NATO's New Standards

Mr. Chairman, it is not so long ago that we measured the military capability of NATO in terms of armored division equivalents. But such measurements have been rendered anachronistic by two developments. The most obvious is the absence of an immediate and massive armored threat to NATO. The second, and more important, is that modem military power is no longer measured in the terms associated with armored division equivalents—general defense positions (GDPs), forward edge of the battle area (FEBA), echeloned forces, etc. In today's combat environment the silicon chip has all but conquered rolled homogenous steel. Precision strikes, launched by platforms in the air, on land and at sea, are replacing massed forces. High speed, secure communications to relay information to combatant forces are now rivaling traditional lines of communication as the essential arteries of combat operations. While seizing and holding territory may remain the key to securing the aims of a war, it is now possible to think of winning battles and campaigns by destroying an enemy's forces and supporting infrastructure from long range and without having to mass friendly forces on the adversary's soil.

Whether one views these changes in warfare as a revolution or as the natural progression in technology and tactics over the last twenty years, the fact is that the military forces required to conduct operations today and into the future are very different from those fielded in the past. Among the allies, the US has moved swiftly to exploit these new technologies and tactics. The reasons for this are complex but may boil down to this: Americans have a penchant for adapting to new technology

and a pressing need to increase the effectiveness of our forces to meet our unique global commitments in an age of fixed military budgets.

Our allies have not moved to exploit the new technologies and tactics as quickly as we have, but they have made substantial progress nonetheless. Like us, each of them has taken the difficult steps of reducing their manpower overall, reducing the proportion of their forces made up of conscripts and making the transition from military capabilities designed in the late 1970s to those designed for the next century. The pace of this transition, begun later than ours, is hampered by the fact that allied defense spending is not directed by a central authority, but by the governments of each ally. The result is that the efficiency of spending on new technology and the adaptation of their forces for new tactics is degraded.

That said, the allies are confident enough in their own progress to have adopted a new approach to NATO defense planning. Instead of the fixed GDPS, FEBAS, etc., of the past, the alliance has decided to plan its defense around "projection forces." That is, rather than suffer the expense of maintaining large numbers of troops for deployment to pre-planned defense positions when the threat does not demand such deployments, the alliance has agreed that it would rely on the rapid assembly and deployment of forces to conduct both traditional collective defense missions as well as newer, out of area and peace support operations. As a result smaller, more professional forces supported by advanced C41SR (command, control, communications, computational, intelligence, surveillance and reconnaissance) capabilities and armed with more lethal weapons for ground-, air- and sea-based combat are being introduced into national forces and assigned to NATO to meet allied mission priorities.

Converting Cold War Forces

The United States has led the way in converting its forces from its Cold War emphasis on national defense and contributions to allied collective defense forces. A few example suffice to make the point.

In 1985, the US spent 6.5% of its GDP on defense. By 1995 spending had fallen to 3.8% of GDP. In 1995 constant dollars, this means we are spending ~$90 billion less a year than we spent in 1986. This absolute decline in spending is reflected in the forces. Over the same period the armed forces were reduced by some 600,000 personnel. The number of active army divisions shrank from 18 to 10; the number of navy combatants from nearly 600 to less than 350 and the number of active air force fighter wings from 25 to 12. Equally important, weapons acquisition spending has been cut in half, from about $150 B in the mid-1980s to about $80 B today with only half of that in procurement. Procurement is slated to increase after the turn of the century, but for much of the 1990s the US bought only a handful of tanks, aircraft and ships.

Allied military capabilities have been adjusted as well. In 1985, allied spending amounted to 3.1% of GDP; by 1995 it was 2.3%. In 1995 constant dollars the decline in allied spending is not so great as that of the US: today the allies are spending ~$10 billion less in a year than they did in 1985. The armed forces shrank by about 600,000 troops as well. Weapons acquisition spending in 1996 was about $40 B, down from about $50 B in 1990. Substantial efforts are being made in national and multinational programs to bring on line modern fighter aircraft (France: Rafale; IT/GER/UK: EFA), transport aircraft (UK: C-130J, others: FLA), communications and surveillance satellites (UK; FR/GER/SP); new transport and attack helicopters and self-propelled artillery, new frigates, minehunters, amphibious ships (UK and FR) and an aircraft carrier (FR). These efforts are being slowed by domestic budgetary restrictions and the difficulties experienced by the Europeans in multinational program management.

It is the case that the US and its allies are presently out of phase with respect to modern military capability. The reason is the high level of procurement spending by the US in the 1980s which was nearly three times that of its allies. These so-called legacy systems—displayed to such effect in Iraq—were designed in the late 1970s and early 1980s and began coming on line in the mid-1980s and early 1990s. They will carry us through the 1990s and will form the backbone of US forces until 2005-2010. New technology forces—advanced C41SR systems and processes, the F-22, the digitized army, new navy ship designs, more accurate and lethal stand-off weapons, etc.—will begin to come on line in large numbers post-2010.

The advent of new technology systems in the US will occur about the time allies are completing the process of fielding the systems they are currently procuring. These systems, designed in the mid- to late-1980s for the most part, will not possess the most advanced "stealth" characteristics of American aircraft, be able to provide the situational awareness available to US Army forces or be able to provide the volume and variety of firepower US navy ships will be able to project from the sea. But for all that, allied forces will be not be interior to anticipated threats and will

be interoperable with US forces. The silicon revolution and constant training makes it possible to do with software and tactics what hardware would otherwise prevent.

The more troubling aspect of the modernization efforts of the current allies is the lack of funding for those assets that operate above the corps level—C4ISR, long-range air transport, air refueling, hospital units, engineering units, logistics and supply capabilities. That is, the allies are not investing as heavily as they might in those elements of military power essential to the *sustained* projection of military power. The allies are conscious of their shortfall and, within what they believe are real constraints related to enlarging the EU and bringing about European monetary union, are doing their best to overcome it.

France is determined to develop in the next ten years the ability to project 40,000 troops at a distance of 2,000 km and sustain them indefinitely. This effort is hampered by its need to shed itself of thousands of conscripts and its determination to equip the force out of European industry. The UK is procuring amphibious ships and shorter-range C130Js to give them greater lift and mobility. Its desire to balance procurement between the US and Europe, however, leads it to hesitate to commit to a buy or lease of a US C-17 capability so long as there is a reasonable prospect of the future large aircraft being launched by its European industrial partners. Germany is putting together a KRK or crisis reaction corps of 50,000 men for projection missions. But it is reluctant to provide it with above corps echelon capability because it does not want to give the impression that it is able to conduct modern military operations independently of its allies.

The projection shortfall of our major allies can be overcome. But it will require a political agreement between the US and them on a major issue—defense industrial base reform and long-term procurement practices. This is beyond the scope of NATO enlargement, but it is critical to its success.

Candidate Member's Capabilities

Mr. Chairman, in providing insight into the capabilities of the candidate members it is always helpful to have a few static figures in mind. These figures do not by themselves tell us enough about the potential of candidates. But they are useful for comparative purposes.

Poland: In 1985 Poland had some 320 thousand personnel in the armed forces. It spent about $7.8 billion (in 1995 dollars) or 8.1% of its GDP on defense. Today, Poland deploys about 215 thousand personnel; it spends about $3.6 billion or 2.4% of GDP. Its plans call for it to further reduce its armed forces to around 180 thousand and to maintain spending at the current level of 2.4% of GDP. The EIU estimates GDP in 1997 at about $136 billion and real growth at an average of 5.7% between 1996 and 2004. Thus, a roughly $163 billion GDP should yield about $4.0 for defense in 2001, an increase of $600 million in comparison to today.

Hungary: In 1985 Hungary had some 106 thousand personnel in the armed forces. It spent about $5.2 billion (in 1995 dollars) or 7.2% of its GDP on defense. Today, Hungary is reducing its armed forces to about 44 thousand personnel; it spends about $630 million or 1.4% of GDP on defense. Its plans call for it to increase spending at a rate of 0.1 percent of GDP per year until it reaches 1.8% of GDP. The EIU estimates GDP in 1997 at about $43 billion and real growth at an average of 4.5% through 2001. Thus, a roughly $60 billion GDP should yield about $1.0 for defense in 2001, an increase of ~$400 million in comparison to today.

Czech Republic: Figures for the Czech Republic are not comparable due to the "velvet divorce" between it and Slovakia. Under the settlement the Czech Republic took a roughly 2:1 share of defense assets. Today the Czech Republic deploys about 60 thousand troops, it spends about $850 million or 1.7% of its GDP. Its plans call for an increase in spending to 2.0% of GDP by 2000. The EIU estimates GDP at about $50 billion today and real economic growth through 2001 at about 3.3% Thus, a roughly $60 billion GDP should yield about $1.2 billion for defense in 2001, an increase of $350 million in comparison to today.

These figures should not be viewed as predictions and some variations in the numbers are possible, depending on deflators, which elements of the budget are counted against defense, etc. Nevertheless, what then, tell us is that, all else being equal, the three candidate countries in 2001 could have, *in comparison to 1997,* some $1.3-1.4 billion a year among them in additional funds to spend on defense. This suggests that the cost of enlargement, reasonably defined, are certainly affordable.

But the availability of funds is not an indicator of a willingness to spend those funds or to spend them in ways that make sense from the perspective of the military capabilities of the alliance. With respect to a willingness to spend, we can only take the word of the ministers and parilaimentarians of the three countries. With respect to spending in ways that make sense, that depends on a close collaboration between

national authorities and those of NATO. And in this regard developments tend to support the view that these nations have begun to make concrete decisions that will yield substantial military capability for themselves and the alliance in about a decade's time.

Manpower: I have already indicated that each of the candidates has dramatically reduced their overall manpower. Now they are taking, or about to take, two very difficult decisions. The first is to reduce the overall ratio of senior officers to junior officers and to raise the percentage of quality of non-commissioned officers. The surplus of officers and lack of trained NCOs is a product of their Warsaw Pact heritage when command structures were oriented to top-down orders to execute set-piece battle plans. NATO armies have always favored initiative by junior officers and NCOS. The new technology and tactics require that these junior officers and NCOs have a great deal of responsibility. To improve the ratios of officers and the competence of NCOS, Hungary introduced mandatory retirement at age 55, leading to a reduction of 25% of existing general officers in 1995. An additional 10 generals were expected to retire in 1996. The Czech Republic has promised to reverse the 2:1 ratio of officers to NCOs and began that process in 1996. The issue is more sensitive for the Poles, but they have committed to make the changes. In order to bring up new talent, they are offering retirement at 15 years and 40% pay to currently serving officers.

The second significant manpower-related decision is to increase the ratio of professionals to conscripts in the armed forces. Poland and Hungary plan their forces to be 60% professional; the Czech Republic is moving to a 50% ratio. In all three cases the increased ratio does not represent a dramatic increase in the total number of professionals because in all three cases the dramatic cut in armed forces personnel since 1985 has occurred in the conscript ranks. But what it does mean is that the per soldier cost will rise. In return, each will have a professional-based units available for NATO operations.

Modernization: Existing stocks of weapons in each nation, except perhaps for aircraft, are not so inferior in age or technical capability as compared to those of other NATO powers. All three are committed to upgrading their C41 capability, air defense forces, and ground force components, the last primarily through upgrades of existing equipment. To be sure, each of the three is faced with the need to replace the bulk of their fighter aircraft. However, appreciating the cost of aircraft and in light of NATO assurances that Brussels is not expecting the candidates to invest heavily in new platforms (specifically aircraft), all three nations have delayed making firm plans or commitments to new purchases. Nevertheless, Soviet MiGs and Sukhols will eventually need to be replaced (more on this below). But in keeping with the overall commitment to make the less glamorous and often unseen changes to infrastructure first so that the effects of subsequent modernization can be maximized, all three nations have committed to bringing a modem regional air control system on line. The military and civilian systems inherited from the Warsaw Pact were unacceptable to NATO. The new regional air control system will both improve civil and military air traffic control and improve safety while making the next step in the process—settling on IFF (identification friend or foe) codes and procedures—easier and quicker to implement. Thus, when replacement aircraft are deployed, they will operate in a NATO-compatible environment.

Military Contributions: The internal reform of the armed forces and their modernization are intended to make the military forces of the candidates capable of operating alongside their NATO allies. But none of the three has waited for NATO membership to contribute.

The Czech Republic offered chemical warfare detection vehicles to the coalition forces in the Gulf War. It has deployed a mechanized infantry unit of some 850 men to Bosnia as part of IFOR/SFOR. This unit is made up of volunteers from the Czech rapid deployment brigade, which is already considered to be NATO compatible. It is also the view of many that the Czech infrastructure—roads, rail nets and stations, pipelines, airports, etc.—is already adequate to support NATO's rapid reaction corps.

Hungary has made its airspace and its base as Taszar available to NATO forces to support operations in Bosnia. And given the modest amount of upgrading needed at Taszar, its infrastructure may prove, like that of the Czech republic, to be in better condition to support allied forces than has previously been thought. The allied use of Hungarian airspace has resulted in its completion of efforts to equip all of its aircraft with NATO-compatible IFF. In addition to its airspace and bases, Hungary has also made available a 450 man engineering battalion for service with IFOR/SFOR. Individuals from this unit are now reconstructing the bridge in Mostar. By 2005 It is expected that Hungarian reforms and modernization will allow it to deploy as many as three rapid reaction brigades fully NATO compatible.

Poland, like the Czech Republic supported the coalition in the Gulf, allowing transit rights and sending medical teams to Saudi Arabia. It has contributed an airborne battalion of troops in Bosnia under IFOR/SFOR, deployed as part of the multinational Nordic Brigade. (It also has a battalion in Syria as part of the UNDOF.) The Poles have made at least two brigades and a field hospital unit available to NATO in 1997 and plans to have two more brigades sufficiently NATO compatible to conduct peace support operations by 2000. Observers believe its infrastructure generally adequate to support all elements of NATO's rapid reaction corps.

All three are full and eager participants in PFP. Since 1995, all three have participated in a dozen or more PFP exercises. Hungary funds its PFP activities outside the military budget, a sure sign of its commitment. Poland has become a favored location for armored training by the UK.

In summary, Mr. Chairman, it is evident that the candidates will have the financial resources to meet their anticipated obligations, they have made significant efforts to reform their military forces, began modernization efforts and are contributing to allied military operations.

Looking to the Future

Does this mean that all is in hand and we can rest assured of a successful outcome? No. Economic forecasts are notoriously unreliable and growth projections could fall short. But even if their economies grow less than suggested earlier, the combination of force draw downs and reform and real economic growth should provide the three together with additional defense funds to meet their new obligations to NATO.

There are four additional factors which, if managed with a clear eye on our ultimate goal, could smooth the integration of the candidate nations into the alliance and substantially enhance the capability of its member states to provide for modern national defense forces, to contribute to collective defense and cooperate in "out of area" missions. They are listed in increasing order of importance:

- the evolution of the transatlantic defense industrial base and national procurement policies. US industry has a substantial lead on its European counterparts in the process of down sizing and consolidation. European efforts are hampered by the complicating issues of policy within the EU. But the introduction of the Euro (European Monetary Union) will speed the process in Europe as fiscal and budgetary policies are harmonized in the Euro's wake. This will affect the candidate members as well, all of whom are also EU candidates. The US and the EU need to put in place soon the laws and regulations that will allow for two consolidated defense industrial bases to maximize their comparative advantages while minimizing politically disruptive economically unproductive competition.
- the candidate states have been given assurances by NATO that they are not expected to undertake large, near-term purchases of expensive defense equipment and platforms. This assurance makes good sense in light of the earlier discussion. Nevertheless, the obsolescent state of their air forces will require that each of them put in place soon a long range plan to reduce their force structures, upgrade units where feasible and plan for the financing of replacement aircraft. It will be important that the effort be financed in a business-like way. "Give away programs" will not, in the end, provide the necessary incentives to the West to moderate their offers or for the candidates to ration their acquisitions. Loan guarantees, "lease-to-buy" and other arrangement using US FMS funds or other programs need to be explored.
- the progress of the next round of the Conventional Forces in Europe (CFE II) needs to be monitored for its potential effect on the force goals and structures of new alliance members. The assurances given by NATO that it would not deploy a large number of NATO forces on new members' territory was based on current and foreseeable circumstances. Those circumstances could change. We must be careful not to convert current requirements into legally binding restrictions. Otherwise, we could find ourselves in the future in the embarrassing position of wanting to take a decision in Brussels to deploy forces to allied territory but deterred by the prospect that the deployment would require the receiving ally to reduce its own force structure to remain compliant with CFE II.
- NATO's current Strategic Concept, drafted in 1991, is under review and likely to be revised in the next year or two to take account of the changing strategic circumstances in Europe and the addition of new allies. It is important that the final document preserve as the core mission of the alliance the collective defense of its members and the European region for two reasons.
- •• Each ally bases a significant fraction of its national military requirements on that mission statement and NATO's military components derive their own requirements from it. As noted earlier, modern technology and tactics have made

it possible to satisfy the collective defense mission in the coming decades with forces smaller in size, higher in mobility and more lethal in their effects than was imagined just a decade ago. It is from the collective defense capabilities of the alliance that the means for conducting "out of area" missions are drawn. No ally, including the US, has yet to identify "out of area" requirements in such a way that they yield forces adequate to meet either the collective defense or national military requirements.

•• Apart from the impact of the collective defense mission on technical military capabilities, focusing on it rather than the "new" missions of the alliance is important for political reasons. We are only in the earliest stages of defining the "new" missions of the alliance. We have not yet, at the current sixteen or the projected nineteen, taken time to assess the strategic situation outside the NATO area, compared our interests in the Middle East, the Persian Gulf and beyond, and agreed on a common political and military agenda. The successful conclusion of such an effort is surely a long way off and its outcome should not be prejudged by a near-term revision of the alliance's strategic concept.

Conclusions

An assessment of the military component of the qualifications of Poland, Hungary and the Czech Republic must be conducted in two dimensions, The first is the contribution, today and anticipated in the future, of the current allies to the security of Europe. Each of them, including the US, has experienced a sharp draw down in military spending and reductions in force sizes. At the same time each has made a longer-term commitment to modernize its forces and take a new approach to meet their enduring Article 5 obligations. Past approaches have been made obsolete by the collapse of the USSR and the advent of new technology. The new approach will depend less on the prior deployment of massive forces by each ally than the rapid projection of highly lethal ground- air- and sea-based multinational task forces to perform all alliance missions. The modernization of US forces is well advanced and noticeably ahead of its allies. But the allies are making a sustained effort to close that gap. This effort may, in the end it may require that they increase their defense spending modestly.

The second dimension is the capability of the candidate members, Poland, Hungary and the Czech Republic. Like the current 16, each of them has experienced a sharp reduction in manpower and funding for the military. But their forces are not so old or incapable that they cannot make a contribution to NATO's capabilities, even today. All three have troop contingents in Bosnia. All three are reforming and retraining their troop structures and units. All three are taking a measured approach to the upgrading and modernization of their forces.

Most importantly, all three have economies that are expected to grow in the coming years by an average 4.5-5.0% per year. As a result, on present plans their base defense budgets could be as much as $1.3-1.4 billion higher in 2001 than in 1997. This growth, even if it should slow some in succeeding years, in combination with military reform, ought to allow them to meet the costs of enlargement.

Mr. Chairman, the success of the candidate member's efforts, and therefore to the enlargement of the alliance, rests in an important way with the US Senate.

The advice given to the president by the Senate ought to insist that the new allies be provided by NATO with realistic defense planning guidelines and time lines informed by the collective defense mission of the alliance. The Senate should make clear its preference that the plan stress infrastructure improvements, the installation of modern C41 capabilities, near-term upgrades of critical platforms and systems and on internal reform and that these take precedence over major platform purchases and drastic restructuring. Such an insistence will help set the expectations of the US in this matter and help to bound within reasonable parameters the military requirements of the new members. The combination ought to set the stage for a successful enlargement of the alliance.

PREPARED STATEMENT OF DR. F. STEPHEN LARRABEE,
RAND
WASHINGTON, DC

Mr. Chairman, Members of the Committee, I welcome this opportunity to testify today on the issue of NATO enlargement. This is an issue of vital importance—both for the United States and for European security more broadly.

In my view, NATO enlargement is clearly in the U.S. national interest. It will lead to a more secure, more stable and more integrated Europe, one that can act as a more reliable partner in helping to manage the challenges the U.S. and the Alliance are likely to face in the coming decades.

NATO ENLARGEMENT IN BROADER PERSPECTIVE

Before discussing the qualifications of the three candidates for membership in NATO—Hungary, Poland, and the Czech Republic—I would like to make a few preliminary remarks designed to put the issue of NATO enlargement in perspective.

First, NATO enlargement cannot be seen in isolation. It must be seen as part of a much wider comprehensive strategy to enhance security in Europe. The goal of this strategy is to project stability to the East. For this a multiplicity of institutions is needed. No one institution alone can provide this type of comprehensive security. NATO has an important role to play. But it is not the only institution. Other institutions such as the EU, WEU, and OSCE, also have a role to play. Together they are part of the larger process designed to enhance stability in an expanded Euro-Atlantic space.

Second, membership in the European Union (EU) will contribute to enhancing stability in Eastern Europe. But EU integration alone is not enough. EU integration must be complemented by a security framework. The main institution providing that security framework is NATO. Only NATO can provide "hard security"—as developments in Bosnia have made clear.

Third, NATO enlargement is not being carried out because there is a specific military threat but as part of a broader process of promoting stability and integration. The goal is to anchor the countries of Eastern Europe in a broader European and transatlantic framework and prevent a "return to history."

Historically, Eastern Europe has been a region marked by instability and a geopolitical bone of contention, especially between Russia and Germany. The Western goal is to prevent a return to the old 19th Century geopolitical rivalry and nationalism that led to instability—and eventually to two world wars. This can best be done, if Eastern Europe is integrated into a broader transatlantic and European framework rather than being left as a political gray zone. Leaving Eastern Europe as part of such a gray zone would only encourage the type of geopolitical rivalry and maneuvering that has created so many problems in the past.

It is well to remember that the three candidates for NATO membership—Hungary, Poland, and the Czech Republic—were historically part of Europe. Prague, after all, is further West than Vienna. The Cold War artificially separated these countries from their historical and cultural roots. These countries now want to return to their roots and join Euro-Atlantic institutions.

NATO is the keystone of this Euro-Atlantic structure. If they meet the qualifications for membership, they should become members. This is the best guarantee that these countries will develop healthy economies and democratic institutions and avoid becoming the objects of geopolitical rivalries of the past. The Western goal should be to project stability into the area and help those countries develop stable democratic institutions—that is, the type of political institutions and culture that developed in Western Europe after World War II.

Some may ask, if the aim is to promote stability, then why not admit Ukraine or the Balkan countries first, since they need stability even more than Poland, Hungary, and the Czech Republic. The answer is that prospective new members need to have achieved a certain degree of political, economic and military maturity before they can become members. They need to be "contributors to security" not just "consumers" of it. Otherwise, NATO and the EU would simply become a collection of economic and political basket cases and both organizations would be unable to function effectively.

Indeed, NATO membership provides an incentive for reform. Aspirants know that they will be considered for membership only when they have achieved a certain level of economic and political reform and have resolved their internal problems, including minority problems. This has given aspirants—especially the three prospec-

tive new members—a strong incentive to carry out the political and economic reforms necessary to qualify for membership.

The prospect of membership has also provided an incentive for these countries to regulate their relations with their neighbors. The desire for EU and NATO membership, for instance, was a major factor behind Hungary's efforts to sign the bilateral treaties regulating its minority problems with both Slovakia and Romania. The same is true for Poland, which has signed important bilateral treaties with Ukraine and Lithuania regulating long-standing territorial disputes and differences over minority issues.

The importance of these treaties should not be minimized. They represent an important contribution to stability in the region. And they would not have taken place—certainly not with the same speed and impact—if the West had not made clear that a regulation of territorial and minority problems was prerequisite for entry into NATO.

This is not to say that integrating the new members into NATO and transforming their militaries so that they can function effectively with NATO forces will be easy—either for NATO or the new members themselves. But the United States—and the Senate—should not lose sight of what is at stake. We have a historic opportunity today to stabilize Eastern Europe and prevent a return to old 19th Century nationalism and a rivalry that was so destructive and led to two world wars. History—and our grandchildren—will not forgive us if we fail to seize this opportunity.

NATO membership alone will not do this. But together with EU enlargement it provides a prudent insurance policy against a return to history.

However, as NATO enlarges, we need to ensure that NATO's core functions—particularly collective defense—are not weakened. New members must be able to contribute to carrying out NATO's core functions as well as be able to participate in NATO's new missions elsewhere on NATO territory and, if required, beyond it. In order to perform these missions, the forces of new members need to be capable of working effectively with NATO forces.

THE QUALIFICATIONS OF THE NEW MEMBERS

Now let me turn to the issue of the qualifications of the prospective new members. How qualified are the three countries for NATO membership? Will they contribute to Alliance security?

I believe the answer to both questions is clearly "yes". This does not mean that there are no problems or that the three countries do not have a lot of work to do to modernize their military forces and make them compatible with NATO forces. They do. But all three countries have demonstrated that they are committed to the values of the Alliance and are willing to undertake the reforms—economic, political and military—necessary to qualify for membership.

Since 1989 the three prospective new members have made significant progress in four important areas:

DEMOCRATIC REFORM

All three countries have established stable democratic political systems based on the rule of law. Democracy, to use Juan Linz's phrase, has become "the only game in town." All the major political forces in the three countries accept the democratic rules of the game and are prepared to abide by them. In addition, there is a broad consensus in all three countries about the basic strategic directions of policy, whether it be market reform, membership in the EU, or membership in NATO. These goals are espoused not only by the former democratic opposition but also by the post-communist parties. Indeed, in Poland and Hungary these post-communist parties have pursued EU and NATO membership just as aggressively as their non-communist predecessors.

The recent elections in Poland illustrate this growing political maturity. The elections in September 1993 led to the formation of a left-wing government led by former communists. On most major issues, the post-communist government continued the basic policy of its non-communist predecessors. In, September of this year, the non-communist forces were returned to power. This alteration of power illustrates the health and viability of the new democratic political system. In short, politics in Poland—as well as Hungary and the Czech Republic—is increasingly beginning to resemble politics in Western Europe.

ECONOMIC REFORM

The three countries have also made significant progress in implementing market reforms. Today nearly 80 percent of the Polish and Czech economy is in private

hands; the figure is only slightly lower in Hungary. Last year Poland's growth rate was 6 percent—one of the highest in the Western industrialized world—far higher than in most countries in Western Europe. After several years of slow growth, Hungary has begun to emerge from the recession that characterized its economy in the last years. The Czech economy has begun to witness some problems lately but it still maintained a very respectable growth rate of about 4 percent last year.

MINORITY AND HUMAN RIGHTS

All three countries have also made substantial progress in regulating their relations with their neighbors and in assuring the rights of minorities. Hungary has signed bilateral treaties with Slovakia and Romania, which provide important provisions for minority rights. Poland has signed similar treaties with Lithuania and Ukraine. These treaties have served to enhance stability and significantly defuse potential tensions in the region. All three countries have also become members of the Council of Europe.

This does not mean that there are no minority problems in these countries. But these differences have diminished significantly since the signing of the bilateral treaties and are not of such a magnitude as to pose a threat to regional security.

The prospect of NATO membership played an important role in this process. Indeed, without the prospect of NATO membership the bilateral treaties might not have been signed. All three countries knew that they had to regulate their minority problems if they were to have any hope of entering NATO. Thus NATO has already contributed in important ways to enhancing stability in Central Europe.

MILITARY REFORM

At the same time, the three candidate members have also begun to undertake important military reforms designed to restructure their militaries and make them more compatible with those of NATO.

They have also taken important steps to establish civilian control over their militaries. For instance, in Poland the 1996 National Defense Law clearly subordinates the Chief of the General Staff to the Minister of Defense. Similarly, in Hungary the 1993 National Defense Law specifies that the Chief of Staff of the Armed Forces is subordinate to the Minister of Defense.

Some critics have expressed concern that the East European countries will be consumers rather than producers of security and that they will require a massive assistance program in order to bring their militaries up to NATO standards. This is not the case. The three prospective new members do face important challenges in the military field but these challenges are by no means insurmountable if the countries implement prudent defense policies.

These countries do not face a major military threat in the foreseeable future. In order to modernize their armed forces they do not need—and should be discouraged from embarking on—crash military programs that might weaken their economies. What is needed in each case is a well thought out and well designed long-term defense program over the next 10 to 15 years to modernize their military forces and bring them up to NATO standards.

The basic problem these countries face is to increase the quality of their forces while reducing the quantity. The manpower levels of the prospective new members are significantly above those of NATO members of comparable size, while their quality does not match that of NATO. The new members can significantly reduce the size of their forces and still fulfill their defense requirements to join NATO. The money saved from the reductions can then be reinvested to improve the quality of their forces.

Again, the answer to this dilemma is not a crash military program designed to bust the budgets of these countries. But rather a prudent long-term defense program designed to increase the quality of their forces in key areas—modernization, readiness, logistics support, technical compatibility, and interoperability—while reducing the quantity of their forces, in some cases by 30 to 40 percent.

Doing this will not bankrupt the economies of their countries. Their economies are growing at an average rate of about 4 percent a year. This is higher than the growth rate of most of our West European allies. They do not have to allocate a far larger share of GIDP to defense in order to restructure their militaries. They can retain the current share, while steadily elevating defense spending as their economies grow.

Indeed, one of the great attractions of NATO membership to these countries is that it will allow them to keep their defense expenditures modest and to focus their resources on economic reconstruction. Alliances save money. If they were not members of NATO, they would have to spend even more money for national defense.

This does not mean that NATO membership will be a free ride. On the contrary, NATO membership will require these countries to spend their resources differently than they otherwise might if they had to provide for their own defense using national means, and to increase spending in some areas while decreasing it in others. But it will allow them to purchase a greater degree of security at a much lower cost than would otherwise be the case if they were not members of NATO.

Moreover, the types of changes needed to make the forces of the three prospective new members compatible with those of NATO do not have to be built overnight. As noted, what is needed is a prudent long-term defense modernization program. During the Cold War, NATO had to begin to build a posture in Central Europe almost from scratch in 1950. It took three decades for the Alliance to meet many of its military objectives, but it managed to do so gradually in a step-by-step fashion by laying out prudent defense modernization programs. A similar result is achievable in Eastern Europe over the long run.

The three prospective members have already begun to take steps to modernize their militaries and make them better able to work effectively with the forces of NATO.

Poland has advanced the farthest in this regard. Poland recently presented a detailed 15-year plan for the modernization and reduction of the Polish armed forces. The plan calls for a reduction of the armed forces to 180,000 men, with a complete overhaul of the officer corps structure, and the introduction of professional NCOs and warrant officers. Under the new plan the Polish forces will be systematically upgraded in order to meet NATO standards of readiness and interoperability.

In addition:

- Poland is currently preparing two airfields, two ports, and two large depots for operations with NATO.
- It has established national military centers for language education.
- more than 100 officers a year are enrolled in courses at Western higher military schools and universities (including West Point and the National Defense University).
- Poland has also set up a joint peacekeeping battalion with Ukraine (operational by Summer 1998) and Lithuania (expected to be operational in 1999).

The Czech Republic has also begun to modernize its military forces. The Czech government recently pledged to increase defense spending by .1 percent of GDP a year for the next three years. This commitment is reflected in the new budget and was maintained despite the severe floods this Summer that caused millions of dollars of damage. As a result, defense spending will rise 17 percent this year. While the Czech government still has a way to go, this increase reflects the government's commitment to take the steps necessary to modernize the Czech military and make it more compatible with NATO forces.

Hungary has also committed to increase defense spending by .1 percent of GDP a year over the next five years. It has introduced a comprehensive military reform designed to restructure the Hungarian armed forces and make them compatible with NATO. In the process its forces have been reduced from a little over 100,000 in 1985 to 48,000 today.

In addition, Hungary plans to set up a peacekeeping battalion with Romania and a Hungarian Italian-Slovenian peacekeeping brigade. Indeed, military-to-military relations between Romania and Hungary are excellent. This underscores the way in which NATO can contribute to promoting peace and stability among once antagonistic neighbors.

Perhaps most important, Hungary has made facilities available for U.S. troops in Bosnia. This is a very strong indication of Hungary's commitment to NATO. Hungary may not yet be in NATO, but NATO is already in Hungary.

PUBLIC SUPPORT FOR MEMBERSHIP

There is also strong public support in all three countries for joining NATO In all three countries, support has remained steady or increased. Support is highest in Poland (83 percent), followed by Hungary (65 percent), and the Czech Republic (59 percent).[1] In addition, publics in all three countries have expressed a willingness to continue with political and economic reform that would allow these countries to qualify for NATO membership.

This support, moreover, is likely to grow as the publics in these countries come to better understand the benefits and obligations of NATO membership. One of the

[1] Figures are based on USIA opinion data taken in the Spring and Fall of 1997. See 'NATO Enlargement: The Public opinion Dimension,' office of Research and Media Reaction, United States Information Agency, October 1997.

reasons for doubts on the part of some parts of the population in the Czech Republic and Hungary is ignorance. Many Czech and Hungarian citizens do not really know what NATO is; for others, the idea of an alliance has a negative connotation. They associate it with domination and loss of sovereignty—their experience as members of the Warsaw Pact. However, the governments in Hungary and the Czech Republic have undertaken efforts lately to better educate their publics and this has led to a rise in support for NATO in both countries.

CONCLUSION

In sum, Mr. Chairman, I believe the three prospective members are fully qualified to become members of NATO. Their inclusion in NATO will contribute to a stronger, more stable and more secure Europe, one that is a more reliable partner for the United States. Such a Europe is clearly in the U.S. national interest.

Thank you.

PREPARED STATEMENT OF DR. JOHN S. MICGIEL, DIRECTOR, EAST CENTRAL EUROPEAN CENTER, COLUMBIA UNIVERSITY

Mr. Chairman, thank you for inviting me to address this distinguished body today on the matter of extending membership in NATO to the Czech Republic, Hungary, and Poland.

Two world wars began in the region between Germany and Russia in this century. After World War II, NATO provided a shield against aggression behind which Western European states could build a community of democracies, prosperous market economies, and civil societies. Postwar arrangements effectively barred the Czechoslovak, Hungarian, and Polish nations from being able freely to elect governments, from participating in the Marshall Plan, the 50th anniversary of which we are celebrating this year and, in short, from acting as sovereign states.

The implosion of the Soviet system and the emergence of democratically elected governments in most of the states in the region beginning in 1989 resulted in those governments pursuing European and Euro-Atlantic policies, joining Western multilateral organizations like the Council of Europe and the Organization for Economic Cooperation and Development, and being invited to enter into accession talks with the European Union and NATO.

The mere prospect of membership in the latter has acted as a catalyst for political reform and served a point of reference for decision makers. In Poland, for example, prospective membership in NATO resulted in the clear establishment of civilian control over the military. The precondition of friendly relations with neighboring countries has had a dramatic impact throughout the region. Poland has Good Neighbor Treaties with all seven of the states that now adjoin it: Belarus, the Czech Republic, Germany, Lithuania, Russia, the Slovak Republic, and Ukraine. Hungary concluded Basic Treaties with Ukraine, Romania, and Slovakia. Following its peaceful separation from Slovakia in 1992, the Czech Republic concluded a much awaited Treaty with Germany, The prospect of being included in the first group of countries invited into NATO also caused the Romanians to conclude controversial Basic Treaties with Hungary and Ukraine. And the very tone of political discourse and culture has changed, with much less anti-Russian rhetoric in evidence today than just a few years ago, a sure sign of increasing political maturity and self-confidence,

The three prospective member countries have each taken a proactive role in cooperating with their neighbors and sometime former adversaries. Poland, the only country among the three bordering on Russia, has led the field here by engaging the Germans and Danes in plans for a European Corps, and it has engaged the Lithuanians and Ukrainians separately in the establishment of joint battalions. Poland has also begun a wider political strategic partnership with both Lithuania and Ukraine. Hungary and Romiania are cooperating militarily, and the Czech Republic is now cooperating with Poland and Hungary on a regional air defense network.

The desire to demonstrate the ability to cooperate regionally resulted in the establishment of the Central European Free Trade Agreement, and what is now known as the Central European Initiative, both of which have brought politicians on various levels together at regular intervals to discuss trade issues, the reduction of tar-

iffs, and the development of infrastructure throughout the region. And trade within CEFTA doubled between the organization's inception in 1993 and 1996, as economies grew and tariff barriers dropped. The declaration by the Czech, Hungarian, and Polish ministers of defense regarding plans for joint military procurement are another logical step in the direction of increased regional cooperation.

Inclusion in multilateral organizations, and the concomitant legislative, political, and economic reforms have played and continue to play a great role in attracting direct foreign investment (FDI). Hungary, in particular, has been successful in obtaining investments of over $16 billion, while in Poland, FDI jumped from $6 billion in 1995 to $14 billion in 1996. Each has obtained an investment grade rating and is making progress in meeting the economic criteria for European Union membership. Much progress has been made in constructing viable market economies, all of which have demonstrated growth despite occasional setbacks. Current account deficits in Hungary and the Czech Republic resulted in the implementation of difficult and generally unpopular stabilization measures. Yet each country has declared its ability and willingness to adequately support its membership in NATO. The Czech Republic has announced that military spending will rise in each of the next three years to a level of two percent of GDP in 2000, while Hungary's defense budget will rise from 1.4 percent of GDP in 1996 to about 2 percent by 2001. Poland is already devoting and will continue to devote about 2.5 percent of GDP. As the economies grow, the funds devoted to the military will grow substantially in absolute terms. In the Polish case, for example, the economy has grown an average of seven percent over the last 3 years, and if that tempo were kept up, the amount in absolute terms would double in a decade.

Each of three candidate countries has adopted different modernization strategies for their armed forces. They share, however, several commitments: to implement and drop below CFE limits; to reorganize and restructure units to bring them into alignment with NATO standards; and to cooperate with NATO in PfP exercises, in Bosnia, Eastern Slavonia, and other Unapproved operations. Each candidate country has a modernization plan that aims toward enhancing the interoperability of its armed forces with NATO, All three are reducing their armed forces, by 40 percent in the Czech case, 35 percent in the Polish case, and nearly 60 percent in the Hungarian case.

And following the third round of discussions between Poland and NATO in Brussels earlier this month the Poles declared their willingness to contribute 1-9 percent of the current NATO budget. It is worth noting that seven of the current sixteen members of NATO make lower contributions.

Are Czech, Hungarian, and Polish citizens in favor of joining NATO? A Hungarian public opinion survey taken in September 1997 indicated that 75 percent of those people who indicated that they would participate in a referendum on NATO would vote in favor of joining NATO; they will have an opportunity to do so on November 16 when a referendum on NATO accession will be held. A USIA survey of Czech citizens in May 1997 indicated that 60 per- cent favored entering NATO. Polish surveys have consistently reported approval ratings of above 83 percent.

The fact is that these countries share Western values and principles and want to contribute to, not merely benefit from, the stability and security that accompanies NATO membership. Suffice it here to mention Czech and Polish participation in Desert Shield/Desert Storm, Polish action on behalf of American interests in Iraq following the war, active participation in SFOR by Poland and the Czech Republic, and Hungary's support of SFOR by permitting NATO bases to be established in Hungary, and allowing NATO troops to pass through and over Hungarian territory to and from Bosnia.

At present, no real major threat to the peace and security of any of the three candidate countries exists, including Russia. However, the perception of a Russian threat, still exists in Poland and Hungary, based on a shared historical experience and, in the Polish case, the proximity of a quarter million Russian troops in Kaliningrad blast and the establishment of the recent Russian-Belarusian Union. NATO is seen as being the only ready and tested structure that can effectively discourage potential trouble before it occurs.

Despite the posturing we see in some Russian circles, NATO expansion does not pose a threat to a democratizing Russia that, after all, has a special relationship with NATO. According to a recent Brown University poll Russian elites express greater fear of Chinese demographic pressure and Islamic fundamentalism. Nonetheless, the failure to ratify the accession treaties would be perceived as a clear signal of U.S. disinterest in a region over which the United States had waged a forty-year struggle against the Soviet Union. That would result in a grey zone, a security vacuum, and temptation for the radicals that today are on the fringes of Russian politics.

With dynamic economies, solid democratic values, excellent relations with neighbors, strong moral and political support for and a record of cooperation with NATO, and strongly pro-American attitudes, the three candidates have much to offer the Euro-Atlantic community. At a meeting of the New Atlantic Initiative on September 9, 1997, former National Security Adviser Anthony Lake spoke of the relatively low priority that NATO expansion holds for the average Russian, and concluded that enlargement "is the opportunity of a generation and it would be the shame of our generation if we do not now seize it." The overwhelming majority of the 60 million inhabitants of the Czech Republic, Hungary, and Poland, the 11 million co-nationals residing here in the U.S., and the many more Americans who see a safer America in an enlarged NATO, would only echo that assertion.

COSTS, BENEFITS, BURDENSHARING AND MILITARY IMPLICATIONS OF NATO ENLARGEMENT

TUESDAY, OCTOBER 28, 1997

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The committee met, pursuant to notice, at 10:15 a.m. in room SD–419, Dirksen Senate Office Building, Hon. Jesse Helms (chairman of the committee), presiding.

Present: Senators Helms, Hagel, Biden, Robb, Feinstein and Wellstone.

The CHAIRMAN. The committee will come to order. I would say, for the record, that we are in the midst of the end of session frustration. At the moment, the Senate is trying to get a quorum, which may take a while. They may have to go to a live quorum to get a vote on it.

And then, we have at least one vote to follow immediately after that. So rather than have the witnesses sit here all morning, not to mention the guests, I am going to start it and I think we can get pretty far down the road before anything happens on the floor.

In any case, let's see what we can do.

Now, we'll begin for the record.

The Foreign Relations Committee today continues its examination of the critical issues surrounding the proposed expansion of NATO. This morning, the subject for our discussion will be the cost, the benefits, the burden sharing, and the military implications of NATO enlargement.

Maybe you recall that during Secretary Albright's recent appearance before this committee, I mentioned that the issues that we would consider this morning may very well be the issues that would determine whether NATO enlargement will succeed or fail in the Senate.

Now our first panel will consist of the Honorable Walter Slocombe from the Department of Defense who is here and I have already greeted him. Mr. Slocombe will discuss the military implications of NATO and will present the administration's analysis of how much NATO enlargement will cost.

Now, Mr. Slocombe will be followed by a private panel consisting of Dr. Richard Kugler of the National Defense University; Dr. Ivan Eland of the Cato Institute; Mr. Stephen Hadley, a former Defense Department official during the Bush administration. By the way, Mr. Hadley is now with the law firm of Shea and Gardner.

Now, all of these gentlemen have checked the administration's mathematics, and are here to tell us whether anything has been missed in putting together the administration's estimate of how much NATO enlargement will in fact cost the American taxpayers, as well as how this policy will benefit the national interests of the United States.

So I say to you, Mr. Slocombe and the other gentlemen who will follow you, we welcome you, we deeply appreciate your coming, and we look forward to your comments. You may proceed, Mr. Slocombe.

STATEMENT OF THE HON. WALTER SLOCOMBE, UNDERSECRETARY OF DEFENSE FOR POLICY

Mr. SLOCOMBE. Thank you very much, Mr. Chairman. I'm honored to have the opportunity to appear before this committee on behalf of the administration and the Department of Defense to address the military implications and costs of NATO enlargement.

I want particularly to express our appreciation for the fact that the committee has chosen to have these series of hearings early on as we begin to define the issues and open the debate on this fundamental question.

Nowhere are American concerns more vital or are efforts more focused than in the case of Europe. The United States maintains a commitment to Europe in terms of troops on the ground, in terms of capacity to reinforce as needed, and in terms of political engagement in seeking to resolve problems. America makes this commitment not as an act of charity, but because the security of Europe is vital to our own security as events in this century have shown.

As a result of the success of freedom and the collapse of communism and the end of the cold war, we know have a chance to build a security system for all of Europe. We need to do so, for, unfortunately, while the massive Soviet threat has evaporated, we continue to face problems as well as opportunities—threats to stability and security can still arise from old national and ethnic hatreds, from home-grown and state-sponsored terrorism, from threats from unstable regions outside Europe, and from the prospect of the threat of weapons of mass destruction.

In the new European security system we seek to build, the key instrument is NATO. NATO enlargement is the most publicized, but not the only part, of a much broader strategy to create a peaceful, undivided, and democratic Europe. In my full statement, I outline the other elements of that effort.

Enlargement, which is the focus of this committee's and, indeed, the country's attention, will serve the common security interests of all the member NATO—all the member nations of NATO, including the United States. Adding nations to the alliance in a gradual and careful way as they meet the standards for membership will, first of all, foster stability throughout Europe and the world by providing for stability, which has historically been a principal source of conflict in Europe.

Second, it will make NATO stronger by creating a larger circle of like-minded nations prepared to work together in the common defense.

Third, it provides an institutional setup for improving relations among the region's states, both members and non-members. Indeed it is—the prospect of NATO enlargement has already had an important positive effect in that direction.

Fourth, it will broaden the number of countries that can participate in burden sharing within NATO, both in financial, in manpower, and in strategic terms. It will create a better environment for trade, investment, and economic growth in Eastern and Central Europe because it is as true in Europe as it is in other parts of the world that without basic security and stability, free economies cannot prosper.

It will help secure the historic gains of democracy in Central and Eastern Europe by providing the security in which those newly free societies can flourish. It will help all of Europe become a stronger partner for the United States in political, economic, and security affairs.

Thus, the enlargement will serve American interests and American principles just as it will serve those of all of Europe, both old and new members, states inside and outside the alliance.

As you are, of course, aware, at the Madrid Summit this summer, the NATO alliance, the NATO countries decided to invite Poland, Hungary, and the Czech Republic to begin negotiations toward an accession agreement, which we expect to have signed in December.

The main focus of my testimony this morning is with regard to the military implications of the accession of those countries and the associated costs.

With respect to military implications, NATO's first task now and as an enlarged alliance will be the so-called "Article 5" defense of the territory of its members. This core function will not be diminished with enlargement, or indeed with other changes in the alliance.

Back in 1991, NATO adopted a new strategic concept that recognized the end of the cold war and shifted from the cold war program of position forward defense to place new emphasis on flexibility and mobility and an assured capacity for augmentation.

Applying this concept to enlargement, NATO does not need, in the existing strategic environment, to permanently station combat forces of any substantial numbers on new members' territory. Instead, the military forces of the new members will be made capable of operating with NATO forces, supplemented by the capability of current members, to provide appropriate NATO reinforcements in a crisis if necessary.

Thus, the defense posture associated with enlargement will apply to those new members the same concept of regional reinforcement that it applies to current members. Similarly, NATO has agreed that while new members will be expected to support the concept of deterrence and the essential role that nuclear weapons continue to play in the alliance strategy, enlargements won't—enlargement will not require a change in NATO's current nuclear posture.

For this reason, the alliance has stated that it has no intention, no plan, and no reason to deploy nuclear weapons on the territory of new members nor does it foresee a future need to do so. But with respect to this statement as well as the statement about stationing

forces, these positions depend on current conditions and could, of course, be reviewed where conditions have changed.

NATO will also, of course, expect new members to be able to contribute to non-Article 5 missions, including being able to participate in out-of-area deployments and, indeed, it is relevant that all three of the countries which have been invited to join are active participants with forces in Bosnia, and, indeed, in other operations.

With respect to costs, of course NATO enlargement areas cost. Security is not free. It is a price well worth paying but it is not free. Analysis of the financial costs of enlargement can, I think, usefully be broken into three components.

First, there are the costs to new members; that is, to Poland, Hungary, and the Czech Republic to develop military forces that are better able to contribute to their own defense, to the defense of other NATO members, and to other NATO operations.

Second, there are the costs to current members so that they can improve their forces' mobility, deployability, and flexibility—in short, to proceed with the efforts they are already committed to and needed to meet the defense requirements of NATO's current membership.

These first two categories of costs are for actions that the countries concerned would need to take to provide for their own defense whether or not NATO added members. Indeed, to get comparable levels of security without NATO enlargement, new members and, arguably, even current members, would have to spend more than they will have to spend with an enlarged alliance.

And finally, there are the costs to both new and old members of integrating the new members into NATO or building the links that make the alliance a real working military alliance.

From one point of view, these direct costs could be considered the only real costs of NATO enlargement, since they are the only costs that are uniquely associated with enlargement—the only costs that would not be incurred if NATO did not add new members. But we have thought it appropriate to count all three categories of costs to present a complete picture of what the requirement will be.

But these direct costs are associated with enhancing interoperability. They include improvements in communications, air command and control, logistics, infrastructure, and conducting the program of exercises necessary to be sure that this linking system works. As you know, earlier this year the Department of Defense had prepared and submitted to the Congress are—an initial analysis of what the costs would be.

It's important to understand the assumptions that lie behind this or any projections of cost. Our estimated assumed that while there will be a need for serious defense capabilities for an enlarged NATO just as there is now, there is currently no threat of large-scale conventional aggression in Europe, and that any such threat would take years to develop.

That is, of course, the same assumption that we make in the United States for our own national planning and that NATO makes in planning for the defense of its current members. That assumption includes a recognition that there is no guarantee in an absolute sense that that threat could not arise, and that we have to

hedge against the possibility and NATO provides an important basis for the hedge.

Total costs, as we estimated them for all three categories aggregate, was $27-$35 billion over the period from now through 2009; that is, 10 years after the planned accession of the new members.

Let me give you a brief breakdown of how those costs were allocated. First, new members costs for restructuring their own national forces. Those costs were estimated at between $10 and $13 billion over that timeframe or around $1 billion a year.

Those costs amount to some 10–30 percent of the projected defense budgets for the prospective new members over that period of time. Now, that is a significant part of the total budgets for those countries. On the other hand, it represents the investment that they will need to make in making a fundamental new direction in their own national defense.

To meet those costs, they will have to increase their defense budgets to some degree and they will outline plans to do that. But we and they expect that a substantial part of the costs will be met by savings from reducing the size of the three nations' current forces.

I also want to emphasize that all of these costs would be borne by new members, except to the likely very limited extent that the American Congress, or indeed, other NATO parliaments, decided to continue the limited support that we now have for some of the Central European militaries.

For example, as you know, the United States now provides about $100 million a year through the so-called Warsaw Initiative to fund PF—Partnership For Peace countries and to support their participation in PFP.

These costs for the three new members will be the cost of moving from their own Soviet-style forces, which were little more than auxiliaries of the Red Army, to militaries appropriate for independent democracies in a free alliance.

But it's important to recall that these countries do not by any means start from zero. Indeed, they have per capita rather larger militaries than most NATO allies; probably in terms of just number of people, larger than they need.

What they need to do, and we have made clear the priorities for this, is first to invest in quality personnel. Make sure those personnel are trained. Achieve a real degree of interoperability with NATO, which means upgrading communications, logistics capability, infrastructure, and integrated their air defense with that of the alliance as a whole.

It is certainly the case that each of the invited nations will have to modernize its equipment in the years ahead. But it is our view and theirs that acquiring large amounts of high-tech weapon systems should not be the highest priority.

These countries are already working hard to demonstrate that they are ready for membership in NATO. Assistant Secretary of Defense Cramer and Assistant Secretary of State Grossman are, as I understand it, prepared to testify before this committee next week. They were scheduled last week and it was canceled—postponed regarding these preparations, so I will not go into them in

detail beyond noting that each nation acknowledges the need both to restructure and increase their defense effort.

The second broad category is the current allies' cost; that is, the cost to improve deployability. I want to begin by noting that our cost estimates to date do not anticipate any added costs to the United States in this category—that is, ability to deploy—because the United States forces are already highly deployable and sustainable at long distances.

Their requirement to deploy to meet contingencies in places like Korea or Southwest Asia is actually more demanding than a hypothetical crisis in Central Europe. U.S. costs of enlargement are relatively low because we've already provided for the force's projection missions that the new NATO requires.

But it is certainly the case that the other members of the alliance need to improve their capabilities to deploy. Now we have estimated that the costs of meeting the requirements will be in the range of $8 to $10 billion, or around $600-$800 million per year.

Now, these are a very modest share of the total defense budgets of the non-U.S. NATO allies, on the order of 1 percent. For the most part, they represent efforts already under way to adapt their forces to new postcold war needs and missions.

These costs would all be borne by current allies and not by the United States. As this committee is well aware, for decades now, the United States has made no financial contribution to NATO allies' defense budgets except for the limited amounts for loan support to Greece and Turkey.

We believe that our current allies can and should do more to increase their capability for the sort of mobile, flexible operations that NATO will need to be ready for in the future. But it is important to recognize that most of these countries have already made improvements and are committed to make more, and detailed examples are set forth in my statement.

Finally, turning to third category, the direct enlargement costs for linking new and old allies, those were estimated at about 9 to $12 billion over this period, or about $700-$900 million per year. This, again, is the cost of things like communications reinforcement, reception infrastructure, and other interoperability measures.

We estimated that about 60 percent of these costs, or about $5.5 to $7 billion in total, would be paid for out of the NATO common budgets over the 10 years following accession. The remainder would be paid almost entirely by the new members.

Now, this number is particularly important because this is the only number to which the United States would have to contribute. As you know, the United States pays approximately 25 percent of each of the three NATO common budgets. We expect that this relative cost share will stay the same—the ratio of three European to one U.S. in the period when NATO is meeting these requirements.

With these assumptions, the U.S. share would be about $150-$200 million per year. Now, that is simply our share of the common budgets.

These are, certainly, manageable costs. Obviously, $200 million is a lot of money, but it is only a fraction of a percentage point of the entire U.S. defense budget, which is $266 billion this year.

We are still discussing whether or what portion of those direct costs of enlargement, which would be paid for from common budgets, will represent a net increase overall in the common budgets, but whether some can be offset by reductions in lower priority programs. Now, there will be certainly be some reprioritizing of projects, and, therefore, less than dollar for dollar increase. The United States continues to expect that additional resources will be required.

Having explained the numbers that we provided earlier this year, I now want to talk about them, the next step, to get more refined estimates. Our estimates earlier this year were necessarily preliminary, if only because we didn't know what nations would be invited to join, and we certainly didn't know the detail of the steps needed to link them into the alliance.

Immediately after the Madrid decisions, NATO started a detailed review of the military implications, the miliary requirements, and the costs of meeting those requirements that are associated with enlargement.

The present NATO costing effort is highly specific and focused on individual installations. In an effort to better understand requirements as well as the current capabilities of the three invited nations, members of NATO's international military staff have been conducting cite visits at various military facilities in the invited countries. They actually go out and look at the air field, at the rail head, at the communications' facility, and the air defense radar stations to identify what changes will be necessary in order to bring those facilities up to the required standard.

They will then cost these requirements and prepare a proposed schedule on which they will be met. That work is to be completed in time for approval at the December NATO ministerials. This—and those cost estimates based on these detailed analyses will, therefore, be available to Congress simultaneous with the signing of the accession agreements and well before any vote on enlargement.

Based on what we know now, we expect that the NATO cost estimates will be somewhat lower than those you received from us in February. First of all, the initial U.S. cost estimate assessed that four, not three, new members would be admitted, so there is some reduction simply from that.

Second, and this is important in terms of the debate, remember that the number which NATO will come up to is comparable to the $5.5 to $7 billion that we estimated for the costs to the common budgets. NATO will only be estimating the costs to the common budgets, not the other categories.

But we also expect that the NATO cost estimates will be lower because some of the things in these countries are better than we expected. It is clear that there is a lot for them to do, but we believe that the additional investment required to prepare for membership will be less than initially anticipated. My detailed statement gives some examples of our experiences showing why this is the case.

In general, we found that the old Soviet-style infrastructure, while having lots of defects, provides a sound base on which to build and perhaps, more important, that the prospective new mem-

bers have been making good use of the time and opportunities that the Partnership For Peace and nearly a decade of freedom has afforded in their ability to improve their—the capacity of their militaries to work as a part of the NATO team.

There is on—this is a question of making the estimates. Then there is the matter of finding the money. Once the military requirements and cost estimates are agreed, we will move forward to make good on the commitments taken by—undertaken by the leaders of the alliance in Madrid that, quote, "The resources necessary to meet the costs of enlargement will be provided."

At Maastricht earlier this month at the informal Defense Ministerial, Secretary of Defense Cohen reminded his colleagues that all of the allies have acknowledged that the admission of new members will involve the alliance providing the resources which enlargement will necessarily require.

There was no disagreement on this point. Of course, until we know the detailed costs and the proposed schedules, we will not able to determine the net increase in NATO common budgets as British Defense Minister George Robertson noted last week in an article published in the American press.

Because enlargement is a high priority for NATO, we may have to delay some lower priority subjects. As I said, there is a question whether the enlargements costs to common budget can be fully offset.

But Minister Robinson added, "If additional spending is requiring, Britain will pay its share. We are confident that that will, in the end, be the position of all the allies. We will keep you informed over the coming months as this discussion continues."

Finally, I want to emphasize that these estimates of the cost of enlargement relate to capabilities required in the security environment that we in fact or see. Nation's need serious defense capabilities, which we have to hedge against the possibility things turning bad, in which there is no immediately threat of large-scale conventional aggression and whether any threat would take years to develop.

Of course, a fundamentally different and far more demanding set of requirements for defense, in NATO and worldwide, would arise if trends in Russia or anywhere else developed in such a way such as to renew a direct territorial threat to NATO members.

Because such a threat is hypothetical, it's impossible to estimate with any precision the costs of meeting it. But there can be no question that those costs would be substantial—they would be affordable, but they would be substantial. Remember that just 10 years ago, the United States and most of its allies were spending nearly twice as much as a share of GNP on defense as we do today.

There can, however, be no question that if we ever had to meet such a threat, we could do it more effectively and less expensively in an expanded alliance than in a Europe still divided along cold war lines. In such a circumstance which we do not expect and hope never to see, the added manpower, military capability, political support, and strategic depth afforded by NATO enlargement would amply justify whatever additional costs there were at having additional members within the alliance's security umbrella.

But perhaps the most important point to be made about cost is that there would be greater cost and greater risks in not enlarging. If we fail to seize this historic opportunity to help integrate, consolidate, and stabilize Central and Eastern Europe, we would risk a much higher price later.

The most efficient and cost-effective way to guarantee stability is to do so collectively through NATO. That was true in the cold war; it is true now; it will be true in the future. The costs of doing so are manageable for all concerned. Alliances save money. Collective defense is both cheaper and stronger than solely national defense.

A decision to defer enlargement, much less to withhold it altogether, would send the message to Central and Eastern Europe that their future does not lie with NATO and the West. It would falsely validate the old divisions of the cold war. The resulting sense of isolation and vulnerability would be destabilizing in the region, and would encourage nationalists and disruptive forces throughout Europe.

NATO would remain stuck in the past, in danger of irrelevance, while the United States would be seen as inconstant and unreliable in its leadership, withdrawing from its responsibilities and its interests in Europe and in the world.

The years ahead will be challenging ones in Europe in trans-Atlantic security. NATO enlargement is an essential feature of adapting the Western military and security organization to efficiently and effectively meet the challenges ahead. While there will be costs, they are manageable.

Most important, for the United States, for our allies, for our partners, the costs—not just the financial costs of a strong, effective, and engaged North American alliance pale in comparison to the costs that would be implicated by stagnation, instability, and failure of leadership in Europe. I appreciate the committee's attention and I look forward to the chance to answer your question.

[The prepared statement of the Mr. Slocombe follows:]

PREPARED STATEMENT OF MR. SLOCOMBE

Thank you. I am honored to be invited to appear before this Committee to address the security and military aspects of NATO enlargement. I would like to address first the rationale for NATO enlargement in the context of the European security framework and then talk about the military implications of enlargement, including the aspect of costs, which I know has been of interest to this committee, the Senate, and the public at large.

I. AMERICAN INTERESTS IN EUROPE

As Secretary Albright made clear in her appearance before this Committee, nowhere are American concerns more vital, and our efforts more concentrated, than in Europe. We will maintain our commitment to Europe in troops on the ground, in capability to reinforce as needed, and in political engagement in seeking to resolve problems. America makes this commitment not as an act of altruism, but because the security of Europe is vital to our own, as events in this century have repeatedly shown.

And we have an historic opportunity before us. President Clinton said recently, "Taking wise steps now to strengthen our common security when we have the opportunity to do so will help build a future without the mistakes and the divisions of the past, and will enable us to organize ourselves to meet the new security challenges of the new century."

Twice before in this century, America had the opportunity to help build a system of European security. The first time, after WWI, we foolishly held back from the responsibilities our interests required we assume. The second time, after WWII, 50

years ago, Western Europe and the United States together chose a path of reconciliation and reconstruction through the Marshall Plan, and together moved from terrible destruction to unprecedented prosperity and security. However, Eastern Europe and Russia did not participate because of Stalin's paranoia and relentless expansionism.

We now have a third chance . . . this time to build a security system for all Europe that will:

- Solidify the place of the newly free nations in a secure Europe linked to the U.S.;
- Maintain U.S. leadership and engagement;
- Foster growing European integration;
- Ensure that Russia will play a constructive role, commensurate with its importance and weight in European affairs; and
- Preserve and strengthen NATO as the core instrument of military security in Europe.

And, unfortunately, we face problems as well as good opportunities. The end of the Soviet threat, while very welcome, has not meant the end of threats. Threats to stability and security can still arise from old national and ethnic hatreds, homegrown and state-sponsored terrorism, threats from unstable regions outside Europe, and the prospect of the spread of weapons of mass destruction.

II. NATO IN THE NEW EUROPE

In the new European security system we seek to build, the key instrument is NATO. NATO is the only effective, continuing multilateral military alliance in the world. It has risen to the challenge of providing a critical instrument to promote peace in Bosnia. The best evidence of NATO's continuing relevance is the eagerness of many countries to join it—and the determination of its current members to keep it strong and to shape it to respond to the new challenges and opportunities we face. Countries want to join NATO because of what it is—a strong military alliance, with strong U.S. leadership. It will remain so.

To that end, we have embarked on an historic program to build a new NATO. NATO enlargement is the most publicized, but not the only, part of a much broader strategy, to help create a peaceful, undivided and democratic Europe. That strategy has included many other elements: support for German unification; fostering reforms in Russia, Ukraine and other new independent states; assistance to the withdrawal of Russian forces and nuclear weapons from newly independent states; negotiation and adaptation of the Conventional Forces in Europe Treaty; and the evolution and strengthening of European security and economic institutions, including the European Union, the Organization for Security and Cooperation in Europe, the Council of Europe and the Western European Union, and working toward the creation of a European security and defense identity within NATO.

With regard to NATO itself, NATO enlargement is also part of a much broader series of steps to adapt the Alliance to the post-Cold War security environment, including adaptation of NATO's strategy, strategic concept, command arrangements and force posture; strengthening its ability to carry out new missions beyond NATO's territory, as it has in Bosnia, while maintaining its core function of collective defense; and the creation and enhancement of the Partnership for Peace (PFP). As part of this broad series of steps, NATO enlargement aims to help the United States and Europe erase outdated Cold War lines and strengthen shared security into the next century.

III. NATO ENLARGEMENT

The impulse for so many of the nations of Central and Eastern Europe to wish to join NATO stems from their desire for thorough, permanent inclusion in the broad Atlantic community and for the sense of living in the secure neighborhood that NATO has brought to its current members. They want to be irreversibly part of the West, and we want to help them in this endeavor.

A. Benefits of Enlargement

Enlargement will serve the common security interests of all current NATO members. Adding nations to the Alliance in a gradual and careful way as they meet the standards for membership will:

- foster stability throughout Europe by providing an institutional stability for Central Europe, which has historically been a principal source of conflict in Europe;

- make NATO stronger by creating a larger circle of like-minded nations devoted to collective defense, both for protection of their own territory and for mutual action when their security is threatened by events outside their territory;
- improve relations among the region's states—both members and non-members—as in the historic reconciliation of Germany and the Czech Republic, and of Hungary and Romania;
- broaden burden-sharing within NATO;
- create a better environment for trade, investment and economic growth in Central and Eastern Europe;
- help secure the historic gains of democracy in Central and Eastern Europe by providing the security in which their free societies can flourish and the hatred of the past be permanently buried, just as it did for Western European nations such as Germany, Italy, and Spain; and
- help all of Europe become a stronger partner for the United States in political, economic and security affairs. This will serve American interest and American principles, just as it will serve those of all of Europe, both old and new members and states inside and outside the Alliance.

B. The Choice of Prospective New Members

Of course, the process of enlargement must be carefully prepared. Formal membership in NATO carries with it both political and military obligations of a special character—what President Clinton has called "the most solemn security guarantees." Enlargement must not, and will not, dilute the Alliance's military effectiveness, nor its political cohesion. The broader context of European security, including impact on Russia, on Ukraine, and on nations that remain outside NATO, must be taken into account.

Sincere aspiration to join cannot alone be enough for membership. New members must be ready to accept the obligations of membership. They must demonstrate a commitment to democracy and the rule of law, to an open market economic system, to civilian constitutional control of their militaries, to peaceful resolution of disputes with neighbors, to respect for human rights and the rule of law, and to a gradual development of military capabilities that are congruent and interoperable with NATO systems.

After extensive discussion with allies, with candidate countries, with members of Congress, and within the Administration, the President decided this year that the US would support Poland, Hungary, and the Czech Republic for first round invitations. In Madrid, NATO invited these three new democracies to begin accession talks to join the Alliance. This decision was based on our conclusion, shared by the military and our allies, that the three invitees—Poland, Hungary and the Czech Republic—have made sufficient progress on military, political, economic, and social reforms. They are clearly ready to take the next steps to becoming full members, accepting all the rights and responsibilities of membership.

Nine other European states had also declared their desire to join NATO, and many of them are making excellent progress in preparing themselves for membership. The United States and the Alliance recognized the arguments in favor of several other candidate countries, including Slovenia and Romania. We concluded, however, that the alliance should extend an invitation now only in the clearest cases, where there is a broad consensus that the candidate countries have already demonstrated readiness for membership on all relevant standards. Inviting accession is a profoundly significant action, which carries heavy obligations both for new and old members. Where there is reasonable doubt about whether a nation has yet made sufficient progress, the prudent course is to defer invitations. This approach is all the more appropriate, given that the door to membership will remain open, so that there will be ample opportunities to invite additional members.

The key non-selects—Slovenia, Romania, Bulgaria, and the Baltic states—have naturally all expressed disappointment at their non-selection. But all have also indicated that, far from abandoning the course of integration, NATO membership will remain a top foreign policy goal for them. They are committed to continuing and accelerating reforms. They are prepared to make the necessary sacrifices. In addition, all aspirants have expressed their intentions to participate in enhanced PFP and the EAPC.

C. Military Implications

NATO's first task is "Article 5" defense of the territory of its members. NATO's adoption of a new Strategic Concept in 1991 shifted from the Cold War program of positioned forward defense to place a new emphasis on enhanced flexibility and mobility and an assured capability for augmentation when necessary. Consistent with this concept, NATO does not see a need in the existing strategic environment to per-

manently station substantial combat forces on new, members' territory. Instead, it envisions an effort to make the military forces of new members capable of operating with NATO forces, supplemented by the capability of current members to provide appropriate NATO reinforcements in a crisis.

Thus, the defense posture associated with enlargement will apply to new members the same concept of regional reinforcement that it applies to current members, relying on the capability of new members' forces to operate with and be reinforced by NATO units. The same forces and capabilities needed to meet today's needs will apply to meeting those associated with the new members.

Similarly, NATO has agreed that while new members will be expected to support the concept of deterrence and the essential role nuclear weapons play in Alliance strategy, enlargement will not require a change in NATO's current nuclear posture. For this reason, the Alliance has stated that it has no intention, no plan, and no reason to deploy nuclear weapons on the territory of new members; nor does it foresee any future need to do so.

NATO will also expect new members to be able to contribute to NATO's non-Article 5 missions, including being able to contribute to out-of-area deployments.

IV. Costs of Enlargement

Of course, NATO enlargement carries costs. Security is not free.

There are new financial costs to enlarging, but these costs are affordable. They are modest compared both to our total defense spending—and to the costs and risks of not enlarging. The most important costs—like the most important benefits are non-financial. The United States and its allies will, by enlargement, extend solemn security guarantees to additional nations. NATO members must provide the capability, with that of the new members, to back those guarantees. The Madrid Statement acknowledges that the Alliance will need to find the needed resources.

A. Categories of Enlargement Costs

Analysis of the financial costs of enlargement can be broken into three components:

First, there are the costs to **new members** to develop military forces to contribute to their own defense, to the defense of other NATO members, and to other NATO operations. While they currently make some contribution, in order to be greater producers of security, the new members must over time re-build, re-equip, and re-train their forces. They must have smaller, better equipped, better supported, and better led forces, and those forces must be better able to operate with other NATO forces.

Second, there are the costs to **current members** to improve their forces' mobility, deployability, interoperability, and flexibility—in short, to proceed with the efforts already committed to and needed for NATO's current membership.

These two categories of costs are all for actions that the countries concerned would need to take to provide for their own defense, with or without NATO enlargement. Indeed, to get comparable levels of security without NATO enlargement the new members would have to spend more. Similarly, existing members would need to meet their commitments to improve their forces' flexibility and deployability whether or not NATO added members. But with enlargement, the capabilities that these other costs will fund will be needed all the more. So it is important that the commitments actually be met, and we have thought it right to identify the first two categories of costs that will need to be paid to ensure that an enlarged NATO is able to meet its obligations.

Finally, there are the costs to **both new and old members of integrating new members into NATO.** These direct costs to enlarging could be considered the only true costs of NATO enlargement, since they are the costs that would not be incurred if NATO did not add new members.

These costs are associated with enhancing interoperability in communications, reinforcement, exercises and air operations. They include:

Communications:

- Refurbishment/renovation of new members' existing headquarters facilities to accommodate a NATO C2 element (including necessary intel & comms equipment).
- Extension of communications interfaces to all new member forces.
- Education in NATO languages & procedures for new members' officers.

Air Command and Control:

- Acquisition of interoperable air traffic control capabilities and weapons engagement capability.

- Interoperable aircraft avionics (IFF).

Logistics:

- Acquisition of interoperable fuel facilities and other support equipment at reception sites.
- Host-nation support planning and procedures for arranging routine logistics support.

Infrastructure:

- Improvements to new members' airfields, road and rail links, ports, and staging areas to accommodate NATO reinforcements.
- Enhanced fuel storage and distribution capabilities.

Exercises:

- Upgrades to existing exercise facilities to ensure compatibility with NATO safety standards.
- Transportation and operating costs for incremental combined exercises tied specifically to enlargement.

B. Initial U.S. Cost Estimate

As you know, the Department of Defense has prepared a notional estimate of the costs of enlarging. This estimate was part of the report, requested by the Congress, that the President submitted to you in late February of this year.

Our initial estimate assumed that, while there would be a need for serious defense capabilities for an enlarged NATO, there is currently no threat of large-scale conventional aggression in Europe, and that any such threat would take years to develop. This is, of course, the same assumption that we make for our own national planning, and that NATO makes in planning for defense of its current members.

Total costs for achieving all three categories were estimated as $27-35 billion. These costs would be spread over the 13-year time frame of 1997 through 2009—ten years after the planned accession of new members.

Now, using the breakdown for these costs which I just outlined for you, let me give you what we estimated each group would have to bear for each of the three categories of costs:

1. New Members' costs for restructuring their national forces.

Prospective new member costs for restructuring their militaries were estimated at about $10-13 billion over that time frame or about $800 million to $1 billion per year. These costs amount to some 10-30% of the total current defense budgets of the prospective new members.

New members will be expected to increase their defense budgets to some degree, and they have outlined plans to do so. But we expect a substantial part of these costs will be met by savings from reducing the size of the three nations' current forces. These costs would all be borne by the new members, except to the limited extent Congress decides to continue limited support to Central European militaries. (As you know, the U.S. now provides about $100 million in Warsaw Initiative funding to all PfP countries combined to support their participation in PfP.)

These will be costs of moving from their old Soviet-style forces, which were little more than auxiliaries of the Red Army, to militaries appropriate for independent democracies. These countries do not start from zero. Indeed, they have, per capita, rather larger militaries than most NATO allies. They each are contributing to NATO's force in Bosnia. They have begun restructuring their forces, which are poorly equipped, trained, and manned.

We have, since our first analysis, discovered some unanticipated capabilities in the three invitees; however, as our study continues, we will, of course, likely also find some deficiencies—especially regarding personnel, specialized training, communications, and force modernization. While the three cannot be expected to "fix" everything by 1999, each must have a serious program that lays out a defined path toward the enhancement of their defense capabilities.

We have told each invitee that its highest priority should be investing in quality personnel. They must develop effective systems for recruiting and retaining good troops. Key to this is the development of an effective NCO corps. The next priority is training, including English language training, for personnel and equipment are meaningless without adequate training. The next priority is achievement of a real degree of interoperability with NATO, including communications, logistics, infrastructure for reinforcement, and air defense. In all 3 cases, the outcome will be smaller, but more capable forces.

While it is clear that each of the invited nations must undergo modernization of major weapons systems in the years ahead if it is to remain a contributor to overall

alliance security, acquiring high tech weapons systems should not be the highest priority.

These three countries are working hard to demonstrate that they are ready for membership in NATO. Right after the Madrid Summit, Secretary of Defense Cohen met with the three Ministers of Defense to explain what they would need to do and to hear their plans. After the Madrid Summit, Secretary Cohen traveled to Budapest while the President and Secretary Albright traveled to Warsaw and Prague. We made these trips not only to congratulate them but to remind them that the journey to Alliance membership had just begun, not ended.

In the past month, Assistant Secretary Kramer has traveled to each of the invitees' capitals to discuss their preparations for membership. He and Assistant Secretary Grossman will testify before you next week regarding these preparations, so I will not go into them in detail, but it bears saying that each of these nations wants to be a contributor to, not just a consumer of, security. They are already contributing to the security of Europe by restructuring and modernizing their militaries to operate with NATO, by serving with our soldiers in Bosnia, and by helping to make a success of the Partnership for Peace.

Each country has some work to do. The Czechs, for example, in their original DPQ responses to NATO, did not, commit enough of their forces to NATO missions, but their most recent response commits virtually all of their forces to NATO. Their future budgets need to allocate greater resources for defense; they have promised to increase their defense budget, currently 1.7% of GDP, to 2% by the year 2000. While both Poland and Hungary have had similar deficiencies they are overcoming them. Hungary has increased its budget and Poland has an extensive fifteen year plan. I am encouraged by the rapid Czech response to our and NATO's constructive criticism during the past few weeks.

2. Current Allies' Costs to Improve Deployability.

Current allies' costs for NATO regional reinforcement upgrades were estimated at about $8-10 billion, or about $600-800 million per year. These are a modest share of their total defense budget—less than 1%—and for the most part, represent efforts already underway to adapt their forces to new post-Cold War needs and missions.

These costs would all be borne by the current allies. For decades now, the U.S. has made no financial contribution to Allies' defense budgets (except for some loans to Greece & Turkey).

It is important to note that our cost estimates to date do not anticipate any added costs to the U.S. in this category because U.S. forces are already readily deployable and sustainable. The requirement to deploy to meet a contingency in places like Korea or Southwest Asia is more demanding than a hypothetical crisis in Central Europe. US costs of enlargement are relatively low because we have already provided for the forces' projection missions that the new NATO requires.

Both the U.S. and our NATO allies have made big cuts in our defense budgets since the end of the Cold War. But, using the key indicators of burdensharing, as set by Congress, most of our NATO allies still make very substantial contributions to the common defense. For example, more than two-thirds of the troops participating in SFOR are non-U.S. forces.

We believe the allies can and should do more to improve their capability for the sort of mobile, flexible operation NATO will need to be ready for in the future. But is it important to recognize that most have already made improvements, and are committed to more. For example, Britain provides NATO's only rapidly-deployable corps headquarters committed to NATO and British forces are the backbone of the Allied Command Europe (ACE) Rapid Reaction Corps (ARRC). The U.K. also has the capability to deploy and sustain a division-sized force of 20-25,000 personnel in a Gulf War-style scenario.

France, in general, is restructuring its armed forces to be more mobile and easily deployable. The French are establishing a Rapid Action Force (FAR) designed for rapid response in both European and overseas contingencies. France also participated heavily in IFOR efforts to implement the Dayton peace accords in Bosnia and Herzegovina. With nearly 10,000 troops, France was the third largest troop contributor, after the U.S. and Britain, and was responsible for one of the three geographic sectors—and continues to be in SFOR.

Likewise, Germany is standing up a Rapid Reaction Force of some 53,000 fully-equipped troops from the Army, Navy and Air Force. The first units stood up in 1996 and the force will be fully capable in 1998. In general, German armed forces are in the process of re-creating themselves into a mobile, deployable—rather than static home defense—force.

The smaller European nations are also improving their forces. For example, the Royal Netherlands Navy and Air Force have improved both their transport and air

defense capabilities with new procurements such as: two KDC-10 transport/tankers (the Dutch can now deploy their own F-16s without reliance on the U.S.); an amphibious-lift ship to make the marine brigade self-deployable; and upgrades to their F-16 fleet and their Patriot systems.

3. Costs to Link NATO and New Members.

Turning to the third category of direct enlargement costs for linking new and old allies, those were estimated at about $9-12 billion, or about $700-900 million per year. This again, is the cost of items such as communications, reinforcement reception infrastructure, and other interoperability measures. We estimated that about 60% of these costs, or about $5.5-7 billion, would be paid for out of NATO common budgets over the ten years following accession, with the remainder paid by new members. We further assumed that the U.S. would pay its current approximately 25% share of the NATO common budget.

In 1997, total NATO common budget spending totaled about $1.8 billion. The total U.S. contribution to the three budgets was about $485 million, while the allies contributed the other $1.3 billion. We expect these relative percentage cost shares will stay the same three European to one U.S.—in the period when NATO is meeting the requirements of enlargement.

With these assumptions, the U.S. share of the direct costs of enlargement would be about $150-200 million per year, representing our share of the NATO common budget that would be applied to the linking of new and old members.

These costs are manageable. Projected U.S. requirements to meet direct enlargement common budget costs amount to only a fraction of a percentage point when compared with total U.S. defense spending ($266 billion in 1997).

Still under discussion is whether that portion of the direct costs of enlargement which are a shared responsibility and funded from the common budget will result in an overall increase in the NATO common budget—or whether some can be offset by reductions in lower priority programs currently in the common budget. While there will certainly be some reprioritizing of projects, and therefore a less than dollar-for-dollar increase, we continue to believe that additional resources will be required.

C. Ongoing NATO Work to Help Refine the Cost Estimate

As noted, our February estimates were necessarily preliminary, if only because we did not know what nations would be invited to join, nor the detail of steps needed to link them to the Alliance. Immediately after the Madrid decisions, NATO started a detailed review of the military implications and costs of enlargement, what new members will bring to the Alliance, and any additional requirements for current allies. The U.S. has long argued that any NATO cost estimate must be driven by the military requirements of enlargement. We were successful in pressing. that argument in the Alliance, and a review of the military requirements is currently underway by the NATO staff.

These reviews are ongoing at NATO this fall, with recommendations to be completed in November for consideration by ministers in December. The invitees worked with the NATO international staff to fill out a special Defense Planning Questionnaire (DPQ) response as their initial step into the NATO Defense Planning Process. All NATO allies respond to the DPQ annually.

The present NATO costing effort is highly specific and focused. In an effort to better understand requirements as well as the current capabilities of the invited nations, members of NATO's international military staff have been conducting site visits at various military facilities in the invited countries this summer. They visited airfields and railheads in each country. They checked out communications facilities and visited air defense radar stations. This month they are visiting other facilities in each country to try to ensure that the first facilities they inspected are representative of the condition of the majority of facilities in that country.

The international staff of NATO will then cost those new requirements. They will also help determine a schedule by which to meet requirements. That is part of the work that is to be completed in time for the December ministerials. This level of detailed information was obviously not available to us when we did our first cost study, and it is still being formulated. But cost estimates based on these detailed analyses will be available to Congress well before any vote on enlargement.

NATO cost estimates may be lower

Based on what we know now, we expect that the NATO cost estimates will be lower than those that you received from us in February. First, the initial U.S. cost estimate assessed four, not three, new members. Further, the NATO estimate will address only the direct, common-funded costs, which, as explained above, OSD esti-

mated at $5.5-7 billion over 10 years. National costs borne by each ally or prospective ally are separate from, and will not be estimated by, the NATO work.

But we also expect the NATO cost estimates will be lower because some things are better in the invited nations than people thought. As a result of assessments NATO planners and logisticians have been conducting, we believe the additional investment required to prepare each of these nations, their military forces, and their infrastructures for full NATO membership will be less than initially anticipated.

Let me share some examples of our experiences during these assessments to show why this is the case.

Interoperability Progress by the Invitees

When the American General heading a small NATO team visiting Kecskemet Air Base asked his Hungarian host how he might accommodate a squadron of NATO F-16s, he was surprised by the precision and detail of the Hungarian response—and the level of installation readiness already achieved. He commented that the Hungarians had done some excellent research. He was told it wasn't just research. Hungary had hosted a squadron of Dutch F-16s for several weeks in 1996, and a United States Air National Guard squadron was scheduled to arrive the week after the general's visit. The Dutch and American planes were in Hungary as part of a series of PfP exercises designed to improve interoperability. Thus Hungarians are already capable of handling NATO aircraft at some of their airfields. There is less work that needs to be done—and in turn—less money to be spent to improve these airfields than we had estimated earlier this year. This example also shows how PfP has contributed in direct and practical ways to preparing for NATO membership.

In another example, an analyst monitoring the NATO Common Fund Cost Study's progress noted that even though communications and, information systems requirements were increasing, the prospective costs to the Czech Republic kept dropping. Upon closer inspection, it turned out the Czechs had already anticipated requirements for secure and non-secure digital communications programs and had applied NATO standards to the national programs they are pursuing on their own. In short, the Czechs had already spent their own money to fund some projects that we had assumed would be paid for by NATO as a whole through the common budgets.

Finally, an American general asked a Polish major familiar with the details of a particular rail complex whether we could reasonably expect to transport a NATO armored division through it in one week's time. The amused major replied by asking the general how many Soviet heavy divisions he thought they planned on moving through the same location when trains were going the other way?

These examples demonstrate an important point. When we conducted our initial cost study, we assumed a very substantial need for improving military bases and equipment to support interoperability and reinforcement. As we spend more time on the ground in the countries of each of the invitees, learning the details of their military forces and infrastructure, we are gaining a better appreciation for just how well prepared they were to fight against NATO, and for how much effort they have subsequently dedicated to preparing to integrate into NATO. Of course, we will also find deficiencies, but the new members will be modernizing from a relatively robust foundation. We will not be building airfields from scratch. In fact, NATO will be inheriting a great deal of usable infrastructure. Accordingly, the direct costs of enlargement will likely be less than we originally estimated.

During the Cold War these levels of capabilities would have been bad news stories, but today they are all good news stories. What I am attempting to demonstrate is that we are increasingly impressed by the levels of readiness, understanding, and initial success of the invitees in working toward NATO interoperability. These capabilities will contribute to driving down the need for NATO common-funded improvements once they become members of NATO. These capabilities are generally higher than we assumed in our February study on the requirements and costs of enlargement. I'm convinced, as we delve deeper into the circumstances in these countries, we will discover more examples of infrastructure capabilities either inherited from the Cold War or built up over the past three years through the Partnership for Peace.

The NATO staff work I have been outlining for you, when forwarded to Ministers in December, will provide the basis for a more refined assessment of the costs associated with NATO enlargement. In order to support the Congress' review of issues associated with enlargement, we will, as Secretary Cohen stated in his 16 October letter to Senator Stevens, provide you with an update based on these NATO efforts in early 1998.

D. Finding the Resources

Once the military requirements and cost estimates are agreed to in December, we will move forward to make good on the commitment undertaken by national leaders at Madrid that, "the resources necessary to meet [the costs of enlargement] will be provided."

In Maastricht, at the informal NATO defense ministerial, Secretary Cohen led the discussions on this issue. Secretary Cohen reminded his colleagues that at our defense ministerial in June, we all pledged to play our full part: (1) in preparing the nations invited to join NATO for their future roles and obligations as Alliance members; (2) in providing sufficient resources to maintain the Alliance's ability to perform its full range of missions; (3) in implementing the Alliance's decisions to further enhance its relations with partners; and (4) in acknowledging that, "the admission of new members . . . will involve the Alliance providing the resources which enlargement will necessarily require." These commitments were reaffirmed at the Summit in Madrid, where our Heads of State agreed: (1) that there will be costs associated with the integration of new members; (2) that these costs will be manageable; and (3) that the resources necessary to meet these costs will be provided.

There was no disagreement on this point in Maastricht. Of course, until we know the detailed cost and proposed schedule of action, we will not be able to determine how much net increase in the NATO common budgets will be needed. And, as British Defense Minister George Robertson stated last week, "[b]ecause enlargement is a high priority for NATO, we may have to delay some lower priority projects." But, Minister Robertson added, "if additional spending is required, Britain will pay its share." We are confident that will, in the end, be the position of all the allies.

We will keep you informed over the coming months as this discussion continues.

E. The Effect of a Greater Threat on Costs

Finally, it is important to understand that these estimates of the cost of enlargement—and of keeping NATO capable in new conditions—relate to the capabilities required in the European security environment that we in fact foresee—one in which nations need serious defense capabilities, but in which there is no threat of large scale military conventional aggression and where any such threat would take years to develop. Of course, a fundamentally different—and far more demanding—set of defense requirements would arise if trends in Russia or elsewhere developed in such a way as to renew a direct territorial threat to NATO members. Such a threat does not exist, nor is there an expectation that it will reemerge. Moreover, the United States and its allies would have years of warning and preparation time in the very unlikely event such a dramatic change in the European security environment were to occur.

Because such a threat is hypothetical, it is not possible to estimate with any precision the costs of meeting it. But there can be no question that the cost of responding to such a threat would be substantial. Just ten years ago, for example, the United States and most of its Allies were spending nearly twice as much of GDP on defense as today.

There can, however, be no question that, if we had to meet such a threat, we could do so more effectively and less expensively in an expanded alliance than in a Europe still divided along Cold War lines. In such circumstance, the added manpower, military capability, political support and strategic depth afforded by NATO enlargement would amply justify whatever additional cost there were in having additional members in the Alliance.

Perhaps the most important point to be made about the costs of enlargement is that there would be greater costs and risks to not enlarging. If we fail to seize this historic opportunity to help integrate, consolidate and stabilize Central and Eastern Europe, we would risk a much higher price later. The most efficient and cost-effective way to guarantee stability in Europe is to do so collectively through NATO. The costs of doing so are manageable for all concerned. Alliances save money. Collective defense is both cheaper and stronger than national defense. A decision to defer enlargement, much less to withhold it altogether, would send the message to Central and Eastern Europe that their future does not lie with NATO and the West. It would falsely validate the old divisions of the Cold War. The resulting sense of isolation and vulnerability would be destabilizing in the region and would encourage nationalist and disruptive forces throughout Europe. NATO would remain stuck in the past, in danger of irrelevance, while the U.S. would be seen as inconstant and unreliable in its leadership and withdrawing from its responsibilities in Europe and the world.

V. CONCLUSION

The years ahead will be challenging ones in European and Transatlantic security. NATO enlargement is an essential feature of adapting the Western military and security organization to efficiently and effectively meet the challenges ahead. While there will be costs, they are manageable. More important, for the United States and its allies and partners, the costs—and not just financial costs—of a strong, effective and engaged North Atlantic Alliance pale in comparison to the costs that would be implicated by stagnation, instability and failure of leadership in Europe.

Senator Hagel (presiding): Mr. Slocombe, thank you. We appreciate your appearing here this morning. Chairman Helms went to vote, if you wondered what was going on up here.

Mr. SLOCOMBE. He explained.

Senator HAGEL. I know you are no stranger to this. He will be back, and in the interest of time, I will proceed with questions and then ask Senator Feinstein for her questions.

Mr. Slocombe, in light of the news this morning about the present—or at least it appears to be a present shakeup in the Czech government, have we anticipated problems that might occur with the three new invited nations into NATO—government problems, financial problems? And if we have anticipated those problems, for example, on the financial assistance side, if one of these new nations is unable to finance its share of its membership, what is plan B?

Mr. SLOCOMBE. I think that whatever shape of the governments in any of these three coun—the short answer to your question is yes, we have looked at the political stability of these three governments. One of the requirements was that any country that was going to be seriously considered for an invitation would have to have clearly established a democratic, stable system.

And that is certainly true for these three. It's true for other countries in Central Europe, but that was a necessary but not a sufficient condition. I think it is clear that any conceivable government in any of these three countries will be dedicated to NATO membership and to paying the costs that are necessary to do that.

Now, they may have economic ups and downs. The possibility of occasional blips in the economic structure is not confined to Central and Eastern Europe. But I think the base—their basic commitment to NATO membership and to paying the costs will be met.

The problems in the Czech Republic—and I have to confess, Senator, that in the time that I had been getting up here, whatever's happened in the Czech Republic has happened. I can't comment in any detail. There have been some special issues in the Czech Republic and I think they have had a wakeup call and they understand they need to make a stronger effort. We expect they will make that.

Senator HAGEL. Let me delve into this a little more specifically. Would members, current NATO members, do you believe, step up their assistance in order to cover the nation or two or three invited nations if there was a shortfall or a problem in their commitment to financially support their involvement in NATO?

Mr. SLOCOMBE. We have made clear from the beginning that on the whole, NATO is a club in which you pay your own dues. The United States has had a modest program for all of the Partnership For Peace countries, although a large part of it goes to these three countries, to support participation in the Partnership For Peace.

A number of the other European countries have small programs of their own that work on particular focused areas. But except for that very limited and very focused effort, there is no contemplation by anybody that there will be financial assistance to meet the basic defense budgets of any of these countries.

Senator HAGEL. Thank you.

The Congressional Budget Office and the RAND Corporation, as you know, both estimated NATO expansion costs, but came up with dramatically different numbers. How would you explain the differences? If the major difference is in the threat assumption, what threat assumptions underlie the administration's projections?

Mr. SLOCOMBE. The answer to that question differs for the two studies. The CBO study, at least its big number—the $120 billion, which gets all the attention—assumed a dramatically larger threat and assumed that we would need to recreate in Central Europe the sort of forward positional defense which we had in the middle of Germany during the cold war.

Obviously, if you make that assumption, the costs are going to be very substantially higher—whether they're $120 billion, for all I know, could be low. But it is a—that is an assumption about a threat which does not exist now, which there is no prospect of existing in the future in the sense of any indications, and which even if you make the most pessimistic possible assumptions about Russia, could not exist without years of warning.

The—I'm sure you're aware, the committee is aware, that the Russian army—leaving aside the geographic problem—the Russian army is in a state of considerable trouble, and to put it mildly, is not sitting on the border of Poland or—Poland is the only country that would be relevant here—threatening anybody. That's the main difference for the assumptions in the CBO study.

I also want to be clear, and I understand that the principal researcher on the CBO study is also the man who did the recent study for Cato. He also has very different views about what you would need to do to meet the current threat. It has essentially to do with the level of current threat and the response.

Now, with respect to the RAND study, that—those numbers are obviously a lot closer to the ones which we reached in the Department of Defense. Indeed, the range in the RAND study overlaps with the range in the Department of Defense study. The principal difference there is a relatively technical one about the number of divisions that you would need to provide for reinforcement.

I believe that Mr. Kugler, Dr. Kugler, who did the RAND study, is going to testify on the second panel and you'll have an opportunity to ask him in more detail. But my understanding is that the RAND study and the Defense Department study made essentially similar assumptions and came to essentially similar conclusions.

Obviously, these estimates have a—are notional estimates, and until we have the NATO analysis—as I say, going down and looking at the particular facilities, the particular ports, the particular communication centers—that's when we'll be able to say, "Yes, this is the work which is going to need to be done."

Senator HAGEL. Thank you. Those NATO allies who were also members of the European Union are currently, as you know, work-

ing with us and attempting to meet strict budgetary requirements for the proposed European Monetary Union.

Could you give us your sense of how likely it is that this effort, as well as domestic political factors, will constrain their willingness or lack of willingness, or their ability to increase defense spending sufficient to accommodate an expanded NATO?

Mr. SLOCOMBE. There's no question that in all of the countries in the EEL that are trying to meet the financial—the fiscal criteria for the European Monetary Union, there are pressures on public spending and that includes pressures on defense spending. That is, perhaps, particularly dramatic in the case of France and Germany.

So their defense budgets are constrained—I mean, everybody's defense budget is constrained in some sense. But these countries are clearly going to continue to have serious defense budgets, serious defense efforts.

And most important, they are all of them—all of the principal European allies, not just France and Germany—are embarked on an effort to restructure their forces so that they shift from forces that were essentially oriented toward territorial defense toward forces that are more mobile, more deployable, more able to do what we need to do in the future.

I think there's no question that the European defense programs will be—well, they'll be constrained to use your term. They will be constrained by the requirements to meet the EMU criteria, but they will not be gutted, they will not become ineffective. They will continue to work toward this goal of a more flexible, more deployable force.

Senator HAGEL. Have we had—I assume we have in-depth conversations with our allies on this point?

Mr. SLOCOMBE. We have indeed. The most important conversation, in a sense, that we have with the allies is the conversation that takes place through the NATO defense planning process.

Every year, every member of the alliance, including the United States, responds to the so-called Defense Planning Questionnaire and lays out its defense program. That program is then reviewed and discussed.

Now, it's always up to national governments to decide what they will do, but the—this provides a formal process for exchanging views on our respective national defense programs.

In addition, of course, we have—particularly through the Department of Defense—we have continuing discussions about our respective defense programs, about where the emphasis ought to be, about meeting common needs.

I think it's in the nature of these things that no defense establishment is ever convinced it has completely and thoroughly met all of the things it would like to do. But all of these countries have serious defense programs and will continue—particularly will continue this really historic shift in emphasis from territorial defense to deployability, and you see that in Bosnia.

I mean, the—almost all the NATO countries, certainly all the principal ones, have larger relative contributions to their population, total size of armed forces, in Bosnia than we do. That's been an important—in addition to other reasons it's been important—that has been an important experience for them in sustaining

forces outside their national territories, and that's essentially what we're talking about in terms of reforming.

Senator HAGEL. Mr. Secretary, thank you.

Mr. SLOCOMBE. Thank you, sir.

Senator HAGEL. We have been joined now by the—both the chairman and the distinguished ranking minority member. So it is a high honor for me indeed to—is that all right to pass the baton over here, Mr. Chairman?

The CHAIRMAN. (presiding) Thank you.

The fact is, Mr. Secretary, I voted against these new trolley cars and every time I get on one it seems it breaks down, and you cannot do a thing in the world about it. You sit there.

Mr. SLOCOMBE. Well, at least it's not a Defense Department system.

The CHAIRMAN. They cost $23 million bucks, and the excuse for them was they would save 10 seconds or something for the Senators to get over there. I said, "They ought to start earlier, keep the old ones."

I have only one question—well, maybe I have more than one.

Have you had yours?

Senator BIDEN. No, but you go ahead.

The CHAIRMAN. No, no!

Senator BIDEN. No, no, no! I just arrived. Go ahead, please.

The CHAIRMAN. So did I.

Senator BIDEN. It would give me a chance to figure out what he had to say.

The CHAIRMAN. I was interested in one statement you made. Of course, what you said was true. You said "Certainly"—in effect—"Certainly, there are going to be additional costs. It's not free. But it's well worth paying." And that is what we are trying to determine.

But my point is that Uncle Sugar—Uncle Sam—should not be forced to pick up the tab on this to protect Europe. Anyway, representatives of the three new members were here, and they assured me and other Senators that they were perfectly willing and prepared to pay their fair share.

And as far as Germany and France and all the rest of them, they ought to ante up a little bit more because we have sent men over to die and spent billions of dollars saving their bacon twice in this century. So I do not have very much sympathy for their unwillingness to pay the cost.

Now, the United States and its NATO allies are in the middle of an effort to identify the specific costs. Did you make clear exactly the answer to the question "Will NATO have an agreed estimate by December of this year?"

Mr. SLOCOMBE. Yes. That, as the statement explains in sort of bureaucratic detail, we're in the middle of a process——

The CHAIRMAN. And I assume you did.

Mr. SLOCOMBE. [continuing]. to produce that by December.

The CHAIRMAN. Was it different from the Clinton administration's estimate?

Mr. SLOCOMBE. We expect that it will be somewhat lower.

The CHAIRMAN. Somewhat lower?

Mr. SLOCOMBE. Yes.

The CHAIRMAN. And, now, the other 15 members—since we are talking about fair share. Are they going to help pay the cost of bringing new members into the alliance?

Mr. SLOCOMBE. Yes, they will, Senator. Mr. Chairman, the—one thing which is not in dispute is that the common budgets will continue to be distributed essentially as they are now.

Obviously, the percentages will change slightly because the three new members will pay a contribution. Given their relative size and relative economic position, it'll be quite small, so that everybody's absolute percentage will go down a little bit.

But the most important point is that the relative shares will not change and that's three European dollars for every American dollar. The United States pays about a quarter of the European—of the NATO common budgets and the other members of the alliance pay the other three quarters.

And there is no proposal that I have heard about—and I think I would have heard about it—there is no proposal to change that ratio.

The CHAIRMAN. Well, I am going to have one or two more questions which will be of an arithmetical nature and I will file those in writing and you can respond in writing in order to save time.

Mr. SLOCOMBE. If I could, Mr. Chairman, there is one point that I think it is important to have in mind as we think about what the NATO estimate will be.

NATO is estimating what the cost to the NATO common budgets will be. The number that we estimate for that is not the $25—$27-$35 billion. It is about $5.5 to $7 billion, which is embedded within the larger estimate, but it is important that we be clear what NATO will be estimating is the cost of common budgets, not the estimates for the whole range of costs.

The CHAIRMAN. Good point. Senator Biden?

Senator BIDEN. Thank you, Mr. Chairman—a good point that no one understands.

I'm not being facetious.

Mr. SLOCOMBE. This is a——

Senator BIDEN. No, no, no—see—Walt, you know this place, Mr. Secretary. You know this place extremely well. I am not being solicitous when I suggest that you have the respect of both sides of the aisle here.

You have been here awhile. You have been here in more than one administration. One of the things that I think is very, very important for those of us who support expansion is to make sure that we are able as clearly as possible to delineate for our colleagues and for our constituencies the difference in the additional cost that would be required as a consequence of expansion, and the difference as a consequence of plans and agreements already made within NATO to modernize and upgrade NATO capacity and capability even if we did not expand NATO.

Mr. SLOCOMBE. Exactly, sir.

Senator BIDEN. And so I hate to ask you to do this, but in light of what you have just stated, the common budget that you just referred to, what does that common budget speak to? What elements does it take into account? Does it take both those elements into account—the element of the cost of expansion of the additional three

nations and the element of the cost of modernization that we had already agreed to, I guess, what, more than 2 years ago?

Mr. SLOCOMBE. It does not include any of the costs of modernization in that—in the sense to which you refer.

Senator BIDEN. Right.

Mr. SLOCOMBE. Those are paid, they have been paid for—again, with the special exception of Greece and Turkey, they have been paid for by the NATO members for the last—right at the beginning of NATO, there was some direct grant assistance.

But for decades, those costs have been—national costs paid for by—the Belgian taxpayer pays for the Belgian army, the German taxpayer pays for the German army and so on.

Senator BIDEN. Right.

Mr. SLOCOMBE. And the American taxpayer pays for the American armed force.

There are—and that will continue to be true.

In a sense, the answer to the question is if those costs are not met, we may have a problem, but we will not have a bill.

Senator BIDEN. Right.

Mr. SLOCOMBE. We may have a problem in the sense that our allies will not have done what we think is necessary for the common defense.

Senator BIDEN. Or what they agreed to do.

Mr. SLOCOMBE. Or what they agreed to do or what they proposed to do.

Senator BIDEN. Right.

Mr. SLOCOMBE. In general, they have proposed to do all this. We may have a problem, but the one thing which we will not do is write a check to the German government.

Senator BIDEN. Right.

Mr. SLOCOMBE. And that is not going to happen.

Senator BIDEN. Good. I am sorry, go ahead.

Mr. SLOCOMBE. Now, you asked if—you asked what the NATO common budgets cover. There are—and this gets complicated. There are three of them.

One is the civil budget, which essentially—one is the civil budget, which essentially pays for the NATO headquarters, science program, a few things like that.

Senator BIDEN. Now, if I can stop you on that one. The incremental cost to that common budget as a consequence of adding three nations is relatively small, is it not?

Mr. SLOCOMBE. I do not have a breakdown as to——

Senator BIDEN. No, I am not asking you for a specific breakdown.—I mean—in relative terms——

Mr. SLOCOMBE. It would be very small.

Senator BIDEN. It would be small.

Mr. SLOCOMBE. It should be very small.

Senator BIDEN. Here is the point I am driving at in each of these, at some point, we have to, on the floor of the Senate, be able to parse out for our colleagues that when they hear "common budget," they are going to hear a big number, a bigger number.

Mr. SLOCOMBE. It is going to be a few billion dollars.

Senator BIDEN. Right. And a lot of people, even well-informed people or informed people, are going to assume that amount is what we are talking about the United States having to pay.

And so, it would be a useful thing for DOD or whomever to break out for us on the common budget number we are going to hear the three categories, you are about to tell me. One relates——

Mr. SLOCOMBE. Civil, military, and what we used to call "NATO infrastructure," now called "NATO Security Investment Program."

Senator BIDEN. If you could, when that common budget is agreed upon, break out for the committee the incremental increase in each of those categories as a consequence of adding three additional nations, that would be helpful.

And, further, whether or not that expansion—I think it is self-evident, but—if that expansion cost is being shared on the same basis among the 16 nations as the underlying cost is—or as the base cost is.

My terminology may not be correct.

Mr. SLOCOMBE. You mean the present NATO common——

Senator BIDEN. The present NATO common budget.

Mr. SLOCOMBE. Right.

Senator BIDEN. You follow me?

Mr. SLOCOMBE. Yes, exactly.

Senator BIDEN. Because you are going to have people focusing on two things—one, what is the total cost to the American taxpayer in writing additional checks to anything related to NATO as a consequence of expansion? And, two, of that additional cost, does that reflect a fair share of what other people are paying?

And, so, we are going to have to be able to answer those questions. I am not being—again, to use the phrase twice—facetious on this point.

Mr. SLOCOMBE. I understand.

Senator BIDEN. We are going to have to be able to put up a big old chart on the floor, a colored chart, and say, "Now, look, this is the total cost of adding these three nations. These are the categories into which it falls. We are paying this amount, and the other 15 nations are paying this amount of that expansion cost."

Because you are going to get people very upset—not you, us. Those of us pushing expansion are going to get people very upset here if a) the cost is real high, which I believe it will not be, or b) even if it is not high, we are paying a larger proportion of that bill than seems fair relative to what the breakdown to date has been in terms of sharing costs for NATO.

Are you with me?

Mr. SLOCOMBE. Absolutely.

Senator BIDEN. If you have any other better ways of doing it, I am open. I do not pretend to have the best way of presenting that. But we are going to have to be able to present that in fairly concrete terms.

So I will not bore you anymore with it now. But if you could have your staff work on that notion for me, for us, and maybe you could assign one of your staff members to actually just give me a call. I am sure everybody is interested.

But in addition to the committee, I would like to sit down with——

Mr. SLOCOMBE. To make it——

Senator BIDEN. [continuing]. somebody to actually go through that process.

Mr. SLOCOMBE. To add to its baroque complexity, the three NATO military budgets are funded in three separate appropriations bills for the United States.

Senator BIDEN. Exactly, exactly. But we can handle that piece, in my view—in terms of the debate.

One last question—my time is up. I realize I may make your negotiation a little harder by this question, but it will make my negotiations easier, so—better you because you are a better negotiator.

What is not reflected, I do not believe—correct me if I am wrong—is the benefit that may flow to American taxpayers in jobs and equipment—sales of military equipment and infrastructure possibly from—as a consequence of this expansion.

Is there any estimate as to what benefit may flow to the economy as a consequence of selling products, communication systems, whatever?

Mr. SLOCOMBE. The—there will certainly be some such benefit because a fairly substantial part of what the new members will be paying is to improve their own equipment.

Now, I do not want to oversell this because we are—this is—we are sometimes accused from the other side——

Senator BIDEN. Of it being everywhere.

Mr. SLOCOMBE. This is just a trick by the Americans to go peddle a whole lot of fancy stuff these countries do not need and it will bankrupt them and so on.

But, they will have to re-equip their forces. A lot of that equipment will be—some will be produced domestically because almost all of these countries have some kind of defense industry of their own.

A lot of that will be produced in partnership with U.S. companies—they are increasingly doing teaming arrangements, and that benefits the U.S. economy.

To some degree, they will buy end items in the United States, and that obviously benefits the U.S. economy.

I want to make the point, though, that the real economic benefit is stability in Eastern and Central Europe.

Senator BIDEN. Oh, I agree with that.

Mr. SLOCOMBE. This is a—an area that is doing quite well economically. It has every prospect in a decade of becoming—probably take longer than that before they get to be like Switzerland—but of becoming major regular, developed, European-style economies. Those are big export markets for the United States.

And the only way you get big export markets on a sustainable basis, especially where you are talking about an industrialized society, is with security and stability. That is the—I want to be clear. I will try to answer your question about the——

Senator BIDEN. I could not agree with you more.

Mr. SLOCOMBE. That is the real economic benefit.

Senator BIDEN. And I think we who support this all agree that stability is the rationale for expansion—economic, political, and otherwise. But that little bit would help.

Thank you, Mr. Slocombe.

Mr. SLOCOMBE. Thank you, sir.

The CHAIRMAN. I know Senator Robb will forgive me, but Senator Feinstein has been here quite awhile. If it would be all right, I shall call on her first, and then the Senator from Virginia.

Senator FEINSTEIN. Thank you very much, Mr. Chairman. Welcome, Mr. Slocombe.

I—you mentioned that the allies—allied costs would be about $9-$12 billion. But I think you also mentioned that modernization costs are separate and not included in that. Is that correct?

Mr. SLOCOMBE. No. If I gave that impression, I—in all the confusion and numbers.

Senator FEINSTEIN. Could you correct just what this is?

Mr. SLOCOMBE. Our estimate is that the costs for the current members, to improve their deployability, their ability to move—their ability to move forces and deploy them like we already are able to.

Senator FEINSTEIN. You call that modernization. That is——

Mr. SLOCOMBE. It is modernization. Our estimate for that is $8-$10 billion.

Senator FEINSTEIN. All right.

Mr. SLOCOMBE. The $9-$12 billion is actually our estimate of the costs, all of the costs, of linking the new members into the alliance. We anticipate that of that $9-$12 billion, about 60 percent will be funded through the NATO common budgets, and the remainder—virtually all of it will be paid for by the new members.

Senator FEINSTEIN. And, so, the new members cost is what?

Mr. SLOCOMBE. The new members cost is that—what? $3—$4 billion,—which is for linking to the alliance, plus the cost of modernizing their own forces, which is also on the order of $10 billion.

One way just to remember—the way I remember it all——

Senator FEINSTEIN. So you add those two together? So it is——

Mr. SLOCOMBE. Yeah. The way I remember all this is that it is three categories and it is about $10 billion a category.

But the NATO common budgets are only 60 percent of the link—what I call the linking cost.

The three—three categories. One of the new members have to pay for their own military modernization.

Senator FEINSTEIN. Which is considerable.

Mr. SLOCOMBE. Which is around $10 billion over the whole period. Or do current members have to pay—current European, and Canada—members have to pay to be able to deploy, to meet? There are already existing commitments to the alliance, to the alliance's new strategic concept.

And third, what do—what does everybody have to pay to link the new members to the existing members?

And that latter category is further broken down. About 60 percent of it would be paid for by common budgets. There are complicated rules which determine what you can get paid for out of the NATO common budget and what has to be paid for nationally.

And about 40 percent of that would be paid for nationally by the new members.

Senator FEINSTEIN. And so you are saying each category is about $10 billion?

Mr. SLOCOMBE. Each category is $10 billion, and the last category is divided 60/40—60 percent coming out of the NATO common budget, 40 percent—almost all of it, a little bit would be paid for by current members.

But almost all of it would be paid for by the new members because it is for facilities and activities in their countries. It is for exercises, that sort of thing.

Of the—60 percent share, a quarter, or 15 percent, would be paid for by the United States because that is our share of the NATO common budgets. We pay about a quarter and the other allies pay the other three quarters.

It varies very slightly among the three different categories.

Senator FEINSTEIN. Thank you, that is helpful. Now everything I have been reading about our allies, particularly France and Germany, is negative with respect to the increased costs.

Is this just their spin for the present time? Are there specific commitments that they will pay their fair share—I think particularly, President Chirac has been rather verbal about it. What specific commitments do you have that the allies will pay this increased share?

Mr. SLOCOMBE. The argument on this point has to do with the NATO common budget. The European allies—the Germans, the French, everybody else—is committed to a serious defense program for the future which will restructure their forces to make them more mobile.

That is, as we were saying in response to Senator Hagel's question—like everybody else, their defense budgets are under pressure. But that part is not in dispute—I do not argue with that.

What they are saying is with respect to the NATO common budgets that we all pay together. The shares are agreed—whatever it is, three to one, European to American.

They are saying in effect "We understand there will be costs of building the facilities for enlargement. But let us meet those costs by cutting back on existing programs"—by what they call "reprioritizing." And clearly, there is going to be some of that.

The number we have estimated it, gross cost, to be—and to the degree you do not do projects in Western Europe, you can do projects in Central Europe.

This argument is over whether or not there is a net increase in the common budgets. Until we know in detail the size of the requirement for the common budget, we will not know—and what somebody's proposal is for what you are going to reprioritize out of, you are kind of arguing in the air.

The Europeans are certainly saying, "We think we can do these improvements at"—it is partly scale. It is partly pace. It is partly how much can you reprioritize out of other projects?

Senator FEINSTEIN. Just one quick question, Mr. Chairman if—it requires a "yes" or "no" answer.

In your best professional judgment, do you believe there is a full commitment that however this works out, that your—our present European allies, the present NATO members, will pay their full share?

Mr. SLOCOMBE. Yes.

Senator FEINSTEIN. And that the three new members will be able to pay their share?

Mr. SLOCOMBE. Yes.

Senator FEINSTEIN. Thank you very much.

The CHAIRMAN. Senator Robb?

Mr. SLOCOMBE. Those "yeses"—one of the problems with a "yes" or "no" answers is that yes covers a lot of assumptions, but I am confident that those are the answers when the smoke clears.

Senator FEINSTEIN. Thank you.

The CHAIRMAN. What he means is "Yes, but."

Mr. SLOCOMBE. No, sir. I mean "Yes because."

The CHAIRMAN. OK. Senator Robb?

Senator ROBB. Thank you, Mr. Chairman. Mr. Secretary, the asterisk was appropriately noted in your last answer, and Mr. Chairman, I do thank you.

And let me just observe—I appreciate your yielding to Senator Feinstein. As one who sat on the end of the dais for many, many years and would constantly see somebody come in just ahead and realize that I had been there for 2 or 3 hours acknowledging the differences in terms of when we arrived, it still makes sense and it is appreciated.

I would have been here at the start but I had two judges who were finally up for confirmation and that was important that I be there to introduce them so I am a little bit late. I apologize to Secretary Slocombe for missing his opening statement.

I do not know that these questions have been asked, but I have just a couple that relate in part to questions that you have addressed, at least.

The IMF has recommended that the three NATO invitees avoid large defense spending increases and I was just wondering what your view of the IMF recommendations was.

Mr. SLOCOMBE. First of all, we understand—and when I say we, I mean the U.S. Government and the Defense Department—understands that for all of these countries, the first priority is to solidify their democracy and establish market economies. Nobody is talking about increasing their defense budgets at a rate which will jeopardize that.

These countries spend actually not too far off the NATO norm. They could all do with a little increase and they are all pledged to an increase in terms of the percentage of GDP spent on defense.

More important, as their economies grow, the amounts that they spend on defense, obviously, will grow if the percentages increase.

I do not see any—in any sense an irreconcilable conflict between doing what they need to do to attend to what is rightly their first priority, their internal economic stability and, in a sense, really, to become mature market democracies, and doing what they need to do for defense.

In general, for these countries, what they need to do is to restructure what they have in terms of defense. As the statement says, basically, these countries had armies which are, in some sense, too big—too many people which were auxiliaries of the Red Army which were there to support a Soviet assault on Western Europe.

They have already begun this process, but it is a—you can appreciate. It is a long and complicated process to take a military establishment which was aimed at this and convert it into the kind of military establishment for medium-sized European countries that is appropriate for what they need and for how they can contribute to the alliance.

For example, each of these countries will make substantial cuts in the total number of people in the military. They will begin for the first time to have serious professional non-commissioned officers corps. They will probably, all three of them, keep conscription, but they will substantially increase the percentage of professionals in the forces. They will go away from large mobilization-based forces to more deployable, more capable forces. They will begin to build the links—indeed, they have already begun the links—through the Partnership For Peace and so on back to NATO.

So it is not fundamentally an issue of massive increases in amount. There are going to be some increases, but it is not massive increases in amount.

In a sense, a sum which may almost be harder to re—it is massive changes in the way they do business in their militaries. Hey, you are either talking about militaries with an officer structure, which even after, what, 8 years, is still largely a holdover from the old days at the senior level? You are talking about military cultures that are still, to some degree, holdovers, and those have to be changed.

Senator ROBB. Mr. Secretary, the Ambassadors, and in some cases, the ministers from the countries have been in or will be in to continue to both brief individual members, reassure on some of those questions.

But, as my time is about to expire, let me just ask you the "what if" question. What if, for whatever reason, one of the new members is simply unable to meet their expansion related program? What happens then?

I realize none of them contemplate facing a difficulty nor do you contemplate facing a difficulty, but——

Mr. SLOCOMBE. And I do not—I think it is an extremely unlikely possibility that they would. The arguments about whether or not they made their one-tenth of a percent increase in a particular year, something like that—that is an issue of pace and direction, not of absolute capacity.

The one thing which I think is clear is that it is—no one is talking about substantial scale, direct assistance to these countries. It is not—it is a little bit like I said in the more general problem. We may have a problem but we will not have a bill—a bill in the sense of anybody expecting the United States to meet that payment.

And these countries obviously will have problems. But there is every reason to expect that over the next decade, which is the period we are talking about, their economies will continue to grow, maybe not in a straight line, but they will continue to grow.

And they are all, as I think you will know from talking to their spokesmen, they are all deeply committed. They see this as a huge opportunity to do something of absolutely fundamental historic dimension for these countries—that is, to become firmly a part of the trans-Atlantic system and for the first time in their history, solve

their security problem. They are going to give that a very high priority, even if they fall into economic difficulty.

The CHAIRMAN. Thank you, Mr. Slocombe.

We appreciate your coming.

Mr. SLOCOMBE. Thank you.

The CHAIRMAN. Let me just add this thought. I had the impression that there was no dancing in the streets in Paris or in London about this, but am I wrong about that?

Mr. SLOCOMBE. Dancing—it takes a lot to get either the British or the French to dance in the streets these days. But I think it is——

In all seriousness, I think all of the European countries, all of the European members of the alliance, understand that this is something which is very much in NATO and Europe's long-term interest.

The CHAIRMAN. Well, thank you very much.

The second panel of distinguished witnesses this morning—and I apologize to them because of the high jinks of the trying to fit this in the Senate schedule.

As I said earlier, Dr. Richard Kugler, the distinguished research professor, Institute for National Strategic Studies of the National Defense University; Dr. Ivan F. Eland, Director of Defense Policy Studies at Cato; and the Honorable Steve Hadley, a partner in Shea and Gardner in Washington, D.C.

Mr. Kugler?

I would emphasize again how grateful we are to each of you gentlemen for being here and for your patience.

We have a little bit of a time problem. We want all of your statements, and they will be included in the printed record and they will be distributed. I am not going to run any clock on you, but as close as you may come to 5 minutes would be beneficial. Then we could all get out of here in a reasonable length of time.

But do not feel like that is an absolute necessity. Do what you need to do to make your point and state your case.

And I thank you very much. Sir, if you will proceed.

STATEMENT OF DR. RICHARD KUGLER, DISTINGUISHED RESEARCH PROFESSOR, INSTITUTE FOR NATIONAL STRATEGIC STUDIES, NATIONAL DEFENSE UNIVERSITY

Dr. KUGLER. Thank you, Mr. Chairman, Senators. It is a pleasure to be here. I hope to make a contribution. I particularly will address RAND's cost estimate as it compares to DOD's cost estimate. I was a RAND employee at the time and helped prepare the RAND estimate. I am currently a DOD employee, but I am speaking for myself and not for DOD or RAND.

Obviously, I support enlargement. I agree with the testimony given by Secretary of Defense Cohen and Mr. Slocombe recently. In fact his points were almost identical to mine in so many ways.

Let me be very brief. Mr. Chairman, you asked earlier whether the administration has its mathematics about the costs correct and the answer is "yes, roughly." That is my opinion.

And so that is my testimony.

I will now go through the cost issue in more detail. I have a written testimony that I shall submit.

Why do not I just go directly to this RAND/DOD cost estimate and discuss that for a couple of minutes?

The RAND study—this is important—preceded the DOD study. It came before and so it was, by definition, an independent estimate. As a matter of fact, it came before any other study. It was an original.

And so we did not have an opportunity to be biased or prejudiced. There was no other study: There was nobody else to be biased or prejudiced against at the time.

Both the RAND study and the DOD study are merely initial forays into a new and complex issue. As a result, both are notional estimates. They are aimed at identifying the costs and defense measures of enlargement in approximate terms. They are both well-done, but they are not meant to be definitive.

When RAND did its study, we were responding to Defense Department guidance. We initially looked at a very wide spectrum, including options that fell outside NATO's strategy, both less and more ambitious. So this generated a very wide range of costs.

Then we looked at options that were consistent with NATO's strategy, and our cost estimate for that, for about the same period of time, was $30–50 billion. So, as Mr. Slocombe says, this RAND estimate overlaps the DOD estimate of $27-$35 billion.

RAND then looked at an illustrative option that we deemed to be sensible, a sound one. The cost of that option was estimated at $36-$42 billion. So we have here a RAND estimate of a single option of $36-$42, and a DOD estimate of $27-$35, and you see how close they were.

There are 30 different measures in both estimates, and the studies are not absolutely consistent in how they deal with each measure. They vary somewhat from one measure to the next. RAND has higher air defense costs than DOD; DOD has higher infrastructure costs than RAND: There are many similar technical differences, but they do not have a big impact on total cost differences.

The key difference is in the NATO reinforcement postures, as Mr. Slocombe said. RAND assumed a NATO reinforcement posture, of 5 divisions and 10 wings because this is a standard U.S. practice for reinforcement of the various regions—5 divisions and 10 wings.

DOD assumed a smaller commitment of four divisions and six wings because this is NATO's practice. So RAND was using DOD's practice, and DOD was using NATO's practice. The two postures have exactly the same strategic intent. So that is where the primary cost difference came.

Now, if you went into the RAND estimate and inserted DOD's reinforcement posture, RAND's estimate would have been $28-$34 billion and the Pentagon's is $27-$35—the two estimates would have been identical.

So that is the end of the issue of RAND versus DOD over costs—they are singing from the same sheet of music here, and they are in the same strategic ballpark. So that is my opinion on that matter, and I hope I have laid that issue to rest.

A couple of final points. The DOD plan, in my view, is not sacrosanct. Some say it is too high, others too low. Others would change its internal details. We will be fighting about these issues for years.

But seen in perspective, the DOD plan makes political and military sense. It is a good launching pad for considering how to enlarge. The Pentagon got the costs about right in my opinion, and I have been studying this issue for 3 years.

Another point is that the DOD plan, in my view, is not susceptible to far higher or lower costs unless its theory of requirements is greatly altered in one direction or another. Let me explain why this is the case.

Again, there are 30 separate measures in the DOD plan and the RAND plan. So the total expanse is determined by adding together a large number of measures, each of which is very moderate in cost.

In the RAND study—and I suspect the DOD study is similar—for each measure, there is a range of uncertainty from high to low. When I performed this analysis, it was a very thorough and detailed analysis; it took a long time—I basically took the midpoint for each measure.

So, for each measure, there is a somewhat higher range and a somewhat lower range. For example, the mid-point for one measure might be $1 billion; the high range $1.25 billion; and the low range, $75 million.

But in order to get a much higher aggregate total cost, all 30 measures, or the vast majority of them, would all have to cost a lot more than the mid-point.

What we are likely going to get here is some measures being higher than DOD estimated, other measures being about what DOD estimated, and others being lower. If so, there will be an up and down and offsetting dynamic that I think, in the end, is going to keep the final estimate to within the range of what DOD is estimating.

Mr. Slocombe also said correctly that there is a forthcoming NATO cost estimate which will be lower than DOD's estimate because NATO is looking at common funding and common infrastructure. Even so, there is a common theme among all three studies here, and the common theme is that the costs of NATO enlargement are going to be affordable and moderate.

This should be the case as long as we maintain political control over these measures and as long as we plan and carry them out carefully.

So my expectation is that this effort is going to end happily, that we will, in fact, carry out an effective enlargement, and that we will, in fact, do it ways that are affordable. Clearly one goal is to minimize costs, and another goal is to do enlargement right so that we carry out credible security guarantees.

We have 50 years of working with NATO in this context. By and large, NATO has gotten it right most of the time, and I think that is what is going to happen here. Thank you.

[The prepared statement of Dr. Kugler follows:]

PREPARED STATEMENT OF DR. KUGLER

Mr. Chairman and Senators, it is a pleasure to be here.

I Hope to make a contribution to your hearings.

I have been asked to provide testimony on the costs of NATO enlargement.

My testimony will include how RAND's cost estimate compares to DOD's estimate. I was a RAND employee at the time, and I helped prepare its estimate.

I speak only for myself, not for DOD or RAND.

Obviously I support NATO enlargement, and I agree with the testimony given by Secretary of Defense Cohen.

For the record, I am submitting two short "Strategic Forum" papers recently prepared at the National Defense University.

The first, written by myself, explains why the costs of a sound defense program are likely to be moderate and affordable.

The second, prepared by David Gompert, explains why such a defense program will produce major strategic benefits.

I will be brief, but I will gladly answer questions about the technical issues. My testimony consists of seven key points.

Key Points

First: The strategic purpose of a defense program for enlargement is not to deter a threat, but to meet NATO's preparedness standard for peacetime.

It is vitally important that a gradual, long-term program be carried out so that enlargement will be safe and successful.

What we want to achieve is new members that are defended as effectively as old members.

What we want to avoid is a purely political enlargement and a hollow commitment.

Second, the exact costs and requirements of a sound defense program are uncertain and will remain so for some time.

But we do know enough to judge that if this program is well-managed, it can be both affordable and effective.

Third: the RAND estimate is a little higher that the DOD estimate, but seen in perspective, the two estimates are similar.

They are in the same strategic ballpark.

Fourth: the DOD plan is not sacrosanct. Some say it is too high, and others, too low. Others would change its internal details. But seen in perspective, it makes political and military sense.

It is a good launching pad for considering how to enlarge.

Fifth: The DOD plan is not susceptible to far higher or lower costs unless its theory of requirements is greatly altered in one direction or another.

A less-ambitious plan is unwise, and a bigger plan is unneeded unless a major threat emerges. Such a threat is not anticipated.

NATO's forthcoming cost estimate likely will be lower than DOD's estimate, but in limited ways because it focuses only on common infrastructure and related items.

The effect is not to invalidate DOD's plan, or to greatly lower its overall sense of goals and capabilities.

Seventh, hopefully enlargement can be carried out at even less expense than DOD has estimated. But although cost reduction is an important aim, it is not the only aim.

We also need to work with NATO and our allies to ensure that DOD's plan—or a reasonable facsimile of it—is launched and carried out.

With these points in mind, I will now briefly discuss the RAND and DOD cost estimates.

The RAND study preceded the DOD study. Both are merely initial forays into a new and complex issue. As a result, both are notional estimates.

They were aimed at identifying the costs and defense measures of enlargement in approximate terms.

They are both well-done, but they were not meant to be definitive.

Rand considered a wide spectrum of options, including some that lie outside NATO's strategy. To carry out NATO's strategy, RAND portrayed a set of options costing $30-50 billion. The option that RAND deemed most appropriate costs $36-42 billion, for all of NATO, through 2010.

This option includes 30 separate measures. Roughly one-half of the expense is needed to prepare the forces of new members and their military infrastructure. The other half is needed to improve NATO's forces for projection missions in the CEE region and elsewhere.

An important point is that the RAND study includes only measures that are required by enlargement. As a result, it counts only about 20% of the total defense efforts of new members.

It treats the remainder as national programs. These programs are important for the overall health of new-member military postures, but they are not counted as part of enlargement, per se.

When this study was first briefed to the executive branch and NATO officials, the common reaction was relief that the costs are low.

The primary reason for low costs is that no new forces must be created. Instead, the task is merely one of improving forces that already exist.

The DOD study focused on a similar, but not identical, set of measures. Its estimate is $27-35 billion, or a little lower than RAND's option of $36-42 Billion.

The two estimates differ in their internal particulars, but the primary difference is their treatment of NATO's reinforcement posture.

Rand assumed a posture of 5 divisions and 10 fighter wings because this is consistent with U.S. practice. DOD assumed a smaller posture of 4 divisions and 6 wings because this reflects NATO's practice.

If RAND had used DOD's posture, its estimate would have been $28-34 billion—identical to DOD's estimate.

The DOD cost estimate can cause sticker shock, but when it is seen in perspective, it comes across as genuinely moderate.

It is less than the cost of buying and operating a single ground division or a carrier battle group.

It is similar to the cost of a single normal modernization program.

The annual cost is only $2-3 billion. Of this, NATO's new members will pay about $1 billion or a little more, the West Europeans together will pay about $1 billion, and the United States, only $150-200 million. These are not onerous amounts.

The new members will need to increase their defense spending in order to fund their measures and otherwise prepare their forces. But their growing economies will permit them to gradually elevate their spending in the necessary amounts, without greatly increasing the share of GDP allocated to defense.

NATO's current members will need to allocate only 1% of their current budgets to enlargement. They can fund most of their measures by reallocating their budgets in small ways, rather than increasing their spending.

The burden on the United States will be small. It will be only about 1/10 of 1% of DOD's budget, and the costs of stationing U.S. forces in Europe will not rise appreciably.

To put things in perspective, the average U.S. citizen will have to pay only 67 cents annually, and the average west European, only $2.60. This is hardly an onerous expense for building a new and better NATO, and a stable and democratic Europe.

I doubt that anybody regards the DOD plan as fixed in concrete. It is merely a starting point, and it clearly will evolve as more analysis becomes available.

But it makes strategic sense because it embraces sound goals, identifies the correct types of measures, and points NATO in the right direction, with fair burden-sharing.

It will enable NATO to carry out its new security commitments in the CEE region, and to become better at projecting power elsewhere.

Let us also remember that if NATO does not enlarge, the cost of defending the CEE region will be far higher: perhaps double the DOD estimate.

To me, the DOD plan is an immense strategic bargain. It is equivalent to finding a new Rolls-Royce on sale at Filene's Basement for $1000. Let's buy the car first, and quibble about the price second.

Obviously some parts of the DOD plan may prove more costly than estimated. But UMR parts likely will be less expensive.

For example, costs for air defense may rise. But costs for infrastructure and reinforcement measures may fall.

The effect of this "up-and-down" dynamic likely will be to keep the cost in the general vicinity of DOD's estimate, and perhaps less.

Regardless, the costs will be ours to determine. We will not be captured by an inflating dynamic beyond our control.

NATO's estimate will be lower than DOD's estimate primarily because its focus on common infrastructure and related items accounts for only 10-20% of the overall plan.

Even if some infrastructure items cost less, the overall plan will decline by only a few billion.

Costs for the entire program will not be known for some time, and these issues probably will be studied and debated for years.

What can be said is that although enlargement is not going to be a free lunch, its cost will be moderate and affordable.

In summary, we clearly should minimize costs and resist unnecessary expenses.

But we also should guard against any unwise dilution of an already inexpensive defense program that is vital for enlargement's success.

A principal challenge is to mobilize the multinational political consensus and willpower needed to fulfill a sound plan

Strong U.S. leadership and hard work by all countries will be needed.

The future is uncertain, but NATO's history provides confidence that while the result may not be perfect, it will get the job done.

Thank you. I will be happy to answer questions.

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COSTS OF NATO ENLARGEMENT

Moderate and Affordable

BY RICHARD L. KUGLER

Conclusions

- NATO must pursue a sound defense program as it enlarges—not to prepare for a threat, but to meet its peacetime preparedness standard.
- DOD's cost estimate of $27-35 billion for all NATO enlargement measures through 2009 causes sticker shock to some, but it is moderate: only about 1% of NATO's total defense spending.
- This estimate is now low-sided or prone to major inflation. it is similar to the RAND estimate, and lower than the CBO estimate because CBO embraced a higher threat and theory of requirements.
- The United States will not be carrying unfair burdens. Its expense may be no more than $2 billion through 2009. The cost of stationing U.S. forces in Europe will not rise appreciably.

The Cost Issue in the Enlargement Debate

Cost has become an important factor in the NATO enlargement debate. It will influence the Senate's vote on ratifying the admission of three new members in 1999-Poland, the Czech Republic, and Hungary. NATO's willingness to fund key defense measures will influence whether enlargement unfolds safely and effectively.

This *Strategic Forum* explains the costs of NATO enlargement in clear terms. *Strategic Forum #129* by David C. Gompert addresses the benefits of a sound defense program. This paper focuses on seven key issues:

1. Why pay costs if no threat exists?
2. What is DOD's cost estimate and its rationale?
3. Is the cost affordable or excessive?
4. Is DOD's estimate accurate or vulnerable to inflation?
5. Is DOD's estimate lower than other estimates, and if so, why?
6. Will enlargement require bigger defense budgets?
7. Will the United States have to carry an unfair share of the burden?

Why Pay Costs If No Threat Exists?

The answer is that NATO needs strong defenses even though its new borders today face no major threat. NATO's "peacetime preparedness standard" needs smaller forces and budgets than during the Cold War, but it is still demanding. As NATO enlarges, it must avoid a two-tier alliance in which new members receive less security than old members.

Strong forces are required for peace support missions, minor crises, as well as other interventions. These forces will help build partnership relations with non-NATO powers, deter threats from emerging, and prevent destabilizing trends. Members must be assured of their security in the event relations with outside powers sour. NATO also needs to promote sound planning and integration. Members can decide upon defense efforts and multinational involvements only if they are given a clear definition of NATO's commitments to their security. NATO must ensure that the forces of new and old members are sufficient both now and for the future.

What is DOD's Cost Estimate and Its Rationale?

In February 1997, the Clinton Administration issued a study judging that the costs of NATO enlargement will be $27-35 billion for the years 1997-2009. This is the cost facing the entire alliance. The United States will pay only a small portion of it—perhaps no more than $1.5-2.0 billion. The average annual cost will be $2.1-2.7 billion for NATO as a whole, and $150-200 million for the United States over the decade following accession. The primary reason for the low U.S. expense is that the United States already has paid the cost of developing forces for projection missions.

This DOD estimate is notional, but it was a product of a serious review that employed sound methods. It was prepared before NATO began assessing defense requirements for enlargement. It also was prepared in advance of validated cost data for some specifics. Its purpose is not to be definitive, but instead to gauge costs in approximate terms. It is a starting point for designing NATO's defense relationships with new members. Doubtless it will be refined as NATO develops better information.

It should be viewed as a basis for judging broad policy and strategy, not as precise tool for programming and budgeting.

DOD's estimate grows out of NATO's strategic concept and defense strategy. It presumes that new members will take primary responsibility for their self-defense, and that NATO's current members will provide necessary reinforcements. Because it judges that adequate levels of combat forces already exist, it focuses on steps needed to make existing forces capable of carrying out enlargement.

Some of these measures are already underway, and many arguably would be needed irrespective of enlargement. The DOD estimate divides costs into three categories:

1. **New Members' Military Restructuring.** This category costs $10-13 billion during 1997-2009. It includes force structure adjustments and enhancements by new members so that they improve their self-defense capability. It includes measures to upgrade modernization, readiness, and sustainment.
2. **NATO Regional Reinforcement Capabilities.** This category costs $8-10 billion. It deals with steps for upgrading NATO's capacity to deploy forces eastward in peace, crisis, and war. It includes measures to enhance deployability, logistics, and sustainment. It assumes a NATO reinforcement posture of four divisions and six fighter wings.
3. **Direct Enlargement Costs.** This category costs $9-12 billion. It includes measures directly tied to enlargement so that the forces of new members and old members can operate together. It includes such measures as improved C3I, infrastructure (e.g., roads and rail), reception facilities, training sites, and storage areas.

This estimate is based on assumptions that first establish an "initial capability" and culminate in a "mature capability" by 2009. It calculates that new members will pay $13.0-17.5 billion, the non-U.S. NATO members will pay $12.5-15.5 billion, and the United States, the remainder. Because this estimate includes only enlargement-related measures, it does not include the larger defense preparations that all NATO countries will be pursuing. The costs for new members will consume 15%-25% of their future defense spending of $65-100 billion; the remainder will be used for national programs.

This estimate is based on a "middle-ground" theory of requirements. It is not minimalist. It is not a bare-bones estimate aimed at minimizing costs at the expense of necessary capabilities. It does not reflect a high theory of requirements that acquires all plausible capabilities. It is not threat-based, and it does not expect trouble with Russia. It reflects a normal NATO peacetime preparedness standard in which the goal is to acquire essential capabilities at an affordable price.

Is the Cost Affordable or Excessive?

To some, DOD's cost estimate of $27-35 billion causes sticker shock. Seen in a broader perspective, it is moderate and affordable:

- It is similar to the cost of normal defense departures of this type: e.g., a U.S. air modernization program or defense of another region.
- It imposes a high financial burden only on new members, who will gain big strategic benefits.
- For the West European members of NATO, it will cost only about 1% of the $2 trillion that they will be spending on defense.
- For the United States, it will cost only about one-tenth of 1% of DOD's future spending of $3 trillion. The cost of stationing U.S. forces in Europe will not rise appreciably (by my estimate 2-5 percent or less).

Other comparisons reinforce the conclusion of moderate costs:

- The cost of $27-35 billion for all of NATO is equal to the full expense of a single U.S. active division or carrier battle group for a similar period.
- The annual cost is about 30% of what the United States and NATO spend on military construction, and 40% of their expense on family housing.
- The cost is equal to what they spend on revolving accounts and management funds—small accounts that fluctuate upward and downward.

For the average citizen, the costs are affordable (see Table 1: A Comparison of Enlargement Costs). For the average American, the annual cost is equal to the price of a candy bar. For a West European, it is equal to that of a McDonald's hamburger. For the CEE citizen, the cost would pay for one dinner at a restaurant.

Given the immense strategic benefits of NATO enlargement, all are getting their money's worth. Moreover, alliances save money. For all participants, NATO enlargement lowers the cost of integrating and defending the CEE region. If NATO does not enlarge, the costs could be double that of enlargement.

Is DOD's Estimate Accurate or Vulnerable to Inflation?

Can DOD's estimate be trusted as accurate? Is there a risk that DOD is underestimating? These questions are being asked because many previous defense programs became far more expensive as they unfolded. When the details are considered, the DOD estimate merits confidence—provided its underlying plan is not changed in a wholesale way.

Table 1: A Comparison of Enlargement Costs

Cost To:	Annual Cost	Total Cost
Average U.S. Citizen	$0.67	$8.75
Average West European Citizen	$2.60	$34.15
Average New-member Citizen	$21.00	$272.50

The DOD estimate is based on judgments about more than 30 measures. No single measure dominates. If the true cost is radically different from the DOD estimate, it will occur because several measures are pulling in that direction, not just one measure. As a result, the primary determinant of costs is not the expense of individual items, but strategic decisions about requirements.

The actual costs for each measure might prove to be different than DOD has estimated. This owes to potential variations in both costs and the measures themselves. For example, the cost of a single prepared airbase might be higher or lower than DOD estimated. Alternatively, NATO might decide to acquire fewer or more airbases. But unless the totality of measures is greatly expanded or contracted, the final cost for the entire plan likely will be similar to the DOD estimate. Higher costs for some measures probably will be balanced by lower costs for others. For example, acquisition of Patriot rather than I-Hawk could elevate costs for air defense improvements, but pursuit of less costly measures for airbases and other facilities could offset this increase. This up-and-down dynamic likely will keep the cost in the $27-35 billion range.

The actual costs will not be known until NATO's force planning process for enlargement is finalized. NATO may decide to trim or delay some of DOD's measures. Moreover, NATO develops cost estimates only for common-funded programs (e.g. infrastructure). These factors may lower NATO's estimate, below the DOD estimate. The real issue is not these narrow costs, but instead costs for the entire defense program when it is complete.

When the dust settles, the costs could be somewhat lower than DOD has estimated. The specific needs of the three invitees might change, thus lowering the cost a little. Another reason is that some measures (e.g., reception facilities) may cost less than estimated by DOD. Even so, the total cost could be far lower only if the major features of DOD's estimate are scaled back sharply. This step is inadvisable because it could result in a weakened effort that fails to meet future requirements.

The cost could rise above $35 billion, but the DOD estimate is vulnerable to major cost inflation only if its theory of requirements is elevated far upwards. The DOD estimate does not develop new technologies, which can be a principal source of cost inflation. Costs could surge if NATO commits to a much larger reinforcement posture or if new members buy more expensive equipment than envisioned by DOD. Such measures could be needed if a threat emerges, but not in today's setting. NATO will be able to control costs, for they are largely a product of strategic decisions.

Is DOD's Estimate Lower Than Other Estimates?

DOD's estimate is in the same ballpark as RAND's estimate. For the same defense strategy, RAND estimated a cost of $30-52 billion. RAND's mid-point estimate of $42 billion is higher than DOD's estimate primarily for a single reason. Whereas RAND costed a NATO reinforcement posture of five divisions and 10 wings (a typical U.S. force practice), DOD costed four divisions and six wings because this commitment reflects NATO's practice. Had RAND costed the DOD program, its estimate would have been $28-34 billion: virtually identical to DOD's estimate.

The General Accounting Office (GAO) has assessed the DOD estimate and, despite questioning specifics, pronounced its assumptions as reasonable. The Congressional Budget Office (CBO) tabled a higher estimate of about $125 billion, but the differences are readily explained. About $30 billion of the difference owes to CBO's inclusion of new-member measures that DOD deemed as falling outside the NATO enlargement account. The remaining difference owes to CBO's decision to embrace a higher theory of threats and requirements. CBO costed a NATO reinforcement posture of 12 divisions and 12 wings, a difference of nearly $30 billion. CBO also included more robust measures for C3I systems, munitions, and facilities. To CBO, these measures make military sense. DOD's estimate judges that they are not needed.

Will Enlargement Require Bigger Defense Budgets?

If the DOD estimate is carried out, new members will need to increase their defense spending in order to fund enlargement measures while also improving their forces. NATO membership will allow them to downsize their currently large postures because they will be receiving security guarantees. This downsizing will generate savings to help pay for many enlargement measures. These countries need to increase their defense spending not only because they are joining NATO, but because the quality of their forces has eroded in recent years. If they do not gain membership in NATO, their defense budgets will need to rise far faster. As they join NATO, economic recovery may allow higher spending without allocating greatly increased shares of GDP to defense.

NATO's current members can fund enlargement by increasing their defense budgets, or reprioritizing, or both. Increased spending avoids the need to pare defense assets elsewhere. Reprioritization is always painful, but the amount required to fund NATO enlargement is feasible—only about $1 billion annually split among all current members.

If the West Europeans choose to reprioritize, they could trim spending on operations and maintenance. Alternatively, retiring a few units would not compromise their security.

Will the United States Have to Carry an Unfair Share of the Burden?

The DOD commitment to defense of new members is one division and one fighter wing, or about 25% of NATO's reinforcement posture. The DOD funding commitment of $1.5-2.0 billion is only about 10% of the expense for enlargement facing NATO's current members. The West Europeans and NATO's new members will be carrying the bulk of the burdens in forces and money.

The U.S. expense could rise if other NATO members fail to carry their fair share of the burden, or if the United States decides to aid new members by giving them security assistance.

The U.S. costs could rise moderately and still be affordable. The United States will have control over the expense. If it chooses to spend more, it will act because the strategic benefits are worth the added cost—not because of circumstances beyond its control.

Summary

The costs are moderate and, as Gompert argues, the benefits are compelling. To gain these benefits, an appropriate set of defense measures must be implemented. NATO has carried out many similar innovations before, but such efforts are never easy. Careful management and sustained political commitment will be needed. The outcome will influence the enlargement's success.

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NATO ENLARGEMENT

Putting the Cost in Perspective

BY DAVID C. GOMPERT

Conclusion

Fundamentally, Europe is now more secure than it has been in a century—one of the most secure regions on Earth. Our strategy should be to: (1) keep it that way; and, (2) get more contribution from Europeans to strengthen security in Europe and elsewhere. The investments needed to implement NATO enlargement directly support this strategy:

- The U.S. share of $150-200 million per year will update the security infrastructure of Europe, thus helping to ensure that recent progress is made permanent.
- The new members' share of about $1 billion per year—which they willingly, democratically, are choosing to accept—will transform their ex-communist militaries into lean and competent organizations fully answerable to civilian leadership.
- The old members' share of about $1 billion per year will give the United States added security and reduced strain by augmenting U.S. power projection capabilities for use not only in Europe but beyond, where more acute dangers lie.

The security of Europe, after a century of unprecedented violence, is so vital that we need not expect a specific future threat to justify this investment. Moreover, if some new threat arose, we would surely feel compelled to defend European democracy, as we did in the past whether or not NATO has been enlarged. Rather than "costs of enlargement," these payments should be considered an investment in the future of democracy in Europe and in the ability of our allies to bear more of the burden of common defense in Europe and elsewhere.

Introduction

Congress faces two questions about the cost of admitting Poland, Hungary and the Czech Republic to NATO: (1) How much will it cost? (2) Is the cost worth it? In Strategic Forum #128, Richard Kugler explains that, based on reasonable and consistent assumptions, the Clinton Administration's figures—$2.1-2.7 billion per year for

NATO as a whole, with $150-200 million per year the U.S. share—are sound. The debate should now shift to whether this would be a good investment.

Although the U.S. cost is small, it is important for Congress to understand the justification. The Pentagon's budget is already tight: planned reductions in U.S. military infrastructure will barely pay for needed modernization of forces in the years to come. With so little slack, every new obligation must make sense. Moreover, the young democracies about to join NATO are still going through a difficult economic transition and cannot afford any unnecessary military outlays. Finally, most of NATO's current European members are struggling to live within more austere national budgets in order to qualify for the European Monetary Union; they, too, are pinching their francs, lire and deutchmarks.

As Richard Kugler explains, the "costs of enlargement" are minor compared to total current U.S. and European defense budgets. There is no need to beef up forces to defend Europe from some new threat. But there is a need for NATO members, new and old, to invest in peacetime preparedness. This paper identifies three strategic dividends from that investment:

1. Insurance that Europe will be fundamentally secure in the twenty-first century—quite a change for the continent that produced two world wars and one cold war in the twentieth century.
2. The creation within the new members of military establishments that are streamlined, competent, accountable, and integrated into NATO—a crucial step on the road to permanent democracy.
3. Improvement in the capability of our current West European allies to bear more responsibility and burden for security in Europe and, just as significant, the defense of common interests beyond Europe, e.g., the Persian Gulf.

Insuring the Security of Europe

Because there is no specific threat to Europe on the horizon, this is the least concrete strategic gain from the proposed investment. Yet in a sense, it is the most basic. In this new era of uncertainty and flux, those charged with responsibility for their citizens' security, be they American, German or Polish, cannot neglect defense capabilities in hopes that new threats will not arise. Indeed, a consensus exists in the United States—among Democrats and Republicans, the President and Congress, the government and voters—that prudence demands a capable military even when the country is unthreatened. The same reasoning should apply to the security of Europe, scene of the worst violence in world history. To be sure, European security has improved dramatically over the last decade. Our strategic goal is to lock in that progress.

Historically, central Europe has been the fuse of European conflict. Two world wars were ignited there; a third might have been, but for NATO. Reasonable American voices now ask: Would we risk the lives of our sons and daughters to defend Poland, Hungary or the Czech Republic? But surely a threat of aggression against the new democracies of central Europe would have to be regarded as a threat to Europe itself. To presuppose a future attack on Poland that we would not consider a threat to Europe flies in the face of both experience and geography So the fairer question is: Would we defend Europe? Three times in 80 years, Americans answered yes.

If our answer remains yes, we would defend Europe (and thus Poland), it follows that we would be wise to make that intent clear by admitting these countries into NATO, thus reducing the likelihood of actually having to do so. It follows, as well, that we should invest in the peacetime preparedness of Europe, including the new democracies. Failing to do so would suggest that the security of half but not all of Europe is important to us. In the remote event that the threat of aggression reappeared, we would rue our failure to make our position clear and to make at least minimal preparations. Conversely, the return on this investment, in that admittedly unlikely event, would be incalculable.

The expectation of a future Russian threat is not necessary for this commitment and this investment to make sense. We should take a longer view of the safety of Europe, the security of this part of Europe and the value of NATO. The Cold War and the former Soviet threat were but one episode in a continuing history of a continent at once blessed with promise and cursed with conflict, whose future, like its past, will affect the United States and the rest of the world. Being purely defensive, this investment in peacetime preparedness will help insure a far safer century for Europe, and thus for us, than the one now ending.

In a practical sense, $150-200 million per year should also be seen as the cost of upholding the principle that NATO must have military integrity—a principle championed by the United States. If we decline to make this contribution to NATO's infrastructure, and our current allies followed our "lead," as they surely would, we

would be signaling an indifference to NATO's military underpinnings, contradicting and weakening our insistence that this is not a hollow alliance, with commitments it cannot fulfill. At best, this would suggest that we stand behind the security of the alliance's old members but not its new ones. At worst, it would lead to the erosion of NATO's entire military foundation. This investment will reinforce the discipline that enabled NATO to prevail in the Cold War, to become the world's most credible alliance, and to respond to the security challenges of the new era.

Transforming the Militaries of the New Democracies

A military establishment that is integrated into NATO will never be the same. NATO "denationalized" the militaries of the original West European members, which had previously warred with each other on a regular basis. It helped reform the armed forces of several current members that were once undemocratic: Spain, Portugal, Turkey and Greece. And now it can help Poland, Hungary and the Czech Republic develop militaries that lend strength and add confidence to democracy's future.

Their inclusion in NATO's military organs, their streamlining and modernization, and their use of NATO's physical infrastructure will rivet the armed forces of the new members to a model that has worked extraordinarily well for the rest of the alliance. This, too, should be considered a strategic return on the proposed investment, since the success of democracy depends on military reform, and the United States has a huge equity in democracy's success. For the country that stood, for many decades, for the right of Poles, Hungarians and Czechs to become democratic, the cost of transforming their militaries to strengthen democracy should not seem too large.

No one is more mindful of the need to reform and integrate the military establishments of Poland, Hungary and the Czech Republic than the countries themselves. When communism ended, the old militaries—overfed, unresponsive to democratic direction, environmental polluters, mismanagers of public resources—were unacceptable. In the years that followed, military reform was disappointingly slow compared to the rest of their political and economic metamorphosis. Creating new militaries—trim, professional, accountable, efficient, respected—is a high priority.

There are already signs of progress in anticipation of NATO membership. Civil-military relations have begun to improve; plans to streamline forces and ready them for NATO are being drawn up; the vestiges of the old Warsaw Pact militaries are vanishing. With ratification and subsequent integration, the transformation will be accelerated and finished.

One hears from American skeptics of NATO enlargement, or of bearing the costs, that the new democracies have better things to do with their money than to remold their armed forces. This point of view underestimates the importance of having a professional, apolitical military establishment in making democracy succeed. Perhaps because U.S. democracy is so secure and the U.S. military is so able, we take a responsive military for granted. In any case, who is in a better position to understand whether the cost of joining NATO is worth it than the countries that are joining? Suggesting that these countries cannot make the right decisions on matters as weighty as their own security and the path of their own transformation is not helpful. We must show confidence in them and their democracy.

Moreover, it is by no means clear that the cost of restructuring their armed forces within NATO will be greater than the amounts they would spend over time—inefficiently, no doubt—on national defense if they were excluded from NATO. Becoming members of the world's strongest alliance, led by the world's strongest country, is bound to improve their security, perceived and real. So Poland, Hungary and the Czech Republic, if excluded, would either end up spending more on security or else feeling less secure. In any event, without the military and management discipline provided by NATO, they could waste their resources and squander their chance for permanent security. If we are genuinely concerned about the wise and economical allocation of resources on defense by the new democracies, NATO membership is not the problem but the solution.

Improving West European Contributions to the Defense of Common Interests

The third strategic dividend from the proposed NATO investment is potentially the biggest for the security of U.S. interests. Unlike the United States, which is highly capable of projecting military power, the bulk of West European forces are suitable mainly for border defense—a holdover from the Cold War. If another Gulf War occurred today, the NATO allies would be no more able to contribute major forces to a U.S.—led coalition than they were in 1990, when they provided less than 10 percent of the force (by the most charitable measure). If we could increase this

to, say, 20 percent, the benefit for the United States would be great. The allies could share more in the cost and risk—and, in the worst case, the casualties—while giving the coalition more overall muscle. In peacetime, the allies could take some of the strain off the U.S. force structure, which is now laboring hard to meet the need for peacekeeping while also remaining ready for major conflict.

What has NATO enlargement to do with the defense of the Persian Gulf and other common interests? A great deal. The military strategy to provide for the security of the new members does not call for permanent forward defense, Cold-War-style. There is no need to base U.S. and West European forces on the soil of the new members. Provided the necessary NATO infrastructure improvements are made—which depends on the United States and the other allies making the investment—we can refrain from deploying forces eastward unless and until a need arises. This strategy will not require any improvement in U.S. forces, which are already highly mobile. (This explains why the U.S. share of the cost of enlargement is less than Western Europe's.) But major improvement is needed in the ability of German, French, British and other West European forces to deploy and operate at a distance. Enlargement gives our current allies not only a motivation but an obligation to enhance their forces in this direction.

As they do, they will be able to help more in defense of shared interests not only in Europe but in more dangerous adjacent regions, including the unstable but critical swath of lands from North Africa through the Middle East to the Persian Gulf. This would lessen the burden and risk of the United States and make the current $250 billion defense budget go much further. In this sense, the nearly $1 billion per year the West Europeans should spend on improving their forces—roughly 40 percent of the total investment—can be seen from the U.S. perspective not as a cost at all but as a direct benefit.

But can the current NATO allies afford this? Absolutely. Collectively, the European members of NATO spend about $160 billion per year on defense, second only to the United States. By reprogramming $1 billion, they can improve significantly their ability to project forces. We should be concerned less about whether the allies increase their total defense spending than about how they intend to spend it. The key is for them to invest more of their money on forces that can conduct distant operations. Some allies understand the need for this: the British and French, and to a lesser degree the Germans, have begun to point their defense programs away from stationary defense and toward the ability to protect far-away interests. But their progress has been slow, and enlargement should provide the needed impetus.

Congress should focus not on whether the current European allies are going to increase defense spending but on whether they are going to modernize their forces in this strategically beneficial way. And the Clinton Administration should direct its energies to ensuring that allied plans are adequate. If they are, congressional concerns about fair burden-sharing should be satisfied. It would be reasonable for Congress to ask NATO's Supreme Allied Commander to confirm that the defense programs of our current allies are sufficient to increase their share of the burden of defending NATO's new members and other common interests.

Let's not underestimate the potential of the new members to contribute in the future to the security of common interests other than their own territory—especially as they develop more modern armed forces that work with ours through NATO. They helped as best they could during DESERT STORM, and they are helping in Bosnia. As their confidence in their own security and future gains strength, we should count on them to join the rest of the European allies in shouldering more of the responsibility and burden of protecting common interests.

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The CHAIRMAN. Dr. Eland?

STATEMENT OF DR. IVAN ELAND, DIRECTOR OF DEFENSE POLICY STUDIES, CATO INSTITUTE, WASHINGTON, DC

Dr. ELAND. Thank you, Mr. Chairman. Yes, I would like to deal with some of the things that have come up during the first couple of speakers here.

There seems to be a repositioning of estimates—DOD and RAND versus the CBO estimate, which I originally did as you know. It seemed that DOD first criticized the CBO estimate, which had five options—a range of $61-$125 billion—as being a cold war estimate that was based totally on a resurgent Russian threat.

Well, in my Cato policy analysis, I have made it directly comparable to the administration's plan of four divisions and six wings in projection, so they can no longer say that.

[See appendix for Dr. Eland's Policy Analysis, "The High Cost of NATO Expansion: Clearing the Administration's Smoke Screen."]

Today, Mr. Slocombe said, that my estimate had a very different opinion of what needed to be done under the current threat. This is a different argument, now that I have normalized my estimate to make it comparable with DOD.

So I guess I would have to plead guilty of that to some extent because I think DOD did so little in its estimate. For instance, just to give you an example, both infrastructure and weapons. They took it very light on the infrastructure. The DoD analysts said that they felt constrained in how much infrastructure they could put in these countries or assume that they would put into these countries.

They did not say whether the constraints were based on Russian sensitivities or Congressional sensitivities about cost. Anyway, they felt constrained.

Here is an example. They put in one reception facility for one division and when they are moving four divisions. Well they actually put in two divisions region-wide, but they spread them out so that the most reception facilities put in any one country was Poland—three brigades or one division.

When you have four divisions descending on a facility meant for one division, in time of crisis that could be a bottleneck that the enemy could have fun with, so to speak.

Mr. Biden was saying earlier, "Well, we have got to stack the costs of NATO expansion into different categories. What will the U.S. really pay?"

Well, DoD did include the category of the cost for new member weapons. But they had a very low amount—they had $1.6 to $1.8 billion. In my original CBO study, I had $11.5 billion.

Now, what they got for that amount was one squadron of boneyard aircraft for each of the three countries. That is 18 aircraft per

country. In contrast, these countries are planning to buy over 300 new aircraft. So, some of their assumptions are not very realistic.

The other thing that went into that $1.6-$1.8 billion was what they called "a level of effort" which was basically picking a number for the amount of anti-tank, air-to-air, and air-to-ground weapons that they purchased with the amount.

They did some ground modernization that was outside of that amount, but again, they did a level of effort. Basically what I am saying is that they did not do very much in the way of upgrading or modernizing to new members' forces, even though they count it as a category. They also did not include very much infrastructure.

The other problem that I have is that the DOD has been offering the possibility of discounts, leases, and other types of financing arrangement for foreign military sales, but they do not include that in their cost estimate, either. That could mean additional costs.

So I think I do more in my estimate in a certain sense, but only because they do less.

In my original study, I assumed very modest buys for these countries. We bought rudimentary precision guided munitions. We have upgraded existing weapons and then bought new ones in the long term. In the long term, a 13 to 15-year estimates is what we are talking about here. These countries are going to have to buy new weapons by 2005. They are not going to have air forces if they do not.

So I think, to some extent, DOD has understated the costs of what they need to do to meet the current threat. So I do not believe their numbers at all.

Also, I have an observation about the RAND number. If you refer to the Potomac Foundation Report, they compare the RAND and the DoD numbers using comparable categories and they do not come out the same.

To the extent that they appear to coincide, they do so almost by coincidence because they had different methodologies. RAND had a requirements-based, detailed estimate, whereas DOD picked these numbers and did not give a rationale or detailed costing information for them.

I think you have to add in weapons costs. RAND did it as an add-on, whereas DoD had included the new member weapons costs in their estimates. So the numbers come out to be the similar, but it is a different analysis and a different methodology. So I think there has been a repositioning of some of the estimates here.

I would just respond to a couple of other things and then I will give it back to the chairman.

The statement was made, "alliances save money." But the question is for whom does it save money? It is going to save money for the countries that are getting in. Whether it will save money for us is another story.

As Mr. Biden was saying, "Well, we need to detail who is paying for what," but if the new members cannot pay this, the you have one or two choices. You can either provide security assistance or other types of assistance. There is a precedent for this under PFP in small amounts that grow bigger with NATO enlargement. Or you will have the problem if these improvements, both to the existing member allied forces and the new member allied forces, do not

get made. This problem will occur some years down the road when a threat arises. I am not talking about a resurgent Russian threat. I am talking about maybe a Serbia attacking Hungary.

You are not going to have many mobile forces from the allies or you are not going to have any new member capabilities. Who are people going to call? Well, the United States, of course, because we have the only very potent forces that have strategic and tactical mobility. My bottom line is that the U.S. could end up paying a large share of these expenses either now through helping these countries or later because we have to come and intervene when the—threat changes.

I project that the new countries are going to have to pay $34 billion, which is almost a 60 percent increase in their defense budgets. Undersecretary Slocombe said 10–30 percent increase; I project a 60 percent increase. That is going to be a problem for them to pay.

And so I think it is difficult to segment these things because you have to say, "Well, what would these countries have done anyway?" That is very hard analytically, and any analyst who tells you that they can actually figure that out with certainty is trying to mislead. These countries have an incentive to say, "Well, we would have done that anyway." And so, I think that the U.S. could be in for bigger costs than we are planning at this time.

I think you want to include these countries' militaries' costs for a very important reason: If they cannot pay it, you may have to pay it. Also, if you sell these countries weapons, there is going to be pressure to provide security assistance. Such security assistance and that was not figured into the DOD estimate. You are going to have to add that in.

Plus, these nation's budgets have been declining since the end of the cold war up until recently when they wanted to get into NATO. They have not done much. Also, the existing allies have not done much to improve their projection of power. So you say, "Well, what is the base line? What would they have done?" I say "Not much."

DOD itself has said that the expanded NATO will not be effective if these improvements, both to the new member forces and to the existing allied forces, are not made.

So those are just some thoughts. Thank you, Mr. Chairman.

[The prepared statement of Dr. Eland follows:]

PREPARED STATEMENT OF DR. ELAND

Mr. Chairman and members of the committee, I am pleased to be here today to talk about the real costs of NATO expansion. When I was at the Congressional Budget Office, I wrote its cost study on NATO expansion. I have recently moved to the CATO institute. I am submitting the CATO Policy Analysis entitled, "The High Cost of NATO Expansion: Clearing The Administration's Smoke Screen," for the hearing record. It provides a detailed critique of the administration's cost estimate and makes the original CBO cost analysis directly comparable to it.

I believe the United States will pay a large share of the expenses for expansion, either now or later. And U.S. costs will be at least three to five times as great as the administration claims.

Under the administration's defense concept of projecting four divisions and six wings eastward to reinforce these nations in time of crisis, I project U.S. costs to be at least $7 billion, compared with the administration's $1.5 to $2 billion estimate. The words "at least" are very important because I believe, based on my work at CBO, that the $7 billion is a conservative estimate. If the potential new members

cannot afford all of the $34 billion that will be their responsibility, U.S. expenses could increase dramatically,

Potential new members will probably be unwilling and unable to pay the $34 billion. That sum amounts to roughly a 60% increase in their collective defense budgets at a time when their economies are in transition. Also, because these nations realize that President Clinton has staked his prestige on NATO expansion and is unlikely to retract the offer, we have lost much of our leverage in getting them to pay a significant amount. Polls indicate that their populations don't want to increase defense spending.

The United States is likely to get stuck picking up the tab for new members because key NATO allies—such as France and Germany—have already indicated that they will not pay more than they are now.

I am always struck when people say, "I support expansion, but we must make our allies pay their fair share." Well, they are not going to!!! Even during the cold war, when the Soviet threat was severe, we complained that our European allies were not paying their fair share. I had one Air Force general say to me once, "as long as we care more about European security than the Europeans do, they won't pay up." In the post-cold war world, they will be even less likely to pay up. The threat is drastically reduced, the Europeans are under pressure to lower government spending for the EMU, and NATO expansion was our idea. They will say and are saying, "you pay for it."

Of course, some people have suggested privately that we shouldn't worry that nobody will pay for expansion, because we can skimp on military improvements. After all, the threat environment is currently relatively benign. We must consider what will happen if some years down the road a significant threat appears. And I'm not talking about a resurgent Russia. Let's say Seribia attacks Hungary or Belarus becomes a problem for Poland. If European forces have not been augmented to project power and new members' forces and infrastructure are still inadequate, there is only one place to turn.

The United States, of course. It is the only nation with potent forces that have the tactical and strategic mobility to get to the conflict relatively quickly. This unilateral intervention will be costly in American lives and dollars because military preparations and improvements will not have been made. That's why I say the United States will pay for a large share of the expenses for expansion sooner or later. So if the Senate is concerned about the U.S. paying too much, it has no other choice but to vote expansion down.

The costs will also be much higher than the administration claims. The administration projects $27 to $35 billion in total costs, with $1.5 to $2 billion accruing to the United States. Some have said that other estimates are no more reliable than the administration's. That's ridiculous!!! The administration, unlike CBO and RAND, failed to do a bottom-up costing of the detailed military improvements needed for expansion. In many cases, they simply chose an amount of money that they wanted to spend on a broad category of items—for example, logistics improvements. They often picked a number without providing a military analysis of what was needed or many details on the improvements made or costs incurred. In essence, DOD's estimate is not a requirements based cost analysis but an estimate of what is affordable—that is, the costs the administration believes the Congress will accept.

In other cases, DOD used very questionable assumptions. Here are some egregious examples:

- Even though their analysis stretched 13 years into the future, to lower their estimate, they assumed that each nation would purchase the outdated I-Hawk air defense system. The I-Hawk, originally deployed in the late-1960s, is being phased out by the Army and will likely be phased out by the Marine Corps.
- Another example is tactical aircraft. They assumed that each nation would buy one squadron of worn-out F-16s from the boneyard. Yet, over the long-term, potential new member countries plan to purchase almost 300 new aircraft.

DOD analysts also admitted to me that they felt "constrained" in the amount of military infrastructure that they assumed would be built or upgraded in new member nations. It's possible that they felt constrained by Russian sensitivities, or even more likely, congressional sensitivities to cost. In either case, their estimate was not based on what military improvements would be required for NATO expansion.

Finally, despite the fact that DOD is holding out the possibility of grants, discount loans, and free leases to encourage new members to buy U.S weapons, the Department did not include the costs of any U.S. security assistance in its own estimate.

In short, the administration's estimate is flawed and substantially understates the cost of NATO expansion. In my policy analysis, I made CBO's original study, which had five options for expansion costing from $61 to $125 billion, comparable to the

administration's very specific plan. The administration's plan, which projected four divisions and six air wings east to reinforce new members, did not compare exactly with any of the five CBO options, but tended toward the lower end of the range. For the total costs of the administration's plan, instead of DOD's $27 to $35 billion estimate, I project the cost to be almost $70 billion, or at least double that amount.

For U.S. costs, instead of DOD's $1.5 to $2 billion, I project at least $7 billion (with emphasis on the "at least"). Therefore, my estimate is at least 3 to 5 times greater than that of the administration.

I spent 15 years at GAO and CBO evaluating government programs in the defense and foreign affairs area. The vast majority of government initiatives cost significantly more than their initial optimistic cost targets. Given the flawed cost estimate of the administration, cost escalation is especially likely to happen with NATO expansion. After all, the Clinton administration's original cost estimate for the Bosnia operation was only $2 billion. Even if the United States pulls out in June 1998—which is unlikely—costs will have escalated to over $6.5 billion.

Also, the total costs of expansion could increase to as much as $125 billion, or in the extreme case—$167 billion, if Russia again became a threat.

Furthermore, I am pessimistic that the Congress will get any better cost numbers from the administration or NATO before the ratification vote. Conveniently, NATO will not decide how much to increase its common budgets and who will pay for any increases until June 1998, months after the ratification debate set for early next year. Perhaps Congress should delay the ratification vote until then so that it can demand a more rigorous estimate of costs from NATO and get a better idea of who will pledge to pay them. Otherwise, Congress is being asked to write a blank check for expansion.

The cost estimate that NATO is currently conducting will be a political deal. Even more so than the negotiated settlement reached between the White House and DOD over what administration cost figures the Congress would accept.

The United States rejected the original NATO estimate for its faulty assumptions and costs that were too low. then administration officials realized that the Europeans would refuse to pay a lot of added costs. Secretaries Albright and Cohen have already begun to say that the administration's already low estimate of $27 to $35 billion is probably too high. They are beginning to sound like contestants on the "price is right."

Last week, the Secretaries suddenly found the military infrastructure in new member nations to be better developed than they thought. When I did the CBO study, however, I received an unclassified intelligence briefing that said that the military infrastructure, the armed forces, and the road and rail systems of the new member states were in terrible shape. Finally, theNATO estimate will leave out the substantial costs to correct shortfalls in new member and allied forces. In short, don't look for the cost estimates to get any better. In fact, it looks like they're going to get worse.

But high costs are not the only reason that the Congress should reject expansion of the alliance. Expansion impairs the flexibility of U.S. foreign policy in an uncertain post-cold war world. We could be tied down in Europe when the major challenges may come in Asia. Also, we might benefit from Russia's help if China becomes a rising, aggressive power. Why needlessly antagonize Russia for ill-defined security gains in a non-strategic region of Europe, when we might want its cooperation on other issues that are more critical to U.S. security, Russia is still the only nation that can completely devastate our homeland with nuclear weapons and NATO expansion is impeding strategic arms reduction.

If the NATO military alliance is so good at ensuring stability, and the real goal of expansion is to stabilize this part of Europe, why have so few proponents considered admitting Russia. It is the nation which is the most crucial to stabilize. Instead there is euphemistic talk of "consolidating the gains of the cold war," which implies that expansion is really aimed at a future Russia that is resurgent and aggressive. This pessimistic scenario is not a given. Besides, what's the rush to expand? We have plenty of warning time to spot the rise of a future peer competitor.

Finally, an Article 5 defense guarantee to new members could involve the United States in regional quagmires in an unstable and non-strategic area—future Bosnias. Yet, we are expanding both the territory and the missions of the alliance at a time when western defense budgets have been declining.

That concludes my prepared remarks. I will be happy to answer any questions.

The CHAIRMAN. Thank you very much. Mr. Hadley?

STATEMENT OF THE HON. STEPHEN HADLEY, PARTNER, SHEA AND GARDNER, WASHINGTON, DC

Mr. HADLEY. Thank you Mr. Chairman, members of the committee.

In my statement, I suggest that we get too quickly in this debate into dueling dollar figures and details of costs, and not enough talking about what are the requirements associated with the admission of these three countries in NATO and what are the military capabilities needed to meet those requirements?

In that connection, let me just make a few points here.

One, I think we can all agree that the security guarantee that comes with NATO membership for these countries must be credible. We do not want to make commitments that we cannot deliver on. I think that is a starting point.

So then the second question becomes are we doing that if we bring them into the alliance? I think the answer is no. You are going to want to hear testimony from current military leaders on this subject, but my understanding is there is a fairly wide consensus that it is a benign security environment in Europe today and that the current forces deployed in NATO are adequate to defend this territory today.

That raises a question, of course——

Senator BIDEN. Excuse me, point of clarification, Mr. Hadley.

Mr. HADLEY. Sir?

Senator BIDEN. The credible guarantee—were you talking about the guarantees required by the Atlantic alliance, or by the Atlantic treaty? In other words, the Washington treaty—that we would go to the common defense?

Mr. HADLEY. Right, article 5.

Senator BIDEN. And you are saying that is not credible?

Mr. HADLEY. No. I am saying that it is very important that that be credible and to make it credible, we have to have real military capability to stand behind it.

No one wants to give that guarantee——

Senator BIDEN. I see. I am sorry.

Mr. HADLEY. [continuing]. and not have the wherewithal to—and I think that is a point of departure for all of us here.

So there—the question then becomes if in the current security environment, we are not extended an incredible guarantee, but in fact, the guarantee is credible, what about—what is the likelihood in the requirement if there is a major threat down the road to NATO and to these three countries?

And, of course, for such a change—threat to emerge, it would probably come from Russia. It would require a change of policy in Russia. It would require a major reconstitution of their conventional military capability. That will take time.

The United States would have to—and NATO, its NATO allies—would have to do a lot of things to respond to that kind of threat. Again, while I think it is a question for senior military leaders to talk about, my own view is that having these three countries in NATO would not add significantly to the burden of what the United States and NATO would have to do in light of that eventuality.

Indeed, I would think that because of the forces these countries would have and the strategic significance of the territory they oc-

cupy, we would be glad to have them in NATO should that eventuality arise.

So it raises the question about the military requirements that result from the entry of these three countries into NATO for both the countries themselves, for, as Secretary Slocombe talked about, the common funding programs, and for our existing allies. Let me just make, if I could, three points about that.

First, I think it is important to emphasize that there is a normal NATO planning process that is going to identify the answers to all of these things—what is required for the NATO common funding, what these countries need to be doing in terms of their own forces. There is a process under way to do that.

One of the elements is the cost of integrating these countries and their militaries into NATO. The estimate placed by the OSD people was that is a $9-$12 billion item over a 10-year period.

I would agree with the GAO report of August 1997 that this really is the true cost of NATO enlargement, the cost that but for enlargement, you would not be incurring. My own judgment is those kinds of numbers over a 13-year period is a small price to pay for the benefits of NATO enlargement.

Now, there is the issue of the requirements for these countries, these three countries who would join NATO. It has been made clear that is a national responsibility out of national budgets.

Concern was raised earlier in the questioning as to whether this is an unreasonable burden to impose on these countries. I would simply say we have to recognize these are not bombed-out economies in the post World War II period. These are robust economies, they are expected to expand.

What we are really talking about is getting them to the point where they would spend 2 to 3 percent of their gross domestic product on defense. That is not an unreasonable number. It is what we have tried to get our other allies to do.

And I think these countries have indicated that they are willing to do it, and that because of their histories, they understand the price the—that freedom requires and I think they are liable to pay it. I do not think it is an unreasonable burden.

Finally, there has been a lot of talk about the requirement of the existing NATO allies to improve the ability of their forces to go out of area, to deploy and be sustained. I would just point out that is a requirement that predates NATO enlargement. It came in 1990 and 1991 timeframe when we revising NATO's strategy at the end of the cold war.

It is not, in my view, fairly a cost of NATO enlargement. That is not to say it is not important for our European allies to do this—it is. We should push them.

But rejecting the applications for membership from Poland, Hungary, and the Czech Republic will not somehow make it more likely that the Europeans will undertake these expenditures. Rejecting membership of these three will not make NATO any safer if the Europeans fail to undertake these expenditures.

On balance, I am optimistic that they will. I think the Germans are critical on this point. I think you are going to want to talk with German government officials, but my conversation with them suggests that they understand that the security of these three coun-

tries is essential to the security of Germany, that NATO's ability to defend Poland is essential to the defense of Germany, and I think that gives them the incentives to do what needs to be done.

Thank you very much, Mr. Chairman.

[The prepared Statement of Mr. Hadley follows:]

PREPARED STATEMENT OF MR. HADLEY

Mr. Chairman, Members of the Committee. I appreciate very much the opportunity to appear before you today on the question of the costs, benefits, and military implications of bringing Poland, Hungary, and the Czech Republic into the North Atlantic Treaty Organization ("NATO").

Recent public debate on the issue of NATO enlargement has focused increasingly on the issue of the cost. You have my sympathies as you try to come to grips with this difficult issue. I believe the public debate has perhaps disserved you a bit by moving too quickly into a battle of competing estimates and different dollar figures. Before we get into the details of the cost issue, it may be useful to step back a minute and ask ourselves the question: what are the military requirements associated with NATO membership for Poland, Hungary, and the Czech Republic, and what military capabilities are needed to meet these requirements? I will try to walk briefly through the kinds of questions that present themselves when one begins the cost debate from this starting point.

Requirements, Capabilities, and Costs

But before doing so, there is one point of principle on which I would hope everyone involved in this debate can agree. That is, that the security guarantee that comes to these countries with NATO membership must be a credible one. It must be backed up by real military capabilities which would allow NATO, if necessary, to make good on its defense commitment to these new members. We do not want an alliance with two tiers of members—the secure, and the less secure.

With that as a starting point, the first question is simple:

What are the military requirements for making credible the security guarantees extended to the three new members as part of NATO?

The answer to this question requires an assessment of the current security situation. In brief, with the important exception of Bosnia, the security situation in Europe is probably the most benign that it has been at any time in this century. There is no immediate threat of a major attack on our NATO allies and no prospect of one in the foreseeable future. The Committee will want to hear testimony from current U.S. military leaders on this subject. But my understanding is that there is a fairly widespread consensus that NATO's current military forces deployed in Europe are adequate to insure the security of NATO's current members and these three countries in the current security environment.

The question that logically follows from this conclusion is this:

What additional military requirements would result from bringing these three countries into NATO if a major conventional military threat were to arise at some point in the future?

Perhaps the most readily identifiable source of such a potential threat would be Russia. I would argue that one of the benefits of NATO enlargement is precisely that it makes such a future Russian threat less likely by stabilizing Central Europe, an area that has played a central role in two World Wars and one Cold one. The effort to develop a positive relationship with Russia and to bring Russia into a variety of political and economic relationships with Western nations are all designed to reduce the prospect of such a threat. For such a threat to emerge, it would require not only a major change in policy on the part of the Russian government but also a major reconstitution of Russian conventional military capabilities. This would require a major effort that Russia cannot now afford, and could only arise over a period of a decade or more. I believe this conclusion reflects the consensus of most analysts who have looked at the question.

The emergence of such a threat would require a major response from the United States and NATO in upgrading and expanding their military forces. The United States and NATO would have to act decisively based on evidence of such an emerging threat and build up their own forces within the timelines of the force buildup of their potential adversary in order to try to deter a conventional conflict. While it is a question for the nation's senior military leaders, I would be surprised if they would conclude that the presence of Poland, Hungary, and the Czech Republic in

NATO would add significantly to the burden that the United States and NATO would otherwise have to bear in order to meet such a reconstituted Russian threat. Indeed, because of the forces that these countries will themselves have, and the strategic significance of the territory they occupy, I believe that should such a threat arise, we will be very glad that we had included them as members of NATO.

This leads to a third question:

If we do not need to be prepared today to deal with a major conventional military threat, what standard should we apply in judging NATO's military requirements?

One might think of a standard that would call for sufficient military capability:

- To provide security and reassurance within Europe in the current relatively benign security environment;
- To provide highly capable military forces able to move rapidly to areas of crisis in the event that some unexpected military threat arises; and
- To provide a solid military base on which NATO can build in the event a major conventional military threat should materialize.

How would one identify the military requirements that result from this standard as applied to the entry of Poland, Hungary, and the Czech Republic into NATO?

The process of identifying these requirements is already underway within NATO as part of the traditional NATO force planning process, now expanded to include these three potential member countries.

The first part of this force requirement process will be to identify those military facilities and capabilities required for these three countries to operate as part of the NATO alliance. This involves such things as airfields that can receive, refuel and service NATO aircraft, communications equipment that will allow the military forces of these three countries to talk to other NATO forces, and participation in the NATO air defense network. NATO is engaged right now in defining these requirements and will have its results in December. The great majority of the costs associated with these requirements will be funded out of three so-called "common funded" programs to which all NATO members contribute. These costs are spread among NATO members using a well-established formula, with the current U.S. share being 24 percent.

The point here is that there is an existing procedure for obtaining NATO consensus on what these requirements are, what it will cost to meet them, and how that cost will be shared among the NATO allies. How much if anything NATO members will be asked to contribute over and above what they have already committed to these three common funds will depend on the requirements actually identified by NATO, the cost of meeting those requirements, and whether those costs can be met by taking funds from existing lower priority projects. The study prepared by the Office of the Secretary of Defense ("OSD") last February estimated these costs at between $9 and $12 billion over a ten year period. Secretary Albright and Secretary Cohen have indicated that the actual number might turn out to be significantly lower. The U.S. share of the OSD estimate would be about $150 to $200 million per year.

I would agree with the General Accounting Office in its report of August, 1997, that these are the true costs of NATO enlargement—costs that NATO would not incur but for the admission of these three countries into the Alliance. It seems a small price to pay when compared to the benefits of NATO enlargement in terms of enhancing stability in Europe, strengthening the NATO alliance, contributing to a more stable relationship between NATO and Russia, and maintaining U.S. leadership and influence in Europe.

That said, however, the three new states will be joining a military alliance and will assume an obligation, like the other members of that alliance, to contribute their fair share to the common defense. But this is hardly a cost of NATO enlargement. This is the cost that every nation incurs in providing for the common defense of its citizens.

Which leads to the fourth question:

What are the requirements for the militaries of the three new members of NATO?

Generally, these nations need smaller forces, of higher quality, that are interoperable with those of NATO. NATO will help these countries turn this principle into specific military requirements and the kinds of military capabilities best suited for meeting those requirements. This will be done as part of the normal force planning process in which all NATO members participate. But as is the case for all NATO members, the cost of fielding the forces needed to meet these requirements will be

a national responsibility, funded out of the national budgets of these three countries. It will not represent an additional cost for NATO or its current members.

Some have suggested that these costs pose an unacceptable burden upon these three countries. The studies I have consulted and the experts I have talked to do not agree with this assessment, however. Because of the relatively benign security environment in Central Europe, these countries should have a considerable period of time over which to improve their forces. They will have the flexibility to trade off meeting military requirements against other budgetary priorities. All three countries have robust, expanding economies projected to grow at a rate of about four to five percent per year into the next decade. They have indicated that they believe they can ultimately afford defense spending at the level of two to three percent of their gross domestic product—the level that is expected from NATO members generally. This level of spending should provide sufficient financial resources to meet NATO requirements. While such expenditures do reflect an economic burden, I believe these countries would be the first to say that this is a relatively small price to pay for preserving their newly-won freedom. And it is certainly a lower price than they would have to pay if they were outside the NATO alliance.

That is not to say that our NATO allies, and the United States, have not in the past or will not in the future decide voluntarily to provide some assistance on this score. But I do not believe, as some have suggested, that these countries need a military "Marshall Plan." These are not ruined economies recovering from the devastation of war and facing an imminent, overwhelming military threat. They have the time to upgrade their militaries, and the economies from which to fund it.

Which leads to the fifth question:

What are the military requirements of NATO enlargement for our existing NATO allies?

In addition to paying their prescribed share of the NATO "common funded" programs (such as the NATO Infrastructure Program), our NATO allies should continue, as they have already been doing, to work bilaterally with these three countries to help prepare them for the responsibilities of NATO membership. There are a number of examples of what our allies have undertaken in this regard, the most recent being an effort to create a joint multinational military unit among the Danes, Germany, and Poland. This is the kind of "burdensharing" that we can rightly ask our allies to undertake in connection with NATO enlargement.

It has been suggested in the public debate, however, that part of the cost of NATO enlargement are expenditures by our NATO allies to enhance the re-enforcement and the sustainment capability of their own forces—the ability to maintain those forces outside of their home territory on military operations for a sustained period of time. I believe strongly that our NATO allies need to make the expenditures required to give their forces this capability. But I do not believe these expenditures are properly viewed as a cost of or a prerequisite to the inclusion of Poland, Hungary, and the Czech Republic in NATO. These force requirements had their origin in the NATO force planning process during the 1990-1991 timeframe as a result of a change in NATO strategy to reflect the end of the Cold War. NATO changed its defense concept from one of fixed forces defending the NATO homeland against a known threat to increasingly multinational forces able to deploy flexibly to meet contingencies within NATO territory or outside its borders. While these forces would be used to reinforce Poland, Hungary, and the Czech Republic in the event of a major conventional threat (of the kind that presently seems quite unlikely in Central Europe), the requirement predates NATO enlargement and would exist even if NATO were not to expand. Therefore, it seems unfair to assess this as a cost of NATO enlargement.

Let me be clear. These are expenditures that our European allies should make as part of their contribution to the common defense regardless of NATO enlargement. But rejecting the applications for membership from Poland, Hungary, and the Czech Republic will not make it more likely that the Europeans will undertake this expenditure. Quite the contrary.

On balance, I am optimistic that our NATO allies will carry out the commitments they have made to upgrade the reinforcement and sustainment capability of their forces. The Germans are key in this regard. I hope the Senate will have an opportunity to hear senior German governmental officials on this point. But my conversations with German officials suggest that they clearly view the security of Poland as essential to the security of Germany—that NATO's ability to defend Poland is essential to the defense of Germany. This increases the incentive that force enhancements useful in defending this territory will in fact be made. In addition, the U.K., Germany, and France all have programs underway to create rapid reaction forces of various kinds. These plans result not just from their NATO commitments but also

from their desire to enhance European defense capabilities as part of an emerging European defense and security identity. This gives these countries an added incentive for carrying out these plans.

The Benefits of Enlargement

It seems unfair to address the costs of NATO enlargement without also addressing the benefits—or, to put it another way, without addressing the cost of not expanding NATO. If the OSD cost study is even close to right as to the direct cost of NATO enlargement—$9 to $12 billion over 13 years—and even considering the additional cost associated with modernizing the forces of the three new entrants and upgrading the forces of our remaining NATO allies, the benefits of expanding NATO to include Poland, Hungary, and the Czech Republic more than outweigh these costs.

- It will make Europe more stable, not less stable, and will reduce the risk of military competition or conflict.
- It will strengthen NATO, not weaken it, and will make NATO a better instrument for protecting the security of Europe.
- It will contribute in the long run to a more stable relationship between NATO and Russia by eliminating a potential area of competition.
- It will help to maintain U.S. leadership and influence in Europe.

Let me elaborate on these points:

STABILIZING EUROPE

The experience of Western Europe after the Second World War has shown that encouraging greater integration among the countries of Europe is the best way to overcome a long history of military competition and conflict among European states. That is why since the end of the Cold War it has been the policy of both Republican and Democratic administrations to bring the nations of Central and Eastern Europe into a closer political and economic relationship with the West.

We know from history that leaving these nations in a geopolitical no-man's land in Central Europe has contributed to two World Wars and one Cold one. Membership of these three countries in NATO will eliminate the future possibility that they will be caught in a geopolitical competition between a unified Germany and a potentially resurgent Russia. In this way, we can eliminate an historic area of instability and one of the few that in my judgment could present the risk of a serious and renewed military confrontation in Europe.

STRENGTHENING NATO

The addition of these members will strengthen, not weaken, the NATO alliance. These three nations, and Poland in particular, already possess significant military capability that exceeds that of a number of existing NATO nations. They have already shown a willingness to shoulder the responsibilities of collective defense by contributing military forces during the Gulf War and the Yugoslav crisis. Because of their histories, these are countries that take security seriously.

In NATO, these countries will be a force for stability in Europe. Just the prospect of NATO membership has been a real incentive to these states to resolve border disputes with their neighbors and to establish frameworks for managing their relations with ethnic communities located within the territory of their neighbors. These nations have made real progress in building democratic societies and have reached a level of maturity that I believe should provide confidence that they will continue to make a positive contribution to security in Europe and will not, as some would suggest, use their position within the Alliance to provoke or bully their neighbors. The best way to encourage their continued democratic evolution and maturation is to bring them into the NATO family of democratic states, not to put them through the domestic political trauma of turning down their bid to join NATO.

IMPROVINIG RELATIONS WITH RUSSIA

Expanding NATO to include Poland, Hungary, and the Czech Republic does not exclude Russia from Europe and is not intended to do so. Both Republican and Democratic administrations since the end of the Cold War have sought to support democratic and free market reform in Russia and to include Russia in Western political and economic institutions. In addition, Russia has been included in the NATO force in the Balkans, has been included in NATO's Partnership for Peace program, and now has its own special relationship with NATO as reflected in the Founding Act signed in Paris last spring.

Despite the concern expressed by some that enlargement of NATO would lead to a crisis in relations between Russia and the West, it has not done so. While even Russian democrats cannot be seen to sanction NATO enlargement publicly, opinion polls in Russia suggest that bringing Poland, Hungary, and the Czech Republic into NATO is just not an issue of concern to the bulk of the Russian population. Even General Lebed has recently said publicly that inclusion of these three countries in NATO does not present a threat to Russia but is only "the legal formalization of the historically developed community of western civilization." NATO enlargement in the long run will support democracy in Russia by making clear to more reactionary elements that a "return to greatness" by reestablishing a Russian sphere of influence in Central and Eastern Europe is simply not in the cards.

There is great uncertainty about the future direction of Russia, but what Russia becomes in the future will be determined by what happens inside Russia, particularly to its economy. What is important is for us to impress upon the Russians that we welcome a democratic Russia as part of the West and that we take Russia's legitimate security concerns seriously. Our goal should be to cooperate closely with Russia on issues of common interest, while at the same time providing reassurance and stability to Russia's Central and Eastern European neighbors and discouraging any inclination in Russia toward trying to reassert a military sphere of influence there. This is a sophisticated policy, hard to sustain. But despite some evidence to the contrary, I believe that a U.S. foreign and security policy can successfully pursue both of these policies at the same time.

INSURING AMERICAN LEADERSHIP

Since the end of World War II, the United States has expended enormous effort and trillions of dollars in seeking to build a unified Europe composed of free and democratic states at peace with one another. For the first time since the end of World War II, we have a realistic possibility of achieving this objective. It is important that the United States not turn its back on this great European project but continue to provide the commitment and leadership required to see it through. For the reasons I have already suggested, inclusion of Poland, Hungary, and the Czech Republic in NATO substantially advances this goal.

The United States needs a vital, robust NATO as not only an instrument for assuring long-term stability but also for deterring or dealing with those security crises that are likely to emerge in Europe (such as Bosnia), on the periphery of Europe (such as in North Africa), or from outside of Europe (such as the Persian Gulf). If NATO does not adapt to the changes that are occurring in Europe—including most particularly the emergence of these three Central European nations as free, independent, and democratic states—then NATO will become irrelevant to Europe.

It is true that America has important interest elsewhere in the world and that the threats to those interests are in some sense more acute—whether it is the possibility of a nuclear Iran or uncertainties about the intentions of an emerging China. But precisely because of these other interests and potential threats, it is critical that Europe remain a zone of relative peace and stability so as to give the United States the freedom of action it needs to exercise its power and leadership to deal with crises and problems outside of Europe. The absence of an immediate threat in Europe is precisely the time to take those actions that will help to ensure that a threat to stability in Europe does not arise in the future.

The CHAIRMAN. Senators, suppose we take 5 minutes apiece. Let us see how we do on that.

Senator BIDEN. OK.

The CHAIRMAN. And then have two or three rounds in case somebody else comes in.

The one I hear most from my constituents who discuss this expansion—not many of them are discussing it. They have got things closer to home.

But they said that, "Well, everything is peaceful in Europe now. No Hitlers in sight," and so forth.

"But our problem," they have said, "lies in the other direction over in the Pacific." And I guess what they are asking me is does the NATO alliance offer the United States any benefits beyond Europe, especially in the event of war in the other side? You want to address that?

I had a young group of people ask me that, and I did the best I could with it, not knowing the answer to it, and I am sure you do not, either. But what is your speculative answer to it?

Mr. HADLEY. I think they can help us in those situations. We had a number of our NATO allies, almost all of our NATO allies, with us in the Gulf War. We also had a number of these three countries in the Gulf War. So I think there is an advantage, and they can help us in those contingencies.

But I think it is also important to emphasize that Europe is secure and stable right now and we have an interest to keeping it stable and secure.

And that is why I think NATO enlargement is important because with a NATO—with a Europe that is safe and secure, we have the freedom and flexibility to use our forces to deal with some contingencies in other areas where it is—where we have real interests and where those interests may seem to be more imminently threatened such as places like the Gulf, with a potentially nuclear Iran, or uncertainties about China.

But it is precisely stability and security in Europe that is going to both free us to deal with those problems, and I think also, give us some allies to help us.

The CHAIRMAN. OK. Now, Dr. Eland, another thing that comes up in the conversation with not only the folks back home, but people I meet from other states. Considering the estimate—your estimates of the costs involved in this expansion, do you think the United States continues to derive sufficient benefits from the NATO alliance with or without expansion? And if you were asked that question by a group to which you just addressed, what would you say?

Dr. ELAND. Well, I would say that the NATO alliance and, especially, an expanded NATO alliance, somewhat impedes our flexibility in foreign policy. I think it may tie us down and take a lot of resources when we may want more flexibility in an uncertain world.

For instance, we might want Russia's help in containing an aggressive China if one comes up—I am not predicting that.

The other thing is it may take a lot of resources that we should be saving for other theaters. Maybe we will be too concerned with Europe and not enough with Asia. I think those are issues of flexibility.

This was originally a cold war alliance, and the cold war is over now. So I think you really have to assess whether it impedes your foreign policy flexibility to some extent.

The CHAIRMAN. Are you asking that question—I know you make a lot of public appearances. Are you asking the—essentially the same question that I just asked you? Is that the answer you give—to the question?

Dr. ELAND. Well, I do not make a lot of public appearances, really. So I really have never given that answer before.

But I think it is a good answer.

The CHAIRMAN. All right. Dr. Kugler, very quickly. If we do not proceed with the expansion, do you have any estimate of what the potential cost to the United States would be if tensions should rise in Europe?

Dr. KUGLER. Yes, Mr. Chairman. I earlier did an analysis for the Pentagon. It was not focused so much on the cost of rising tensions. Instead, it was focused on this issue: If we do not admit these countries into NATO, how much will it cost to defend this region without having them in NATO? And my estimate was that the cost would double—in peacetime.

Now, if we got into a crisis confrontation, and these nations are in NATO, the RAND estimate put forth an estimate of about $110 billion. But if they were not in NATO, the estimate would be far higher.

The CHAIRMAN. I see.

Dr. KUGLER. Yes.

The CHAIRMAN. Thank you very much. Senator Biden?

Senator BIDEN. Thank you. Mr. Hadley, I think the way you approach this really kind of sets out the issues, how we should be looking at expansion—and people can reach a different conclusion than you and I reach on this.

But this notion of credible guaranteeing, what Dr. Kugler is talking about, and that is—what would it cost to defend these countries were they in or not in NATO in a different circumstance?

Interestingly I think that—and Mr. Eland, I suspect you would agree with this as well; maybe the only thing we would all agree on—is that right now, if you asked the 100 United States Senators "Would you respond with aid if Poland were invaded by Russia?," I think you would get 99 "yeses."

I may be wrong, who knows? But I think there would be an overwhelming sense, whether it is official or not, that we would not tolerate another invasion of Czechoslovakia—I mean, excuse me, of Hungary. We would not tolerate Russian troops moving back into the Czech Republic, and so on.

Part of this debate is kind of surreal because we talk about it in terms of whether we are going to defend, be part of defending those countries, or we are not going to defend them when, in fact, our stated public policy—and I cannot imagine it changing from this president to a Republican president—would be to say, "No, no to either option. That is we will make our decision when an invasion occurs."

Now, granted, treaties are serious business, so when you sign the treaty, you are pledging the sacred honor of this country that you will do it. So I am not diminishing the significant difference in actually being in the treaty and not being in the treaty.

But it kind of confuses me, in terms of the way the debate is conducted. If we could all kind of start from a basic premise, the same basic premise, we could construct a syllogism here that might serve us well.

Do you start, Dr. Eland, from the premise that the United States either commits to defending those countries if it is in NATO, if they are in NATO, or if they are not in NATO, we make no such commitment?

Do you address that in your threat assessment? You went through a threat assessment based upon what the world will look like in your view, and it is a reasonable view. I mean, I am not criticizing the assessment of what the world looks like today and

what Europe looks like today, what Europe will look in 10 years from now or 15 years from now.

You conclude that our European—that the three countries in question will have to do something we did not with any other admittees—with Spain, for example. You suggest they have got to be up to snuff with modern precision aircraft within that 10-year period.

Dr. ELAND. No, they say that.

Senator BIDEN. Pardon me?

Dr. ELAND. They are planning on doing that, in the long term.

Senator BIDEN. Yeah. They are saying that, but you and I both know that they do not have the money to do that.

And the question is whether or not it is reasonable—well, whether or not that will be demanded of them by NATO.

In other words, there are two issues here. You sit down and you talk to the Poles, as I did in Warsaw, and they say what they would like their military to look like in 10 years is—it may or may not be what is a minimum requirement for them to be a contributor to NATO.

If we look at Spain and Spain's accession to NATO and the manner in which it modernized its military, the speed with which it did it, the proficiency with which it acquired that capability—that expansion is significantly different.

And they are a great ally—I am not in any way belittling their contribution. But we did not look at them and say, "Now, look, here is the deal. You have to do what, quote, some in Poland are saying they would like to do."

So is there a distinction between what the Poles, for example, say they plan on doing, and what is required to meet the Perry principles for Poland to have to be able to do to be a contributor to NATO? Is there a difference there?

Dr. ELAND. Well, I think if you want them to do peace-keeping exercises, you give them a few radios and that is pretty much it.

But if you want them——

Senator BIDEN. They are already doing peacekeeping exercises.

Dr. ELAND. Right—under PFP. So just admit them and have no costs at all then.

But I think that these countries are going to buy these aircraft over time.

Senator BIDEN. Yeah.

Dr. ELAND. This is a 13 to 15-year window.

Senator BIDEN. Right.

Dr. ELAND. And in my estimate, I did not gold plate this at all. I mean, we rewired existing MiGs, we rewired T72 tanks, and then over time we only replaced one-third of the T55 tanks which do not work today.

So as far as my estimate goes, there is no disconnect between those two. I think it was pretty modest because we assumed that basic precision weapons would be purchased. We did not gold plate the estimate.

And they are going to have to buy some aircraft because in 2005, they are not going to have an air force if they do not do that. All of these estimates are over a 13 to 15-year period.

So I think it depends on how effective you want them to be, but DOD says that they must have a basic defense capability. Their militaries are not in very good shape.

DOD includes these costs to improve new member's weapons. As I mentioned before, you probably should include these costs. "What would they have done anyway" is basically what your question is.

Senator BIDEN. No, no, no. That is not my question. My question is what is needed for them to do to be a contributing member to NATO, what is needed for them to do over the next decade, versus not what they would do, what they want to do, or what they will do. What is needed for them to do to be a contributing member?

Mr. Kugler would like to—is it all right with you, Mr. Chairman? May he respond to——

The CHAIRMAN. Well, let me say this. We need to wind this up.

I was going to say, beginning with Mr. Kugler, each to have a—3 or 4 minutes, if you need it, for a postscript to answer a question or extend a comment or whatever. We will begin with you.

Dr. KUGLER. This is the question that I want to answer: The difference between what the new members should do and what they will do. The difference will be only 7 percent. Let me explain.

Subsequent to this RAND work that I have talked about here, I have been working on an additional study on this issue. I performed this study for the Pentagon—it contained about 40 different dimensions—that identified where we will want these new members to go in terms of NATO military capabilities.

The basic goal was to make them average and normal for NATO as a whole—not at the top of NATO and not at the bottom, but in the middle—thus, solid and capable of carrying out NATO's defense plans.

Now, subsequent to that, I have gotten access to the Polish defense budget and where they are going.

We did a study at RAND for Poland and they are doing excellently. They literally—given what they plan to spend and what is in their budgets—will draw within 7 percent of, on average, of the goal of making them solid and normal. This is well within the range of adequacy.

So, the Poles in my view get a grade of A. If we can have all of our allies like the Poles, we will have an excellent alliance. I cannot speak so much for the other two countries; I have not looked at them in as much detail. But, anyway, that is my answer. You, Senator, have asked the proper question: where should we drive the new members, where are they going, and is there a difference between the two?

And in the case of Poland, there is not much difference.

The CHAIRMAN. OK. Mr. Hadley, let us jump down to you for a postscript.

Mr. HADLEY. I would like to pick up on Senator Biden's point because I think he has asked the right question.

If you think, and if 99 Senators think that we would come to the defense of these three countries, I would argue that that is a very strong argument for bringing them into the alliance and making that clear. I think it is the right answer because I see defense of these three countries as an extension of our commitment to defend the current allies.

But you want to make that clear so that the Russians understand it are not—do not—we do not have any miscalculations here, and so that these three countries understand it and know where their place is. So I think that is a good place to start this debate.

The CHAIRMAN. Thank you. Dr. Eland?

Dr. ELAND. Well, I would just like to say that if we are going to defend these countries then that is a national decision whether we do that or not if we have not admitted them into the alliance.

To admit them there are also going to be additional expenses for interoperability and things that we are going to have to pay as well. So I think the costs are going to be greater to admit them in the alliance.

The other thing is what is a basic defense? I mean, we may differ on that, I think. I received an unclassified intelligence briefing when I was doing the study, that concluded their armed forces and their military infrastructure—for example, their road and rail system—are in very poor shape.

I would also like to respond to one other thing. I made the statement that the NATO alliance and especially expanding the NATO alliance, might impede your flexibility. I mentioned Asia.

But you can also get pulled into things in which you do not want to be involved. As you were saying, Senator Biden, there is a difference between saying, "Well, we are going to give you aid" and actually being committed to defend and put troops on the ground.

I think the costs will increase dramatically. What I think is going to happen here is that we are going to let these countries in. The new countries are not going to pay very much to improve their militaries and infrastructures and the existing allies are not going to pay very much either. And the United States is constrained by budgetary constraints. We think we do a lot in NATO already.

So what happens then if, say, Serbia attacks Hungary down the road or Belarus becomes a problem for Poland? We are going to have to come to the rescue. That is going to be a lot of lives and dollars, and that is going to increase the cost.

Even if you vote in favor of expansion, you should get the Department of Defense to provide a better cost estimate. I have gone into the details and I just do not think it is a very good cost estimate.

Senator BIDEN. You are opposed to expansion unrelated—in addition to your concern about costs?

Dr. ELAND. Well, when I did the study, I worked at the CBO, and I made an honest attempt to not gold plate the thing just to——

Senator BIDEN. I am not suggesting you did. I am just asking your view of expansion. Do you support expansion, assuming the costs were able to be met?

Dr. ELAND. I am opposed to expansion and not just on the basis of costs. I think there are a lot of other reasons.

Senator BIDEN. Thank you.

The CHAIRMAN. Thank you, gentlemen. This has been a very enlightening morning for me, and all of this will be printed and made available to the media and to others.

Now, we will submit some written questions—Senators who were not present, and I am sure you will not mind responding to them.

There being no further business to come before the committee, we stand in recess.

[Whereupon, at 12:04 p.m., the hearing was adjourned, to reconvene at 9:32 a.m., October 30, 1997.]

NATO-RUSSIA RELATIONSHIP—PART I

THURSDAY, OCTOBER 30, 1997

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The committee met, pursuant to notice, at 9:32 a.m. in room SD–419, Dirksen Senate Office Building, Hon. Jesse Helms (chairman of the committee), presiding.

Present: Senators Helms, Hagel, Smith, Grams, Frist, Biden, Robb, and Wellstone.

The CHAIRMAN. Good morning, Dr. Kissinger. It is great of you to come after having had such a late evening last night. It is a pleasure to welcome you on behalf of the committee. The subject this morning, of course as everybody knows, is the NATO-Russia Relationship.

Now, Henry Kissinger needs no introduction by me, or for that matter by anybody else in the world. He is that well known. The Secretary and I have sometimes had slightly different views during the decades that we have known each other, but I have always respected Dr. Kissinger and particularly his appraisals of important foreign policy matters. So I say to you, sir, in addition to good morning, your views on NATO enlargement and specifically the NATO-Russia relationship will be enormously helpful to this committee.

I see the Ranking Member will be here shortly, but I suggest that you proceed.

STATEMENT OF HON. HENRY A. KISSINGER, PRESIDENT, KISSINGER AND ASSOCIATES, NEW YORK, NEW YORK

Dr. KISSINGER. Mr. Chairman and members of the committee, I have submitted a formal statement and I stand by all of it, but in order to permit more time for questions I will just read some extracts from it and then respond to your questions.

It is an honor to appear before this committee on a matter of such importance to America's future. If this century has taught any lesson, it is that our security is inextricably linked with Europe's. NATO, the institution expressing this conviction, has successfully deterred war in Europe for 50 years. Now that Soviet power has receded from the center of the continent, NATO needs to adapt itself to the consequences of its success.

Let me add here a comment which is not explicitly in the text. Whatever we believe about the evolution of other parts of the world, I believe that the rock bottom organization and grouping which we must foster is that of the nations which share our demo-

cratic tradition and much of our history. So I believe that the relationship of the democracies in the North Atlantic and in the Western Hemisphere should be the key building block of the future American foreign policy. Therefore of course a key question is, what is this Europe? What is this North Atlantic area to which we want to relate ourselves, to which we must relate ourselves? I think it is essential that the nations of Eastern and Central Europe, which were excluded from their historical traditions by the arrangements that were made at the end of World War II, find their place in the relationship of the democracies.

Now, critics of NATO enlargement argue that the admission of Poland, the Czech Republic, and Hungary threatens prospects for the democratic evolution of Russia, and therefore magnifies perils rather than allays them. I hold the opposite view. The Russian Defense Minister, Rodionov, explained Russian opposition to NATO enlargement on the ground that it deprives Russia of a buffer zone in Central Europe. Were NATO to fall in with this argument, it would perpetuate the injustice of the Soviet satellite orbit by condemning the recently liberated nations of Central Europe to institutionalized impotence, and it would store up endless future troubles.

Basing European and Atlantic security on a no man's land between Germany and Russia runs counter to all historical experience, especially that of the interwar period. It would bring about two categories of frontiers in Europe, those that are potentially threatened but not guaranteed, and those that are guaranteed but not threatened. If America were to act to defend the Oder but not the Vistula, 200 miles to the east, the credibility of all the existing NATO guarantees would be gravely weakened, nor would this exclusion of traditional Central European nations from the common defense achieve its purpose. Once Russia succeeded in establishing a military buffer zone, it would logically follow with demands for a political corollary that would imply a veto over foreign policy.

If the eastern border of Germany is defined as the limit of Western Europe, and the western defense, Germany will be driven to doubt America's leadership and to try to influence the security position of the buffer zone on a nationalist basis. Failure to enlarge NATO would thus risk either collision or collusion between Germany and Russia. Either way, American abdication would produce a political earthquake threatening vital American interests.

Considerations such as these have transformed the great Czech president, Havel, into a strong advocate of early NATO enlargement. An ardent human rights activist, he surely appreciates the argument for encouraging a democratic evolution in Russia, but he obviously believes that even the most optimistic outcome will take longer than is safely compatible with the establishment of a vacuum in Central Europe. I know no leader of Central Europe who does not share this view.

NATO expansion therefore represents a balancing of two conflicting considerations: The fear of alienating Russia against the danger of creating a vacuum between Germany and Russia in Central Europe. Failure to expand NATO is likely to prove irrevocable. Russian opposition would only grow as its economy gains strength. The nations of Central Europe would drift out of their association

with Europe. So I would strongly urge the Senate to ratify NATO enlargement.

Now, let me turn to another matter. While I strongly favor NATO expansion and recommend its approval, I am deeply worried about the Founding Act which seeks to reconcile Russia to NATO expansion by offering Russia a role in NATO councils. Part of my objection is philosophical. Alliances define a common threat; collective security deals with a legal contingency. Alliances delineate an area to be defended; collective security is open-ended and is redefined from case-to-case.

The language of the Founding Act is that of collective security, not of alliance. I have gone through a lot of analysis of the language, which we do not have to do here.

The words "common defense" apparently proved so offensive to their commitment to collective security that the drafters of the Founding Act could not bring themselves to invoke them, and used instead the euphemism, quote, "commitments undertaken in the Washington Treaty," unquote, which created NATO in 1949.

This view is assuredly not shared by the new members who are seeking to participate in NATO for reasons quite the opposite of what the Founding Act describes, not to erase dividing lines but to position themselves inside a guaranteed territory by shifting the existing NATO boundaries some 200 miles to the east.

My major concern is not philosophical. The most worrisome aspect of the Founding Act is the consultative machinery for which it provides. The act calls into being, side-by-side with existing NATO institutions, a new Permanent Joint Council composed of the same Ambassadors who form the existing NATO Council, plus a Russian full member. The Russian ambassador is located inside the same building as the other Council members, as are the military representatives. The Permanent Joint Council is supposed to meet at least once a month. Twice a year the Council is to meet at the foreign ministers' level. The first such ministerial meeting was held in the shadow of the United Nations last month. Regular meetings of the defense ministers are also envisaged, as well as regular summits.

The act designates the Permanent Joint Council as the principal venue for crisis consultation between Russia and NATO. Each side agrees that, quote, "it will promptly consult," unquote, within the Permanent Joint Council, quote, "in case one of the Council members perceives a threat to its territorial integrity, political independence and security," unquote. Thus, if Poland feels threatened by Russia, it may first have to appeal to the Permanent Joint Council on which Russia is represented.

It will be argued that if the Permanent Council deadlocks, the regular NATO Council remains free to perform its historic functions. That is true in theory, but it will never work in practice. Since, except for the Russian representatives, the membership is identical, each country will assess the grave step of meeting without a Russian presence in terms of its overall relationship with Moscow. Thus, in practice, NATO Council sessions and Permanent Council sessions will tend to merge. The free and easy "family atmosphere" of existing institutions will vanish.

As for the new members of NATO, they are joining in these restrictions with respect to the deployment of other NATO forces and nuclear weapons. The ultimate irony is that Russia will be participating in the Permanent Joint Council and achieving a voice in NATO 2 years before the new members, who have to wait for ratification of the enlargement by all the parliaments of NATO.

The dilemma the supporters of NATO enlargement now face is that the Founding Act has already gone into effect upon signature. As an executive agreement, it does not have to be ratified by the Senate, while NATO enlargement, involving a treaty, does. Thus if the admission of new members were not ratified, we will have inherited the worst possible outcome: The demoralization of Central Europe and a NATO rendered dysfunctional by the Founding Act.

Mr. Chairman, I know that you and other members of this committee share my concerns about the possibility that the Founding Act has given Russia too much of a role in NATO matters; and I am aware that you pressed the Secretary of State for clarification on a number of these issues when she appeared before the committee 2 weeks ago.

I was pleased to note that, in her response to your questions, the Secretary reassured you and the American people that nothing which has been agreed to with the Russians will detract from the primacy of NATO. If I may make a suggestion, I believe this offers the Senate an opportunity in the course of the ratification procedure to address the philosophical ambiguities of the Founding Act.

Specifically, Mr. Chairman, I recommend that, in its instrument of advice and consent, the Senate explicitly reassert the central role of the Atlantic Alliance for American foreign policy, and insist that nothing in any other document shall detract from the North Atlantic Council as the supreme body of the alliance. Such a resolution could draw directly on the forthright response which Secretary Albright gave to your questions. Additionally, the Senate resolution should declare that the United States expects Russia to desist from all pressures and threats in Europe on this issue. In the meantime, while ratification proceeds, a joint resolution of Congress should urge that the new NATO members be permitted to join the Permanent Joint Council while waiting for ratification. This would remove the anomaly that the institution created to reconcile Russia to NATO's expansion should come into being years before the expansion actually occurs.

In this way I believe a truly bipartisan approach to the European security relationship can be achieved.

Thank you very much, Mr. Chairman.

[The prepared statement of Dr. Kissinger follows:]

PREPARED STATEMENT OF DR. KISSINGER

Mr. Chairman, Members of the Committee: It is an honor to appear before this committee on a matter of such importance to America's future. If this century has taught any lesson, it is that our security is inextricably linked with Europe's. NATO, the institution expressing this conviction, has successfully deterred war in Europe for 50 years. Now that Soviet power has receded from the center of the continent, NATO needs to adapt itself to the consequences of its success.

The stakes involved are large, for the nations of the Atlantic area need each other, and NATO is the fundamental link between the two. Without America, Europe would turn into a peninsula at the tip of Eurasia, unable to find equilibrium, much less unity, and at risk of gradually subsiding into a role similar to that of ancient

Greece in relation to Rome—the only outstanding question being whether America or Russia will play the role of Rome. Without Europe, America would become an island off the shores of Eurasia, condemned to a kind of pure balance-of-power politics that does not reflect its national genius. Without Europe, America's path would be lonely; without America, Europe's role would approach irrelevance. This is why America concluded twice in this century that the domination of Eurasia by a hegemonic power threatens its vital interests and has gone to war to prevent it.

A major American role in Europe is a prerequisite for European coherence. Without it, the European Union would founder on the fear of German domination; France would see reinsurance in a Russian option; historic European coalitions would form, compounding their traditional tenuousness with irrelevance; Germany would be tempted into a nationalist role, Russia into revanchism. That role requires a definition of Europe that is historically valid—that is, which includes the nations of Central Europe.

An American presence in Europe provides a measure of equilibrium. It gives France a safety net against German hegemony and Germany an emotional harbor as European unification slows down, as well as protection against outside dangers and excessive European nationalism. Even Russia has much to gain from an American presence, which is the best guarantee against the reemergence of historical European rivalries. Europe by itself cannot handle the two most dangerous Russian contingencies: resurgence of nationalism or implosion. A Russia facing a divided Europe would find the temptation to fill the vacuum irresistible. An America cut off from Europe would lose an anchor of its foreign policy.

Critics of NATO enlargement argue that the admission of Poland, the Czech Republic and Hungary threatens prospects for the democratic evolution of Russia and therefore magnifies perils rather than allays them.

I hold the opposite view. The former Russian Defense Minister Igor N. Rodionov explained Russian opposition to NATO enlargement on the ground that it deprives Russia of a buffer zone in Central Europe. Were NATO to fall in with this argument, it would perpetuate the injustice of the Soviet satellite orbit by condemning the only newly liberated nations of Central Europe to institutionalized impotence. And it would store up endless future troubles.

Basing European and Atlantic security on a no man's land between Germany and Russia runs counter to historical experience, especially that of the interwar period. It would bring about two categories of frontiers in Europe: those that are potentially threatened but not guaranteed, and those that are guaranteed but not threatened. If America decides to defend the Oder but not the Vistula, 200 miles to the east, the credibility of the existing NATO guarantee would be gravely weakened. Nor would this exclusion of traditional Central European nations from the common defense achieve its purpose. 'Once Russia had succeeded in establishing a military buffer zone, it would logically follow with demands for a political corollary that would imply a veto over foreign policy.

If the eastern border of Germany is defined as the limit of the common defense, Germany will be driven to doubt America's leadership role and to try to influence the security position of the buffer zone. Failure to enlarge NATO thus would risk either collision or collusion between Germany and Russia. Either way, American abdication would produce a political earthquake threatening vital American interests.

Considerations such as these have transformed the great Czech president, Vaclav Havel, into a strong advocate of early NATO enlargement. An ardent human rights activist, he surely appreciates the argument for encouraging a democratic evolution in Russia. But he obviously believes that even the most optimistic outcome will take longer than is safely compatible with the establishment of a vacuum of power in Central Europe. I know no leader of Central Europe who does not share this view.

NATO expansion therefore represents a balancing of two conflicting considerations: the fear of alienating Russia against the danger of creating a vacuum in Central Europe between Germany and Russia. Failure to expand NATO is likely to prove irrevocable. Russian opposition is bound to grow as its economy gains strength; the nations of Central Europe may drift out of their association with Europe. The end result would be the vacuum between Germany and Russia that has tempted so many previous conflicts. When NATO recoils from defining the only limits that make strategic sense, it is opting for progressive irrelevance.

While I strongly favor NATO expansion, I am deeply worried about the Founding Act which seeks to reconcile Russia to NATO expansion by offering Russia a role in NATO councils. Alliances define a common threat; collective security deals with a legal contingency. Alliances delineate an area to be defended; collective security is open-ended and is redefined from case-to-case.

The language of the Founding Act is that of collective security, not of alliance. The Act speaks of the parties' "shared commitment to build a stable, peaceful and

undivided Europe, whole and free" and refers to the parties' "allegiance to shared values, commitments and norms of behavior." But Russia sells nuclear power plants, submarines and other arms to Iran, ignoring specific American requests to desist. Russia supports, in opposition to American policy, the lifting of the embargo on Iraq. It refuses to delineate its border with Ukraine. Of what, then, do the shared commitments cited in the Founding Act consist?

The words "common defense" apparently proved so offensive to their commitment to collective security that the drafters of the Founding Act could not bring themselves to invoke them and used instead (and only once) the euphemism commitments undertaken in the Washington Treaty" (which created NATO in 1949). But they did not specify the nature of these commitments.

The view assuredly is not shared by the new members, who are seeking to participate in NATO for reasons quite the opposite of what the Founding Act describes—not to erase dividing lines but to position themselves inside a guaranteed territory by shifting the existing NATO boundaries some 200 miles to the east.

The most worrisome aspect of the Founding Act is the consultative machinery for which it provides. The Act calls into being, side-by-side with existing NATO institutions, a new Permanent Joint Council composed of the same ambassadors who form the existing NATO Council, plus a Russian full member. The Permanent Joint Council will meet at least once a month. Twice a year, the Council is to meet at the foreign ministers' level. The first such ministerial meeting was held in the shadow of the United Nations last month. Regular meetings of the defense ministers are also envisaged, as well as summits.

The Act designates the Permanent Joint Council as the principle venue for crisis consultation between Russia and NATO. Each side agrees that "it will promptly consult" within the Permanent Joint Council "in case one of the Council members perceives a threat to its territorial integrity, political independence and security." Thus if Poland feels threatened by Russia, it may have to appeal first to the Permanent Joint Council. Similarly, according to the letter of the Act, Russia could have insisted that the Gulf War be brought to the Permanent Joint Council where—as the Founding Act repeatedly states—decisions are made by consensus.

It will be argued that if the Permanent Council deadlocks, the regular NATO Council remains free to perform its historic functions. That is true in theory but will not work in practice in all but the most extreme cases. Since, except for the Russian representatives, the membership is identical, each country will assess the grave step of meeting without a Russian presence in terms of its overall relationship with Moscow. Thus, in practice, NATO Council sessions and Permanent Council sessions will tend to merge. The free and easy "family atmosphere" of existing institutions will vanish.

As for the new members of NATO, they are clearly joining in a second-class status subject to unprecedented restrictions with respect to the deployment of other NATO forces and nuclear weapons. The ultimate irony is that Russia will be participating in the Permanent Joint Council and achieving a voice in NATO two years before the new members who have to wait for ratification of the enlargement by all the parliaments of NATO.

The dilemma the supporters of NATO enlargement now face is that the Founding Act has gone into effect upon signature. As an executive agreement, it will not have to be ratified by the US Senate, while NATO enlargement, involving a treaty, does. Thus if the admission of new members is not ratified, we will have inherited the worst possible outcome: the demoralization of Central Europe and a NATO rendered dysfunctional by the Founding Act.

Mr. Chairman, I know that you and other members of this committee share my concerns about the possibility that the Founding Act has given Russia too much of a role in NATO matters. And I am aware that you pressed the Secretary of State for clarification on a number of these issues when she appeared before the committee two weeks ago.

I was pleased to note that, in her response to your questions, the Secretary reassured you and the American people that nothing which has been agreed to with the Russians will detract from NATO's primacy. And if I may make a suggestion, I believe this offers the Senate an opportunity, in the course of the ratification procedure, to address the philosophical ambiguities of the Founding Act.

Specifically, Mr. Chairman, I suggest that, in its instrument of advice and consent, the Senate should explicitly reassert the central role of the Atlantic Alliance for American foreign policy and insist that nothing in any other document shall detract from the North Atlantic Council as the supreme body of alliance. Such a resolution could draw directly on the forthright response which Secretary Albright gave to your questions. Additionally, the Senate resolution should declare that the United States expects Russia—after the qualitative changes that we have made—to desist

from all pressures and threats in Europe on this issue. In the meantime, while ratification proceeds, a joint resolution of Congress should urge that the new NATO members be permitted to join the Permanent Joint Council while waiting for ratification. This would remove the anomaly that the institution created to reconcile Russia to NATO's expansion comes into being years before expansion occurs.

If the administration does not want to be remembered as having in effect atrophied the most effective alliance of this century, it should welcome efforts to clarify the many ambiguities in the Founding Act. In this way, a truly bipartisan approach to American-European security relations can be restored.

The CHAIRMAN. Dr. Kissinger, I thank you very much. I am so glad that you got into the matter that I exchanged correspondence with the Secretary about recently.

I think we will go on 5 minutes for each Senator for the time being, because as soon as this breakfast is over we are going to be joined by many other Senators. Let us see how we can do on that.

I am hesitant to do this, Dr. Kissinger, but you know about as much about China as anybody I know. I guess all of us have been thinking about the advice to give visitors, that includes me.

Dr. KISSINGER. That I give the advice—

The CHAIRMAN. To the Chinese leaders who are visiting us. That has nothing to do with NATO, but I want you to spend a minute or so saying, telling, revealing what you think would be the best course for the United States to follow in trying to work out an amicable relationship with China.

For my part, I have made several contacts over a period of time now trying to point out to the Chinese that the American people like the Chinese people and they want to do business with them and want to recognize them as the power they are, but the human rights thing is standing in the way. It certainly stands in the way as far as I am concerned. As I put it to one leader yesterday, you have no idea, Sir, how much cooperation and goodwill you would build if there could be not an expression of retreat but an expression that we are going to work on it sincerely and honorably. I do not know whether that did any good or not, but I thought the President of the United States did quite well yesterday in standing up for that.

If you would give your opinion, what would you say to the President, or maybe you have said it since he has been here, the President of China, what would you say to him?

Dr. KISSINGER. Mr. Chairman, I am doing this really off the top of my head.

The CHAIRMAN. I know that.

Dr. KISSINGER. I have not made any formal preparation for this, however it is obviously a topic about which I have thought. I did not have an opportunity on this trip, because I just came back from Europe yesterday late afternoon, to talk to the President of China, but I have had other occasions and I am sure I will have the opportunity.

Of course we are all influenced by our experiences. I was the first American official to visit China. I was sent there by President Nixon. In those days there was a huge philosophical gap between China and the United States. President Nixon, with my enthusiastic concurrence, agreed or felt that peace, flexibility for American foreign policy, the ability to play a significant role in Asia, required that we have diplomatic exchanges with China, even though philo-

sophically we could not have disagreed more than we did with the China of the Cultural Revolution.

So we have on the face of it two somewhat contradictory problems. We have a national security problem, a national interest problem, which is that China has a population of 1,250,000,000. There are 60 million overseas Chinese with a major influence on the economies of Southeast Asia. China plays a significant role in Korea, Cambodia, and elsewhere. So it is in our interest, if we can, to find a basis for cooperation to serve our own purposes and to see whether there are joint interests that can be developed.

Confrontation with China is not the same as it was with the Soviet Union. China's is a different history, a different society. Its method of conducting confrontations is to make them extremely prolonged and exhausting. On the other hand, it is also true that, being a democracy, our government will not find support among the people if fundamental American values are consistently being violated. These are the dilemmas that we face.

For somebody who has been in China in the Seventies, the present China looks more respectful of individuals than the China we saw then. Now, I recognize this is a relative statement, and I believe that in terms of day-to-day life the lot of the Chinese has greatly improved. In terms of their right to political opposition, it has not.

Then, assuming as we must that there will be strong disagreements between us and China on human rights, there is the question of how we can influence it better. I believe we can influence it better as a Nation by quiet diplomacy than by visible pressures.

Let me add, incidentally, that I have no problem with, in fact I respect, the demonstrators who express their views as private citizens. This is how our system operates. I, however, believe that, as a government, we should, if at all possible, avoid sanctions and attempt to find areas where we have genuinely common interests. Therefore, if China's leaders asked me, I would tell them that they should take very seriously expressions of concern such as the one you mentioned. If the President asked me to what extent he should do that publicly and with pressure, I would urge him to try to find another way to do it if at all possible.

The CHAIRMAN. Thank you. Senator Wellstone.

Senator WELLSTONE. Thank you, Mr. Chairman. Thank you for being here, Dr. Kissinger. I have just one comment about the last day or two, and I much appreciate your comments about people in the parks.

Dr. KISSINGER. I was not here, though.

Senator WELLSTONE. On the question of the situation in China, you of course have a perspective that I do not have, but I know that one of the things that I find personally—and Mr. Chairman, this refers to some meetings we had yesterday—really quite devastating is the State Department's report on human rights in China. It is really dismal. In fact Assistant Secretary Shattuck, I believe met with Wei Jingsheng and because of that meeting Wei now finds himself back in prison. He just wrote a book called, "The Courage to Stand Alone."

It is troubling that we don't see a lot of evidence of this quiet diplomacy working, at least by our own State Department reports on

the state of human rights. I quite agree with you, there is of course a very legitimate question as to what we should do, what is most effective. But, boy, the most recent empirical evidence we have on what is going on in China is not, it certainly does not give one much reason for optimism, and I think that is why many of us are speaking up and are proud to identify ourselves with the human rights community.

You can respond to that if you want to, but I want to ask you a question about NATO expansion. Do you want to respond first?

Dr. KISSINGER. Could I make a response to the Senator?

Senator WELLSTONE. Of course.

Dr. KISSINGER. If I may make a response, Senator, I have never criticized the people who express their views on human rights, and I have, on several occasions which I have chosen not to publicize, intervened on behalf of some of the cases, and in at least two cases have succeeded. But my approach requires that I do not talk about it afterwards.

What bothers me as I see this debate evolving is that we are dealing here with a huge country still in the process of evolving, and I believe it is really not in the American national interest to conduct its relations with it from a posture of confrontation. First, because I do not believe that any other Asian nation will support us. Second, because all the other Asian nations will then adopt a posture of semi-neutrality between us, which means a more nationalist policy. So our capacity to shape events will diminish.

When I became, first Security Advisor and then Secretary of State, we had 500,000 Americans in Vietnam, where we thought we would bring democracy and then found ourselves in a struggle we did not know how to end. So I am very influenced by the experience and do not believe in getting ourselves into a confrontation if it is avoidable, and second, that we make absolutely sure that when we do, the American public understands why we have done it.

If China threatens the equilibrium in Asia, and if it becomes a military threat, I will be before this committee supporting opposition to it. But I am trying to avoid the situation, and I think the future of China is now still somewhat open. I cannot believe that it is possible to change the economy as they have without political consequences. What these consequences are exactly, I do not pretend to know.

So this is my profound worry. Incidentally, I must add, it has nothing to do with economics. I would like to see trade, but that is minuscule in my consideration.

Senator WELLSTONE. I appreciate that, Mr. Secretary.

Dr. KISSINGER. So this is what is on my mind as we go through these dramatic few days.

Senator WELLSTONE. Let me ask one question. I very much appreciated—

The CHAIRMAN. He will have to answer it on the next round.

Senator WELLSTONE. OK. I will put the question out there. You have written that the new nations that are hoping to join NATO, and I quote: "are seeking to participate in NATO . . . not to erase dividing lines but to position themselves inside a guaranteed territory by shifting existing NATO boundaries 300 miles to the

east. . . ." I really appreciate your candor. This position, though, at least seems to me to be in contradiction with the administration's pronouncements that NATO expansion will erase dividing lines in Europe. In the words of the President, it is intended to, "build and secure a new Europe undivided at last."

Maybe you can get to it later. I do not think it is, Mr. Chairman, an inconsequential question, because if there is anything we want to know about NATO expansion, it is whether it is going to unify or whether it will redivide Europe. I wonder whether you could comment at some point in time on what I identify at least as a contradiction here.

Dr. KISSINGER. Should I do that later?

The CHAIRMAN. Yes, Sir. Senator Hagel.

Senator HAGEL. Dr. Kissinger, thank you for coming this morning. I have just a quick comment on China, and then I would like to get your thoughts on a couple of the elements that you talked about in your opening statement. I have always thought on the China debate that we have somehow misplaced some of the focus of the debate. It should not be about do we support human rights or do we not support human rights. Of course we all support human rights in China. The debate should be focused on how we best influence the behavior of the Chinese leaders to bring more human rights, and I only say that because as I have listened and witnessed much of this debate, it is like environmental issues and other issues, you are either for a clean environment or you are against it, and we need to get back to the real issue.

Your points about the Founding Act, what do you believe the Russians think about the Founding Act, but more importantly, what do you believe their view is of the Founding Act?

Dr. KISSINGER. Let me just make a very quick comment about your China point. I am somewhat disturbed by the impression that is being created in the debate that the only issue we have vis-a-vis China is human rights, and that the only debate we have in this country is how we can improve human rights in China. I would urge that there be examination of whether we have any common interests in terms of our national security that would drive us to some degree of cooperation with China. This aspect of the relationship must be included, otherwise we will always seem as if we are somehow inadequate.

Now about Russia. I do not agree with the administration's analysis of the Russian problem, and therefore I do not agree with the statement about erasing dividing lines in that sense. My analysis of Russia is as follows.

A dominant view of some of the administration spokesmen seems to be that the obstacle to relations with Russia is the absence of pluralistic democracy, and that once democracy is established in Russia, all other problems will disappear. Then Russia will merge into some kind of big Eurasian structure.

I think the problem of Russia is more complicated. First of all, the country is partly in Europe but also partly in the Middle East and partly in Asia, so that the pulls on Russia are much more complex than those faced by any other nation in Europe. Second, the history of Russia is quite different. It has not had a separate religion, as was the Catholic religion during the Medieval period,

which established its own principle of justice. It did not have the Reformation, it did not have the Enlightenment, it did not have the Age of Discovery, it did not have capitalism. So the evolution toward democracy in Russia is more complex. Hopefully it will develop.

Second, Russia has also been an imperialist country that, for 400 years of its history, acquired territories, expanding from the region around Moscow to the shores of the Pacific, into the Middle East, to the gates of India, and into the center of Europe. It did not get there by plebiscite. It got there by armies. To the Russian leaderships over the centuries, these old borders have become identified with the nature of the state.

So I believe that one of the major challenges we face with Russia is whether it can accept the borders in which it now finds itself. On the one hand, St. Petersburg is closer to New York than it is to Vladivostok, and Vladivostok is closer to Seattle than it is to Moscow, so they should not feel claustrophobic. But they do. This idea of organizing again the old commonwealth of independent states is one of the driving forces of their diplomacy. If Russia stays within its borders and recognizes that Austria, Singapore, Japan and Israel all developed huge economies with no resources and in small territories, they, with a vast territory and vast resources, could do enormous things for their people. Then there is no security problem.

So for all of these reasons I do not believe that in any foreseeable future it is possible for Russia to join NATO, and I think it would be a lot better if we said explicitly that this cannot happen. If I am very much in favor of negotiating with Russia, and the Chairman will remember, as I surely do, that in earlier incarnations he expressed some doubts about what he considered my excessive propensity for negotiating with the Soviet Union.

But I believe that this is a question for political and diplomatic efforts. If we created a body within the European Security Conference to conduct dialog with Russia, I would favor that. What I do not favor is giving this impression that everything sort of mergers and everything is sort of evolving toward some kind of mini-U.N. From the Chinese border to the Canadian border up in Alaska. I have been very opposed to this approach and have said so repeatedly publicly.

Senator HAGEL. Thank you.

The CHAIRMAN. Senator Biden.

Senator BIDEN. It is good to see you, Dr. Kissinger, Mr. Secretary. I apologize for being late. I was where the Chairman was wise enough not to be. I was at the breakfast, and I apologize.

My understanding, and please correct me if I am wrong, is that on the central issue before this committee, which is whether or not we should expand NATO, whether we should vote to amend the Washington Treaty, you think that we should.

Dr. KISSINGER. I strongly support it, and I urge you to do that.

Senator BIDEN. The primary criticism is the way in which the relationship with Russia, as it relates to what was the Partnership for Peace and is now becoming the expansion of NATO, on those two fronts has changed.

Dr. KISSINGER. Correct.

Senator BIDEN. I, quite frankly, got myself in a little bit of a bind because I quoted you in a debate. I referenced you in a debate I was having as a source of authority for a position I was taking, and was later informed that it was not your position. This was about 8 months ago. I recalled, and I had my staff go back and get it, a piece you had done in December 1994 where you called for, and it confused me, you called for a treaty with Russia, a U.S. treaty with Russia. You said such a treaty would provide that no foreign troops be stationed on the territory of new NATO members on the model of the arrangements for East Germany (or better, no closer than fixed distances from the eastern border of Poland). In the next paragraph you say, at the same time such a treaty would provide for consultation between NATO and Russia on matters of common interest.

I kind of thought that was what the President did, and that is what confused me. Now, I am not being a smart guy here or a wise guy. What is different between what you are recommending and what actually took place?

Dr. KISSINGER. First of all, that was the first article I wrote on this subject, and I do not believe that the President goes to bed at night worrying necessarily what I think of the subject.

Senator BIDEN. I do. He does not, but I do.

Dr. KISSINGER. But he can be in no doubt that I modified my thinking on this. What I had in mind then was to accept some restrictions on the deployment of troops, and I still favor that on the model of East Germany. I did not think that it could be interpreted into this elaborate machinery which makes Russia, to my mind, a de facto member of NATO, no matter what we say about a voice and not a veto.

Senator BIDEN. Again, as you know, as you were kidding me earlier today when I saw you in the hallway, you were saying you were hoping I would not be here because you and I have gone round and round. I want the rest of you to know the first meeting I ever attended as a young Senator was over in the Foreign Relations Committee room in the Senate, Mr. Chairman.

I came to this meeting room at age 30 thinking I was supposed to be here because Dr. Kissinger was at that time presenting in closed session, quote, "his world view." That is how we billed it. I was here ready and waiting, and a young staffer walked out and asked me, Senator, I had been here 2 months, what are you doing. I said I am here for the hearing. He said no, it is over in the other building.

So I went running over to the other building looking for S–116 on the little door handles, and to make a long story short, I burst into the room, perspiring, I was nervous as heck. The door opened, and remember you used to have those filing cabinets right by the door, it came out and it smashed against the filing cabinets. I think I gave everybody coronary arrest, almost everybody. Then I walked in, sat down, making myself the second ranking member of the committee, looked over at Dr. Kissinger whom I had only known from watching on television, and Senator Mansfield said, "do you have any questions?" He was the acting chairman. I said yes, and Dr. Kissinger said, "I thought this was for Senators only." At which

time I said, "well, Secretary Dulles, I am here to ask you whatever I can."

That is how our relationship started.

Dr. KISSINGER. Now you understand why my relations with the Senators were not always what they should have been.

Senator BIDEN. Anyway, my time is up. I truly appreciate your clarification. I am not being facetious when I say my view of the arrangement that has been worked out is what I thought you were envisioning by a treaty providing consultation between NATO and Russia on matters of common interest. My reading of the agreement we made is not, and I could be dead wrong, but as I read the text, and talking to the principals, there is no including the non-NATO members of other countries. It was literally consultation, not intertwining the, as you put it, larger matrix of relationships. But you have answered my question.

Dr. KISSINGER. I have high regard for the people who negotiated this. I can live very happily with what Secretary Albright said here. I simply think that it is difficult to make it work that way as time goes on. You have these Ambassadors sitting in the building, they meet every day. Then the NATO members go off and say we are going to have our own meeting. Legally, of course, they can do it, but the human nature of these multi-lateral parties is against it.

You asked me what the Russian strategy is. Russian strategy cannot be to build NATO. It is against their whole tradition. So they have every interest to water down NATO into some vague multi-lateral U.N. type talk shop. Therefore they will bring issues before the NATO Council that will achieve this purpose. This is my concern. I have no doubt at all that Secretary Albright means exactly what she is saying.

Senator BIDEN. I thank you, Mr. Secretary.

The CHAIRMAN. Senator Smith.

Senator SMITH. Mr. Secretary, first, thank you for coming to this hearing. For those of us who are new and trying to catch up with what you know and to learn the history that you both have and have made, I for one am grateful to you.

When I listen to the President of the United States and others, well-intentioned, use words like we are not redrawing lines in Europe, Europe is undivided and free, and I see us expanding NATO, I frankly must confess I think we are playing word games. I think in fact what we are doing, and rightfully doing, is redrawing lines that say American values, western interests, principles that we value such as private property, the rule of law, human rights, that we do draw lines, and that as a community of western nations we reflect this not just economically and politically but even militarily in order to provide security arrangements. So frankly I find somewhat puzzling some of the language that we use to talk around this issue.

I think what we are doing is moving lines, but I do think we have got to allow others, other people on the other side of those lines, we have to give them an eraser. They have to be able to join the western community by taking on our values, our culture, if they will, if they want to, and we need to be prepared to receive them. In my mind that certainly includes Hungary and Poland and

the Czech Republic. I would have even allowed Slovenia and Romania into this first round.

I guess the real push is going to come when it comes to the Baltics. Even we must be honest and say should it not also ultimately include Russia, if they would take on the kinds of institutions and abide by the rule of law that we share commonly with Western Europe. I wonder how you feel about further expansion, and ultimately Russia's inclusion if they would join Western Europe more than just rhetorically.

Dr. KISSINGER. Let me tell you what historic models I have in mind. I know there are a lot of people who think I burn votive candles to Metternich every night in my devotion to the 19th century——

Senator BIDEN. We thought you were.

Dr. KISSINGER. I knew it. May I give, however, an historic example. At the end of the Napoleonic wars France was in the position Russia is in today, that is, it was considered to be the aggressor in Europe. Everybody was deeply concerned about the fact that they might start on expansion again. So they created two separate institutions. One was the Quadruple Alliance. This was aimed at preventing a military attack from France. Second they created something called the Concert of Europe in which France could participate. The Concert of Europe discussed all the political issues, and in fact that became in time the dominant element. The Quadruple Alliance was never abolished, but it never needed to be activated.

This is sort of the model that I have in mind for Russia. I think Russia should be consulted and participate in political discussions that affect its vital interests and the peace, and that as Russia evolves those institutions become more and more dominant. But I would keep NATO as a safety net, and keep it as unspoiled as possible as a community of democratic nations. If values were to be shared, then the political organs would become more dominant.

But what worries me is that we have now created something that in the terms of the day-by-day, competes with the NATO Council and that historical analogy, kind of merges the Quadruple Alliance and the Concert of Europe. And that worries me deeply. I do not think that Russia should be permanently excluded. The Chairman knows very well that I was in favor of exploring with Russia even then whether there might be any common areas, and I certainly believe it even more today.

Senator SMITH. There is no more reason then to keep the Baltics out than to keep Poland out.

Dr. KISSINGER. The problem with the Baltics or, say, Ukraine, is that when you move former republics of the Soviet Union into NATO and an integrated military structure, then you have, especially with Ukraine, a major challenge to Russian self-consciousness. On the other hand, we have to find a way of conveying that a threat to the independence of the Baltics and Ukraine would be inimical to any friendly relationship with the United States, and that this is something we would look at with the greatest gravity.

The CHAIRMAN. Senator Robb.

Senator ROBB. Thank you, Mr. Chairman. Dr. Kissinger, thank you for being with us this morning. You have indicated skepticism

about the consultative process and the degree of influence that Russia might have on the NATO operations. Are there any steps that the United States ought to pursue, in your judgment, during this formative period that could be included in whatever charter arrangements are ultimately agreed to or changes that might be made that would restrict that role in ways that you believe are appropriate?

Dr. KISSINGER. Senator, I made clear before you came in the room that I strongly favor ratification in any event.

Senator ROBB. Unless there be any doubt, I do too.

Dr. KISSINGER. Nothing I have said should be interpreted as negative.

Senator ROBB. Nor was my question intended to imply that.

Dr. KISSINGER. I did not interpret it that way. What I have recommended to the Chairman and to the committee is that, in the instrument of ratification, the Senate find a way of expressing its view that the NATO Council is the dominant instrument for the operation of the alliance that the Permanent Council is a more political instrument, and that the fundamental decisions are taken in the first instance in the NATO Council. In order to keep the bipartisan character, I have also recommended that some of the language, or for all I know, all of the language that Secretary Albright used before this committee in explaining how she interprets the Founding Act, be incorporated in this so that we have a basis for a bipartisan consensus.

I am convinced that future Secretaries of State would be grateful to be able to point to a Senate instruction to them, so that it does not look as if they are the spoil sports if they want to move more issues into the regular NATO Council. I would do my utmost to establish a procedure whereby no significant issue moves into the Permanent Council until there is a NATO Council decision with respect to it, and that this not be used as an alternative method. First there is a NATO Council decision, and then one meets with the Russians.

Senator ROBB. Well, with respect to current or future progress in terms of coming to decisions, I think it is fair to say that the rather lengthy and protracted process where we move from UNPROFOR into IFOR was not a model of efficiency. Are there suggestions you might have to address that particular question?

Dr. KISSINGER. One of the problems with respect to Bosnia was that the United States did not really have a policy; and history shows that a strong American lead is usually needed to crystallize a position. But I do not have any great structural suggestion.

Senator ROBB. There were a number of us, including members of this committee, who made certain recommendations earlier in that process that might have facilitated that.

Dr. KISSINGER. As to policy or as to procedure?

Senator ROBB. Really as to procedure. I take it back, as to policy in terms of what we ought to do, when we ought to do it.

Dr. KISSINGER. I agree. If that had been done, Senator, the likelihood is that there would have been a more unified NATO position.

Senator ROBB. It certainly proved to be beneficial once that was achieved. Mr. Chairman, I see my time is about up, and I am expected to be the acting Ranking Member over in the Armed Serv-

ices Committee at this point. I thank you for the time, and I thank Dr. Kissinger for his appearance before this committee.

The CHAIRMAN. Thank you, Senator Robb. Dr. Frist.

Senator FRIST. Thank you, Mr. Chairman, and thank you, Dr. Kissinger, for being with us. I am interested in the differing expectations that current members and prospective European members of the expanded NATO might have and what that might mean in terms of obligation and role in a postcold war Europe. These potential differences in expectations I would think would have real implications as we project ahead what the participants and potential participants would see as the future mission of NATO and how effective that future NATO can be.

First of all, there is our own expectation, and it seems to me that the United States is struggling with what we should really think and expect of a future NATO. It is something that these discussions help all of us with, I think, to a great degree. If we look at the European current participants, their visions and expectations with our European partners seem to be different in many ways, but judging from their view of NATO's role in Bosnia and of numerous comments, there seems to be an indication that their expectations are different than our own.

Then if we look at the prospective members, and you might help us with this in terms of what their expectations might be, Poland, the Czech Republic, and Hungary, clearly their expectations are very high, and understandably so, viewing NATO membership as a long overdue reentry back into the West.

With the common bond or the glue that has held NATO together in terms of an external threat clearly changing, and with members and future members having these different visions, I guess I have two questions, do we have today an internal culture in NATO that is consistent with the expectations of the three potential new members to support an alliance strong enough to hold the expanded NATO together, again, the expectations today being very different than they might have been 10 years ago?

Dr. KISSINGER. Well, I think that is a very important question. I had the privilege of being in Poland at just about the time that its membership in NATO was approved. I thought it was one of those exhilarating moments somewhat comparable to being in Europe at the end of World War II, the liberation from German occupation, in that the Polish people that I met felt they were at last, after several hundred years, rejoining Europe as an integral member and as a charter member.

A personal friend was Havel, the President of the Czech Republic. I did not see him at that time, but I saw him shortly afterwards, and he has a similar view. I might add, that when I first met Havel, he had some of the classic left wing notions of European socialism. He thought that NATO was sort of what the bellicose people do, and that the elevated people did something better. He has changed that view completely because he thinks it is now essential for the morale and cohesion of Europe.

In this respect the Central Europeans have a different view from the West Europeans. They are more like the West Europeans were in the Fifties, and they also do not have the view that dividing lines are being erased. They still feel threatened. Now, in Western

Europe and in America the problem is that NATO has not been given a new morale impetus, or psychological impetus— or political impetus, whatever you want to call it—for a long time, and that we are running on just operating the institutions.

The Europeans are now absorbed in creating a common currency and in elaborating some kind of European identity. But what is that identity? What is it they are trying to do? There are too many voices in Europe that want to create this identity in some sort of opposition to the United States. If that becomes the dominant theme, then NATO will wither, no matter what institution we create. So I think it is very important that some new political initiative be taken to tie the Western democracies together.

I find myself in the position that, on the issue of democracy I do not go along with all the exuberant notions of the protesters on China, but I would go much further on pushing the cohesion of the democracies in the West. This is a question of emphasis, and I am very worried that our relations in the North Atlantic are sort of withering. Nothing bad is happening, but a whole new generation is growing up that does not have the experience that my generation had of working together for noble objectives. We have become sort of mechanics in operating a system, and Bosnia is a symptom of this. So in this respect I much prefer the attitude of the East and Central Europeans, for whom NATO enlargement represents a moral act, and why not ratifying it would be a terrible blow to their whole image of what recent history has meant.

Senator FRIST. Thank you.

The CHAIRMAN. Thank you, Senator. Mr. Secretary, I think you can imagine the correspondence we receive, maybe you get some of it too, that at best is an over simplification of what the problems are. Even some of the witnesses, and I respect them all, who have appeared here, some of them have appeared to suggest that this is an either/or proposition, that either we expand NATO and get drawn into future conflicts in Europe, as they put it, or we do not expand NATO and perhaps stay free of any involvement in Europe's recurring calamities.

Now, my question to you almost answers itself, but I want to get it as a matter of record. Can you foresee a major European war occurring in which the United States would not be involved?

Dr. KISSINGER. No. There has not been one in which we have not been involved in this century.

The CHAIRMAN. Our involvement in a European conflict is all but inevitable, if it happens, and, as you just indicated, it happened twice in this century. May I say what advantages does NATO expansion provide us in the best case to prevent wars and in the worst case to win them? I know that is sort of a convoluted question, but I would like to have your answer to that so that, to be honest about it, we can quote you.

Dr. KISSINGER. First, Mr. Chairman, with respect to some of the testimony you have received, I am frankly astonished that professionals of diplomacy could argue that a treaty we have signed and that is then not ratified—well, let me put it this way: If 3 years ago when this debate started, somebody had said let us not do this, I would understand that position. I would disagree with it but understand it. But I do not understand how it can be recommended

to the Senate not to ratify an agreement which, if it is not ratified, would have such devastating impact on Eastern Europe, and which, in my view, would also have in the longer term a devastating impact even on the existing NATO countries.

How can one say to the Germans that we are absolutely determined to defend the Oder, but that the Vistula, which is a few hours' drive away, we will not defend; that Poland, which has been as much part of the West, is excluded when Germany, which in a way was the cause of the war that created this mess, is included? Therefore failure to ratify would absolutely undermine the existing NATO.

I have been astonished at some of the statements that I have seen made by people who used to be great Cold Warriors but who are suddenly acting as if history had been totally abolished.

Second, the main argument for NATO expansion is, in my view, that these countries are historically members of the community of the West, that they feel themselves to be so, and that to say we will not defend you but we will defend those a few hundred miles further east does not make any sense. Third, it then will set up a competition between Germany and Russia in this area, because that vacuum is going to be filled anyway.

Fourth, I believe that the best way to draw Russia into a cooperative relationship, which I strongly favor, is to remove its historic temptations and beliefs, because once you have declared Poland and this whole region a neutral zone, the inevitable next step for any Russian leader will be to try to influence the foreign policy of that region. Then we are right back to what caused the European wars in this century.

So I believe that NATO expansion will stabilize Europe and improve our long-term relations with Russia, provided we give Russia an honorable opportunity to participate in dialog, and these would be my major reasons.

The CHAIRMAN. Very good. Thank you. Senator Biden.

Senator BIDEN. Mr. Secretary, I really appreciate the way only you can express very, very fundamental basic ideas. It amazed me, some of the people who have testified here, people I have great respect for, who seem not to understand the history, the very recent history. When in history, in the last 300 years, has there been a vacuum in Central or Eastern Europe that has not been filled? And when has there been a circumstance where countries that were part of this grey zone or supposedly neutral have not sought their own separate arrangements for their own security because they are wise enough to understand that someone is going to attempt to fill the vacuum? That seems to me to beg the issue whether we should expand.

The question in light of the way the Soviet Union has collapsed, is not whether we expand NATO or keep it the same, it is whether we have NATO or we expand it. The way you describe the attempt, the necessary foreign policy judgment would have to be made in Berlin and in Bonn and in Moscow, that they would have to compete to try to fill that Central and Eastern Europe vacuum. That seems to me the absolute last thing in the world we want—either the Germans filling the vacuum or the Russians. I am not eager for either of those outcomes.

I am not by this question suggesting that you do not feel and believe we have a commitment to the Baltics, but I think there is a factual historical difference between Ukraine and the Baltics. For example, I think the immediate effect on the Russian psyche of admitting either the Baltics or Ukraine would be very similar. But in fact we never recognized that the Baltics, which were annexed by the Soviet Union, were legitimately part of the Soviet Union. We have never recognized that, and it seems to me that any further actions will take some time and may need some massaging. I am not smart enough to know exactly how to do it, but it seems to me as a matter of principle that it is very important to make a distinction between the Baltics, for example, and Ukraine.

Dr. KISSINGER. I agree with this. On the current schedule of NATO expansion, there is no way the issue of the Baltics can arise until well into the next term, if not later. If we simply look at the priorities that have been established, I doubt that there will be another similar hearing in this administration about new members. But that is my judgment. It is simply the way these things work. So we are talking about well into the next administration, or maybe even the one after that.

I think however that some steps should be taken immediately to make clear that the Baltics are members of the Western community, and that the European community has almost an obligation to speed up the membership of these countries in the European Union. It is absurd to say that 10 million Baltics, because their economic evolution is not quite at the right level, is going to create an insuperable problem for a union that has some 300 million population.

Senator BIDEN. I absolutely agree with this.

Dr. KISSINGER. But this is only the first thing that should be done. The second thing we should do is to study how military arrangements can be made that do not necessarily involve the advance of the integrated command, because the method of defending the Baltics does not have to be the same as the method of defending the Vistula, being geographically different. This I would recommend as a study-though I have not come to any view, I would not just sit until 2005 or whenever that issue becomes ripe on the present schedule. These are the interim steps we should be able to take almost immediately.

Senator BIDEN. Again, my time is up, Mr. Secretary. Let me just make two very brief comments. One, nothing has disappointed me more or reinforced my view of the lack of political maturation that still exists in Europe, in Western Europe, than the failure of the EU to understand how it could play, without any damage to its economic integration, a historic role here to ameliorate a circumstance that could fester in a way that causes political problems. It is one of the great disappointments, the disconnect between their view of their naked economic interests and their long-term political interests. I think it is a very little chance they would be taking, although they have made some steps now with regard to Latvia, or maybe it is Estonia, I am not sure.

The second point—

Dr. KISSINGER. But they do it as a purely economic issue. It is not an economic issue.

Senator BIDEN. No, it is not. It is well beyond an economic issue. But the second point that I would make, if I may conclude, Mr. Chairman, is that by 5 years from now one of two things is going to happen. This progression within Russia toward democracy and a market economy will be considerably more evident or it will be in difficulty, in my view. It will not be settled, but we will have a clearer picture. That, I think, is going to impact significantly on what the next president of the United States feels he or she is able to do relative to the Baltics without upsetting the apple cart in meeting what I think is a recent historic obligation.

Again, I thank you for the way in which you phrased the dilemma relative to expansion of NATO and this neutral zone and the vacuum.

Dr. KISSINGER. One slightly heretical point on the Russian situation. We have a tendency to present the issue entirely in terms of Russian domestic politics. I could see Russia making progress toward democracy and becoming extremely nationalistic, because that could become a way of rallying the people. We also have to keep an eye on their propensity toward a kind of imperialist nationalism, which, if you look at the debates in the Russian parliament, is certainly present.

Senator BIDEN. Thank you, Mr. Chairman.

The CHAIRMAN. Senator Hagel.

Senator HAGEL. Mr. Secretary, following up a little bit on what Senator Biden was talking about, your response to Senator Frist, you mentioned in your opening comments about reasserting the central role of NATO. You mentioned a theme, you talked about new political initiatives, the interconnects that Senator Biden was talking about that have been discussed here the last hour and a half. Should we take some initiative to redefine NATO after 50 years? It is being somewhat redefined. Should we take the initiative to really start focussing on its mission?

The thing that you mentioned earlier in response to a comment I made on China it seems to me is very clear here, and that is the interconnects here. You mentioned Bosnia. All these are going to have major consequences and impacts on what we do with NATO expansion. I was wondering if you could develop that a little further.

Dr. KISSINGER. I believe that the next major, constructive phase of American foreign policy should be an emphasis on uniting the existing democracies as the base from which we operate, and I would apply that to the Western Hemisphere and to the North Atlantic. These are separate building blocks, but I would try over time to merge them.

Right now there is no significant initiative in the North Atlantic area. We are operating on momentum. The Europeans are creating their own currency and are trying to evolve a new identity without any significant input from the United States on what might emerge in the long run. A few years ago I recommended a North Atlantic free trade area, but there may be other, better, ideas. And unless there is something by which we define that relationship, I think the evolution of the rest of the world is going to make what I consider the central relationship less and less relevant. If that contin-

ues, then we will be in the strange position of being confined sort of to an island off the coast of Europe and Asia.

This will drive us into the kind of policy that, for example, my critics always say is unsustainable, namely a balance of power policy all over the world. If we do not have a community within which we operate, then we have to try to balance interests, rewards, and punishments.

Now, in Asia, we have no choice in this matter, but in Europe and the Western Hemisphere we do have a choice. One reason, to get back to the question of German tradition, is that in Asia we have to balance the various nations, but in Europe and in the Western Hemisphere we can create a community. In Europe and in the Western Hemisphere war is highly unlikely. There, we can build structures based on common values, and we should give this more emphasis. In fact we have not given it any significant emphasis. We have put much more emphasis on relations and trade with Russia and other similar things.

That would be my basic theme, even if I do not have a precise notion. If you put the best minds we have to work on it, as we did in the early Fifties, we will come up with something. I have no doubt.

Senator HAGEL. Thank you very much. Thank you, Mr. Chairman.

The CHAIRMAN. Senator Grams.

Senator GRAMS. Dr. Kissinger, welcome. I am sorry I am late. I do not know if I will retrace some steps that have been taken or questions that have been asked, but if I do you may be brief in answering those for me. I have a couple of questions. In June 1997, in an op-ed article in the *Washington Post* you said that you were gravely concerned that the Founding Act will dilute NATO into being a U.N.-styled system of collective security by grafting an elaborate and convoluted machinery for consultations with Russia at every level of the alliance. Now, what steps do you suggest that the Senate take in the resolution of ratification to ensure that this would not occur?

Dr. KISSINGER. I have made this recommendation. As I said, I strongly favor ratification, and nothing I have said should detract from that. I would, however, find it helpful, and I believe succeeding Secretaries of State and Presidents will find it helpful if the Senate expressed its view that the NATO Council remain the priority, that the central relationship we have in the North Atlantic area is within the Atlantic Alliance, and that relations with Russia should be friendly and cooperative but not part of the essence of NATO. I complimented Secretary Albright with respect to her forthright statement in response to a question by the Chairman, and some of the language she used might be incorporated so that it does not look like a partisan attack.

Senator GRAMS. Is that an adequate response to the argument that while the Founding Act may give Russia no formal veto over NATO decisions, Russia will acquire basically a de facto veto through the Permanent Joint Council since some NATO countries could hesitate to decide a sensitive issue in NATO's policy making North Atlantic Council. Are we giving Russia too much voice, whether de facto or actual?

Dr. KISSINGER. I look at NATO, Senator, as our core group, and therefore I would not begin a new initiative by diluting it. There are many fora that can be created to deal with Russia, and I would favor those. But to use a military alliance as the principal forum confuses things. You know, I may be too old fashioned. I was not wild about the idea of a NATO Council meeting—of a Permanent Council meeting within the context of the U.N. in which the NATO Council meets with Russia in New York. If we had tried to have a NATO Council meeting in New York in the context of the United Nations, everyone would have screamed that this was extremely provocative and merging with a military organization. But here now you have a Permanent Council meeting in New York. That is not what NATO was originally designed to do.

Second, you have this machinery in Brussels. You have the Secretary General who sits in on all these meetings. His staff serves both the NATO Council and the Permanent Council. Russia and the Secretary General are there all the time in the Permanent Council, and the United States rotates through it every 16th or 18th time. So these are two different institutions that are being merged by the same bureaucracy and in the same building.

I do not doubt the good intentions of the people who are testifying here about a voice and not a veto. I am saying however that, operationally, I am very uneasy about this, and therefore the committee and the Senate could make a contribution by defining the role in a way so that future Presidents and Secretaries of State can point to it as instruction from the Congress, from the Senate. Even then I do not like it, for I would not have gone this way, but it would improve it.

Senator GRAMS. There are some critics of enlargement that have stated concerns that enlargement will push Russia away from being cooperative with the West and toward more cooperation with China and with rogue states such as Iran, Iraq, and Libya. Do you think that this is a valid concern?

Dr. KISSINGER. Russia's relations with China will be determined by its own perception of its national interest and not by irritation, as may be the case with the West. I would think that there are certain geopolitical realities. They have a 4,000 mile frontier on one side of which is a billion people and on the other side of which are 30 million people. Normally, this is not an ideal situation for close political cooperation. After all, what brought the Chinese into a relationship with the United States when Nixon and Mao started it was not that both of them had suddenly become sentimental, but that there was a common national interest between the United States and China. So I think that whether Russia and China cooperate will be determined by their own fundamental interests. It is not a natural partnership, and I do not think it can possibly be affected by whether Poland joins NATO.

One ought to remember another thing. Here is Russia with 20,000 nuclear weapons. Who in Western Europe can even conceive of an attack on Russia? It is a myth. If one looks at history one has to say that Russian armies entered Europe more frequently than even European armies entered Russia. So if war becomes excluded in that region, a whole new consideration will arise. But I do not accept the proposition.

I might point out one other thing from my own experience. When we made our first tentative overtures to China, all the former Ambassadors to the Soviet Union—and they were a very distinguished group including George Kennan and Chip Bolen—requested an appointment with President Nixon and called on him to say that Russia would never forgive us, that our relations with Russia would never recover from these little moves we were making. It was a long time before President Nixon sent me there and the exact opposite happened. Our relations with the Soviet Union improved after our opening to China.

If we conduct ourselves sensibly, which is to continue a serious dialog with Russia, but not within the context of them being tempted every day to see what they can do to weaken NATO, but on those issues that are of principal concern between us, I think our relations are more likely to improve than not. In any case, I do not believe that their relations with China will be driven by whether Prague is in NATO.

Senator GRAMS. So we are not going to push Russia into a closer alliance with China just because of this? Such an alliance would have to be in their best interest?

Dr. KISSINGER. If you look at what Russia is actually doing rather than at the rhetoric, you realize that Russia is trying to needle us in many places, such as Iran and in many institutions in order to establish some claim to great power status. That is understandable. Some of this we can deal with by consulting with them, but we cannot change the structure of what we consider to be the essence of future relationships. I really feel that when you look at the world—at the upheavals that are likely to arise in the Islamic world, at the evolution in Asia and elsewhere—that the Western democracies have a basis for cooperation that should be preserved. I do not know what will happen 20 years from now with Russia. We could see this thing evolve, but that is more of a political than a military issue.

Senator GRAMS. Thank you, Dr. Kissinger.

The CHAIRMAN. Senator Biden.

Senator BIDEN. Mr. Chairman, thank you. I have no further questions. I want to thank you again, Mr. Secretary, for being here. You, unlike anyone in the 25 years I have been here, have a way of putting the issues we are discussing in perspective in the broad sweep of historical change, and I for one appreciate it.

It is presumptuous of me to predict anything, but I predict that you are going to be dead right. That is, I am absolutely convinced an expansion of NATO in the near-term and long-term will enhance our relationships with Russia, not diminish them. I am absolutely convinced of that. I am also convinced that as you look back over the last 50 years the very people who knew the most about Russia and the Soviet Union are a little bit clientized as they look at these things. I think their focus is so narrow in terms of what negative impact may come as a consequence of moves we make that I think sometimes, it is presumptuous of me to say this, they are somewhat blinded by the extent of their knowledge, if that makes any sense.

The last point I will make is, and this is the only thing I disagree with what you said, and time will tell, I predict that we will have

another hearing in this committee before this President's term is up on admission of Romania and Slovenia.

Dr. KISSINGER. I will be here testifying for it.

Senator BIDEN. I know you will. But I was just referencing the point about how long this process is going to take. I agree with you that it probably will not be the Baltics within the time of this President, but I suspect, I hope at least we will be considering those other two countries sooner rather than later.

At any rate, I want to thank you very much, and thank you, Mr. Chairman, for allowing me to make a concluding comment.

The CHAIRMAN. Thank you. Mr. Secretary, we are all indebted to you for being available. We may not always agree, but the young folks on the Foreign Relations Committee staff, both Democrat and Republican, they know that they can ask you for your opinion and you always take the time to answer. We have two or three people like that, but we have a whole lot of people who say they do not have the time. I thank you for coming here this morning, and we are getting you out at approximately the time we had agreed to do. I bid you farewell, and good luck.

Dr. KISSINGER. Thank you for this opportunity.

The CHAIRMAN. There being no further business to come before the committee, we stand in recess.

[Whereupon, at 11:10 a.m., the hearing was adjourned, to reconvene at 2:08 p.m., October 30, 1997.]

NATO-RUSSIA RELATIONSHIP—PART II

THURSDAY, OCTOBER 30, 1997

U. S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The committee met, pursuant to notice, at 2:08 p.m. in room SD–419, Dirksen Senate Office Building, Hon. Chuck Hagel, presiding.

Present: Senators Lugar, Hagel, Thomas, Biden and Wellstone.

Senator HAGEL. Welcome. Mr. Secretary, nice to have you.

Ambassador PICKERING. Thank you very much, Senator Hagel. Nice to be with you.

Senator HAGEL. I note you were looking at the nameplate there. I can assure you it is not Kissinger. It is Pickering, spelled right.

The Foreign Relations Committee this afternoon continues its examination of the critical issues surrounding the proposed expansion of NATO. The subject of our discussion will be the evolving NATO-Russia relationship. Appearing before the committee is a distinguished panel of our nation's leading experts on Russia.

We will first hear from the Undersecretary of State for Political Affairs, the Honorable Thomas Pickering, who also served most recently as United States Ambassador to the Russian Federation.

He will be followed by a second panel of non-governmental experts including Ambassador Jack Matlock, the George F. Kennan professor at the Institute for Advanced Study and America's last Ambassador to the Soviet Union; Lt. Gen. William Odom, director of National Security Studies at the Hudson Institute; and Mr. Dimitri Simes, president of the Nixon Center for Peace and Freedom.

Gentlemen, on behalf of the committee, I welcome you and thank you for being with us and we look forward to your testimony this afternoon.

Mr. Secretary, you may proceed. Good to have you.

STATEMENT OF AMBASSADOR THOMAS R. PICKERING, UNDERSECRETARY OF STATE FOR POLITICAL AFFAIRS

Ambassador PICKERING. Thank you, Senator Hagel and members of the committee. I am very pleased to have this opportunity to appear before you today. With respect to the nameplate, I would be delighted to appear here as Dr. Kissinger but I am sure there would be no confusion, at least in the physiognomy.

These are truly historic hearings. They have begun the process of advice and consent on the enlargement of NATO. They have accelerated the national debate on this important initiative. Now the

fate of NATO enlargement is in your hands and in those of the American public.

We welcome this because as Secretary Albright said, we know that the security commitment that NATO enlargement entails will only be meaningful if it reflects the informed consent of the American people and their representatives.

It is a special pleasure for me to come before you today to discuss NATO's emerging relationship with Russia. Having spent the past 38 years in the foreign service, I witnessed and participated in the remaking of the U.S./Soviet, and later, the U.S./Russian relationship from the confrontation of the cold war to the new opportunities of cooperation which we have today.

As Ambassador to the Russian Federation from 1993 to 1996, I had the opportunity to meet the new leaders of this remarkable country and witness firsthand the salient changes that made such cooperation possible, and to participate in some of the planning which led to the founding act; the CFE second stage negotiations; to the ABM, TMD, and Start III issues.

In her testimony before the Senate Foreign Relations Committee earlier this month, Secretary Albright explained the rationale for NATO enlargement and the reasons why we believe it is in our national interest. Today, I would like to tell you why we think a cooperative NATO-Russian relationship is also in that national interest.

The challenge for the United States in relations between NATO and Russia can be framed in four simple declarative sentences.

First, it is in the security interest of the United States, NATO, and the States of Central Europe to have constructive relations with Moscow, and to integrate a democratic, peaceful Russia into the world community.

Second, while Russia's reforms have been impressive, Russia's future is not yet certain. In any case, our interests and those of Russia sometimes diverge. Third, the enlargement of NATO significantly advances U.S. security interests. Fourth, Russia's leadership voices its opposition to NATO enlargement.

Today, I want to describe how we have framed our policy in a way that takes into account each of these realities.

One of the greatest challenges of diplomacy is how a country structures its relations with former adversaries. After World War I, the United States and its allies failed that test, and the tragic results are well known. After World War II, the United States and its allies got it right, and the reintegration of Germany and the other Axis Powers into the community of democracies and the West stands as one of the great diplomatic accomplishments of this century.

Today, there are few challenges more important than ensuring that we structure our relationship with the new Russia in a manner that serves our national interests and helps to promote United States/Russian cooperation. Russia today is still in the throes of a titanic political struggle over its future. We cannot be neutral bystanders in that struggle, for its outcome is not predetermined and American national interests are at stake.

Our goal, like that of many Russians, must be to see Russia become a normal, modern state, democratic in its governance, abiding by the rule of law, market-oriented and prosperous, at peace with

itself, with its neighbors, and with the rest of the world, and playing its full constructive role in the world community. Quite simply, we want to see the ascendancy of Russian reformers—those who look outward and forward rather than inward and backward.

Ultimately, however, Russia's future rests squarely and completely in the hands of its people. A Russia that defines its national greatness in terms of the peace, well-being, and accomplishments of its people is likely to be part of the solution to Europe's and the world's problems.

Conversely, a Russia that defines its greatness at the expense of its own people, or its neighbors, could be in the 21st century just as it was in the 20th century—a serious and significant problem for us and others.

Our objective must be to craft the political arrangements that help to encourage Russia to pursue the first path and not the second. This objective is fully consistent with our policy of adding new states to NATO. Indeed, the two complement each other.

For example, I know that many Senators are concerned about the costs of NATO enlargement. One way to ensure that the costs remain low is to ensure that Russia remains on track, and continues on a cooperative course with the rest of Europe.

Conversely, as Secretary Albright said to this committee earlier this month, and I quote, "By engaging Russia and enlarging NATO, we give Russia every incentive to deepen its commitment to democracy and peaceful relations with neighbors while closing the avenue to more destructive alternatives."

Thus, a cooperative and functioning NATO-Russia relationship can become a pillar of stability in the new Europe. The importance of this objective is what led Presidents Ronald Reagan and George Bush to reach out to the then-Soviet Union, and later Russia, and to take the first steps in laying the foundation for a new NATO-Russia relationship.

Already, at the Rome Summit in 1991, NATO declared that it no longer considered Russia a threat. It invited Russia to be a part of the North Atlantic Cooperation Council. In 1994, NATO created the Partnership for Peace and asked Russia to be a part of that program as well—an invitation that Russia ultimately accepted.

We also began the so-called 16+1 conversations with Russia and other partner states, which refers to the discussions between the 16 members of NATO and other parties on a one-by-one basis.

The United States and NATO also consulted closely with Russia in formulating our strategy to stop the war in Bosnia and found a way for our troops to work together to implement the Dayton peace accords.

Today, American and Russian soldiers are working side-by-side in Bosnia, an arrangement that few of us would have believed possible a decade ago. It is a unique arrangement in which Russian soldiers serve side-by-side with NATO under American command.

The most important step in relations between NATO and Russia, however, came on May 27 of this year when President Clinton and the other NATO leaders joined President Yeltsin in signing the NATO-Russia Founding Act.

The Founding Act is a landmark document. It opens the door to a new and constructive relationship between these two cold war ad-

versaries. It sets out the principles of the relationship; describes possible areas for consultation and cooperation; establishes a new forum, the Permanent Joint Council, for discussions between the alliance and Moscow; and it sets out a number of points regarding the political/military aspects of the relationship.

In crafting the Founding Act, NATO structured its discussions with Russia with extreme care. We declared at the outset that there were some things we were willing to do, and that there were some that we were not.

We said we were willing to create a document that would describe our new relationship. We said we were willing to create a new consultative forum. We said we would be willing to pursue adaptation of the Treaty on Conventional Armed Forces in Europe.

But we also had five red lines. We said Russia would have no veto over NATO decisions including its own enlargement. We said there would be no delay in the enlargement process. We said we would not subordinate NATO and the North Atlantic Council, its decisionmaking body, to any other body or organization. We said we would not do anything that would consign new NATO members to second class status. We said that the act does not automatically exclude any qualified European state from future consideration for NATO membership.

As we have explained to this committee on previous occasions, the ultimate text of the Founding Act stayed completely within these red lines.

Barely 5 months have passed since the Founding Act was signed, but we have already seen some important steps to implement its provisions—most significantly, Russia is taking the Permanent Joint Council seriously, as is NATO.

On July 18, the PJC met for the first time in Brussels at the level of permanent representatives. On September 26, Ambassador Albright and her counterparts held the first ministerial level meeting of the PJC in New York. The most recent PJC meeting was held among the permanent representatives on October 24.

In addition, the PJC has adopted rules of procedure and a work plan for the remainder of 1997—documents that have been shared with this committee and the Senate NATO Observer Group.

We have also made progress in implementing other parts of the Founding Act. On October 20, the Russian Minister of Defense named General Viktor Zavarzin as Russia's military representative to NATO. The general is expected to assume his duties before the end of the year, and he recently visited NATO with General Kvashnin, chief of the Russian General Staff.

In addition, at the most recent Ambassadorial level meeting of the NATO-Russia PJC, NATO and Russia agreed on steps to implement the work program, including experts' talks on peacekeeping.

As NATO and Russia deepened their record of consultation and cooperation in the PJC, in Bosnia, and in other ways, our own government continues to support Russia's reforms and to pursue important issues with Russia in other ways as well.

We are continuing our efforts to achieve mutual and balanced reductions in both our countries' nuclear arsenals. Both countries have ratified the START I Treaty and are implementing its reductions in arms levels. We are looking forward to Russian ratification

of START II, a treaty which we have already ratified. President Yeltsin and his advisors have begun making serious efforts to obtain the approval of the Russian Duma.

And at the Helsinki Summit in March, President Yeltsin and President Clinton agreed that we will begin to work on a START III treaty as soon as START II has entered into force, so that we can make even deeper reductions in both countries' strategic stockpiles on an even and balanced basis. At Helsinki, we agreed that START III would be focused on reducing warheads to levels between 2,000–2,500 on each side.

We also have continued efforts with Russia on conventional arms reductions in Europe. Along with 28 other states, we are pursuing a major adaptation of the Conventional Armed Forces in Europe treaty, and in July, all 30 states parties signed a decision on basic elements for treaty adaptation that can help us to achieve that goal.

We also have deepened our cooperation with Russia and have worked to integrate Russia more fully into world economic institutions, into the Paris Club as a creditor country, and the World Trade Organization on terms normally applicable to newly acceding members.

The regular discussions between Vice President Gore and Prime Minister Chernomyrdin have produced important agreements concerning cooperation on energy and the environment, as well as in seven other areas of significant cooperation, from agricultural and health to defense conversion.

And through the Gore/Chernomyrdin process, and other bilateral discussions, we have raised our concerns with Russia about its relations with Iran, arms control, and other security issues.

Those are the steps we have taken to build the new relationship between NATO and Russia. This relationship is based on shared principles and shared interests. It is a relationship that holds great promise for us and for all of Europe, as Russia continues in joining us in making the Permanent Joint Commission a constructive forum focused on problem solving.

This new relationship is also, I want to remind members of the committee, a serious two-way street. Do not forget that while the Russians can propose raising issues in the PJC that they are concerned about, so can we, and we will.

It is also not a process that can spin out of our control or out of NATO's control. Every item on the PJC agenda must be agreed to by consensus. That means we do not have to agree to discuss any issue that we think would be inappropriate or harmful to our interests or those of NATO.

I know that there are two major concerns about the direction of our policy on NATO-Russia relations. One concern is that despite the Founding Act in the PJC, NATO enlargement will leave Russia isolated; strengthen Russian hard-liners who stress that isolation; undermine Russian reform; and doom prospects for security cooperation, especially in arms control. This would be a serious problem if it proved correct, for one of our goals is to integrate a democratic Russia into the new Europe.

But a fair reading of recent events suggests that NATO enlargement is not having this impact on Russia and its policies. Over the

past 18 months, precisely when NATO enlargement has been a salient part of our agenda, Russian reform and security cooperation have moved forward, not backward.

To cite but a few examples, during this period, President Yeltsin was re-elected. He elevated reformers within his government. He appointed a new defense minister who supports START II and is actively working for its ratification.

As I noted earlier, President Yeltsin agreed to negotiate a START III Treaty as soon as START II enters into force. He signed the Founding Act. We have made progress in the CFE negotiations. Russia has made positive steps in its relations with Ukraine.

This track record does not support the hypothesis that Russian reform or reformers and security cooperation will inevitably suffer as a result of NATO enlargement. Russia has pursued these steps because they are in Russia's interest.

We should also understand that the broad Russian public is not well-informed on NATO and does not consider NATO to be the key threat to their future. They are far more concerned about other issues, from wages and pensions to corruption and crime.

That is why I am persuaded that we must continue to pursue both NATO enlargement and a steadily more constructive relationship with Russia, that they are not incompatible, and that they are in the long-term interests of both NATO and Russia in producing stability, prosperity, and cooperation in Europe.

We are realists. We know that Russian opposition to NATO enlargement is real. But we must see it for what it is—a product of misperceptions about NATO's true purpose, a token or an artifact of outdated Soviet thinking about former satellites in Central Europe.

Instead of changing our policy to accommodate outdated fears, we need to encourage the new Russia's more modern aspirations. This means we should be Russia's steadfast champion whenever it seeks to define its greatness by joining rule-based organizations, opening its markets, or by participating constructively in regional or world affairs. But when some Russian leaders suggest that a larger NATO is a threat, we must say that this is false and base our policies on what we know to be true.

If the first group of critics worries that we have not done enough to promote cooperation with Russia, a second group of critics worries that we have done too much. I know that former Secretary of State Kissinger testified here before you this morning. Dr. Kissinger, along with others, has charged that the Founding Act and the PJC give Russia too much influence over NATO decisionmaking.

I am a great admirer of Dr. Kissinger, and once had the privilege of serving as his special assistant. But on this one, as I have told him, I respectfully disagree with his judgment.

I believe Secretary Albright has described cogently and carefully the limitations on any potential jeopardy regarding our consultations with Russia, and that this is the correct model for the future. She did this here before the committee, and I am happy to say that Dr. Kissinger apparently agrees that this is the correct model.

We designed the Founding Act and the PJC to protect NATO's independent decisionmaking authority, and I believe we have suc-

ceeded. The PJC has no role in NATO's internal decisionmaking—none. It gives Russia a voice but not a veto.

The North Atlantic Council remains NATO's sole and supreme decisionmaking body. The Founding Act imposed no restriction on NATO's military doctrine, strategy, or deployments. The unilateral statements of NATO's military policy are just that—unilateral statements of policy that NATO had previously adopted outside the context of NATO-Russian discussions.

The Founding Act in no way works to the detriment of NATO's new members. They will come into the alliance the way all the other allies did—as full and first-class members.

It is also just not true that the U.S. and NATO created the Founding Act and the PJC as compensation to Russia or as concessions in exchange for Russian acquiescence to NATO enlargement. Rather, our goal has been for Russia to find ways to work together with Russia in spite of our disagreement on NATO enlargement.

We insisted that every provision of the Founding Act had to meet this test—does it make sense on its own terms in regard to American interests? Our answer in each case has been yes.

These are the two schools of criticism we hear most often regarding NATO-Russian relations. They come at this question from quite different perspectives, but there is one point on which they sometimes converge.

Both camps often charge that we are ducking the issue of Russia, or being disingenuous about our motives. People in both camps often ask me a simple question—is not NATO enlargement ultimately about Russia? Is not it premised on a real or potential Russian threat? The question is important because it goes to the core of our fundamental intentions in pursuing the alliance's enlargement and this new relationship with Russia.

Let me be clear. For the reasons I have listed, our policy is to engage Russia and to maximize the likelihood that that country will stay on the path of democratic development.

But as the Secretary said before the Senate Appropriations Committee last week, none of us in the State Department has a perfect crystal ball. One contingency that the alliance must be able to respond to, even though we see it as unlikely and are working hard to make it even less likely, is the possibility that Russia could abandon democracy and return to old threatening patterns of behavior.

That, however, is not the only reason or even the primary reason to enlarge the alliance. It is a mistake in our view to assume that this is the unspoken single premise guiding our policy.

NATO does not need an enemy. It has enduring purposes—deterring future threats, keeping the United States engaged in Europe, ensuring that Europe's security policies remain cooperative rather than competitive, and providing a collective defense capability for a range of future contingencies.

That is precisely why we are pursuing both NATO's enlargement and a cooperative NATO-Russia relationship, and why both of them serve our interests. What we are asking you and your Senatorial colleagues to ratify is not a policy of NATO enlargement instead of a positive relationship with Russia, but NATO enlargement together with a positive relationship with Russia. We are committed

to pursuing both, and we believe our policy is already showing positive and reassuring results.

Thank you again, Senator Hagel, very much, and I stand ready to address your questions.

[The prepared statement of Ambassador Pickering follows:]

PREPARED STATEMENT OF AMBASSADOR PICKERING

Senator Hagel, members of the Committee: I am pleased to have this opportunity to appear before you today. These are truly historic hearings. They have begun the process of advice and consent on the enlargement of NATO. They have accelerated the national debate on this important initiative. Now, the fate of NATO enlargement is in your hands, and those of the American public. We welcome this because, as Secretary Albright said, we know that the security commitment that NATO enlargement entails will only be meaningful if it reflects the informed consent of the American people and their representatives.

It is a special pleasure for me to come before you today to discuss NATO's emerging relationship with Russia. Having spent the past 38 years in the Foreign Service, I witnessed and participated in the remaking of U.S.-Soviet and later U.S.-Russian relations from the confrontation of the Cold War to the new opportunities of cooperation we have today. As Ambassador to the Russian Federation from 1993-1996, 1 had the opportunity to meet the new leaders of this remarkable country, and witness first hand the salient changes that made such cooperation possible, and participate in some of the planning which led to the Founding Act, the CFE negotiations and ABM and START III talks.

In her testimony before the Senate Foreign Relations Committee earlier this month, Secretary Albright explained the rationale for NATO enlargement and the reasons why we believe it is in our national interest. Today I would like to tell you why we think a cooperative NATO-Russian relationship is also in that national interest.

The challenge for the United States in relations between NATO and Russia can be framed in four declarative sentences. First, it is in the security interest of the U.S., NATO, and the states of Central Europe to have constructive relations with Moscow, and to integrate a democratic, peaceful Russia into the world community. Second, while Russia's reforms have been impressive, Russia's future is not yet certain, and in any case our interests and those of Russia sometimes diverge. Third, the enlargement of NATO significantly advances U.S. security interests. Fourth, Russia's leadership voices its opposition to NATO enlargement. Today, I want to describe how we have framed our policy in a way that takes account of each of these realities.

One of the greatest challenges of diplomacy is how a country structures its relations with former adversaries. After World War I, the United States and its allies failed that test—and the tragic results are well known. After World War II, the United States and its allies got it right—and the re-integration of Germany and the other Axis powers into the community of democracies and the West stands as one of the great diplomatic accomplishments of this century. Today there are few challenges more important than ensuring we structure our relationship with the new Russia in a manner that serves U.S. national interests and helps to promote U.S.-Russian cooperation.

Russia today is still in the throes of a titanic political struggle over its future. We cannot be neutral bystanders in that struggle, for its outcome is not pre-determined, and American national interests are at stake. Our goal, like that of many Russians, must be to see Russia become a normal, modern state—democratic in its governance, abiding by the rule of law; market oriented and prosperous; at peace with itself, with its neighbors, and with the rest of the world and playing its full constructive role in the world. Quite simply, we want to see the ascendancy of Russian reformers, those who look outward and forward rather than inward and backward. Ultimately, however, Russia's future rests squarely and completely in the hands of the Russian people.

A Russia that defines its national greatness in terms of the peace, well being, and accomplishments of its people is likely to be part of the solution to Europe's and the world's problems. Conversely, a Russia that defines its greatness at the expense of its own people or its neighbors could be in the 21st century just as it was in the 20th century—a great problem for us and others. Our objective must be to craft the political arrangements that help encourage Russia to pursue the first path rather than the second.

This objective is fully consistent with our policy of adding new states to NATO. Indeed, the two complement each other. For example, I know that many Senators are concerned about the costs of NATO enlargement. One way to ensure that the costs remain low is to ensure that Russia remains on track and continues on a cooperative course with the rest of Europe. Conversely, as Sec. Albright said to this committee earlier this month, "By engaging Russia and enlarging NATO, we give Russia every incentive to deepen its commitment to democracy and peaceful relations with neighbors, while closing the avenue to more destructive alternatives." Thus, a cooperative and functioning NATO Russian relationship can become a pillar of stability in the new Europe.

The importance of this objective is what led Presidents Ronald Reagan and George Bush to reach out to the then Soviet Union and later Russia and to take the first steps in laying the foundation for a new NATO-Russian relationship. Already at the Rome summit in 1991, NATO declared that it no longer considered Russia a threat. It invited Russia to be a part of the North Atlantic Cooperation Council. In 1994, NATO created the Partnership for Peace, and asked Russia to be a part of that program as well—an invitation that Russia ultimately accepted. We also began so-called "16+1 conversations" with Russia and other partner states which refers to the discussions between the 16 members of NATO, and other parties on a one-by-one basis.

The United States and NATO also consulted closely with Russia in formulating our strategy to stop the war in Bosnia, and found a way for our troops to work together to implement the Dayton Peace accords. Today, American and Russian troops are working side by side in Bosnia—an arrangement that few of us would have believed possible a decade ago. It is a unique arrangement in which Russian soldiers serve side by side with NATO under American command.

The most important step in relations between NATO and Russia, however, came on May 27 of this year, when President Clinton and the other NATO leaders joined President Yeltsin in signing the NATO Russia Founding Act. The Founding Act is a landmark document. It opens the door to a new and constructive relationship between these two Cold War adversaries. It sets out the principles of the relationship, describes possible areas for consultation and cooperation, establishes a new forum, the Permanent Joint Council, for discussions between the Alliance and Moscow, and sets out a number of points regarding the political-military aspects of the relationship.

In crafting the Founding Act, NATO structured its discussion with Russia with extreme care. We declared at the outset that there were some things we were willing to do, and some that we were not. We said we were willing to create a document that would describe our new relationship. We said we were willing to create a new consultative forum. We said we would be willing to pursue adaptation of the Treaty on Conventional Forces in Europe.

But we also had five red lines. We said Russia would have no veto over NATO decisions, including its own enlargement. We said there would be no delay in the enlargement process. We said we would not subordinate NATO and the North Atlantic Council, its decisionmaking body, to any other body or organization. We said we would not do anything that would consign new NATO members to second-class status. We said that the Act does not automatically exclude any qualified European state from future consideration for NATO membership. As we have explained to this Committee on previous occasions, the ultimate text of the Founding Act stayed completely within these red lines.

Barely five months have passed since the Founding Act was signed. But we have already seen some important steps to implement its provisions. Most significantly, Russia is taking the PJC seriously, as is NATO. On July 18, the PJC met for the first time in Brussels at the level of permanent representatives. On September 26, Ambassador Albright and her counterparts held the first Ministerial level meeting of the PJC in New York. The most recent PJC meeting was held among PermReps on October 24. In addition the PJC has adopted rules of procedure and a work plan for the remainder of 1997—documents that have been shared with the Committee and the Senate NATO Observer Group.

We have also made progress in implementing other parts of the Founding Act. On October 20, the Russian Minister of Defense named General Viktor Zavarzin as Russia's Military Representative to NATO. The General is expected assume his duties before the end of the year and recently visited NATO with General Kvashnin, chief of the Russian General Staff. In addition, at the most recent ambassadorial level meeting of the NATO Russia PJC, NATO and Russia agreed on steps to implement the work program including holding experts talks on peacekeeping.

As NATO and Russia deepen their record of consultation and cooperation in the PJC, in Bosnia, and in other ways, our own government continues to support Rus-

sia's reforms and to pursue important issues with Russia in other ways as well. We are continuing our efforts to achieve mutual and balanced reductions in both our countries' nuclear arsenals. Both countries have ratified the START I Treaty and are implementing its reductions in arms levels. We are looking forward to Russian ratification of START II—a Treaty we have already ratified—and President Yeltsin and his advisers have begun making serious efforts to obtain the approval of the Russian Duma. And at the Helsinki Summit in March, President Yeltsin and President Clinton agreed that we will begin work on a START III Treaty as soon as START II has entered into force, so that we can make even deeper reductions in both countries' strategic stockpiles. At Helsinki we agreed that START III would be focused on reducing warheads to levels between 2000 and 2500 on each side.

We also have continued efforts with Russia on conventional arms reductions in Europe. Along with 28 other states, we are pursuing a major adaptation of the Conventional Force in Europe Treaty, and in July, all 30 states parties signed a Decision on Basic Elements for Treaty Adaptation that can help us achieve that goal.

We also have deepened our cooperation with Russia and have worked to integrate Russia more fully into world economic institutions—into the Paris Club as a creditor country and the World Trade Organization on terms normally applicable to newly acceding members. The regular discussions between Vice President Gore and Prime Minister Chemomyrdin have produced important agreements concerning cooperation on energy and the environment as well as in seven other areas of significant cooperation from agriculture and health to defense conversion. And through the Gore-Chemomyrdin process and other bilateral discussions, we have raised our concerns with Russia about its relations with Iran, arms control and other security issues.

Those are the steps we have taken to build the new relationship between NATO and Russia. This relationship is based on shared principles and shared interests. It is a relationship that holds great promise for us and all of Europe, as Russia continues in joining us in making the PJC a constructive forum focused on problem-solving. This new relationship is also a two-way street. Don't forget: while the Russians can propose raising issues in the PJC that they are concerned about, so can we. And we will. It is also not a process that can spin out of our control, or out of NATO's control. Every item on the PJC agenda must be agreed to by consensus. That means we do not have to agree to discuss of any issue that we think would be inappropriate or harmful to our interests or NATO's.

I know that there are two major concerns about the direction of our policy on NATO-Russian relations. One concern is that, despite the Founding Act and the PJC, NATO enlargement will leave Russia isolated, strengthen Russian hardliners who stress that isolation, undermine Russian reform, and doom prospects for security cooperation, especially arms control. This would be a serious problem, if it proved correct, for one of our goals is to integrate a democratic Russia into the new Europe.

But a fair reading of recent events suggests that NATO enlargement is not having this impact on Russia and its policies. Over the past 18 months, precisely when NATO enlargement has been a salient part of our agenda, Russian reform and security cooperation have moved forward, not backward. To cite a few examples, during this period, President Yeltsin was re-elected. He elevated reformers within his government. He appointed a new Defense Minister who supports START II and is actively working for its ratification. As I noted earlier, President Yeltsin agreed to negotiate a START III treaty as soon as START II enters into force. He signed the Founding Act. We have made progress on CFE. And Russia has made positive steps in its relations with Ukraine. This track record does not support the hypothesis that Russian reform or reformers and security cooperation will inevitably suffer as a result of NATO enlargement.

Russia has pursued these steps because they are in its own interest. We should also understand that the broad Russian public is not well informed on NATO and does not consider NATO to be the key threat to their future. They are far more concerned about other issues, from wages and pensions to corruption and crime. That is why I am persuaded that we must continue to pursue both NATO enlargement and a steadily more constructive relationship with Russia, that they are not incompatible and that they are in the long-term interests of both NATO and Russia in producing stability, prosperity and, cooperation in Europe.

We are realists. We know that Russian opposition to NATO enlargement is real. But we must see it for what it is—a product of misperceptions about NATO's true purpose and a token of outdated Soviet thinking about former satellites in Central Europe. Instead of changing our policy to accommodate these outdated fears, we need to encourage the new Russia's more modem aspirations. This means we should be Russia's steadfast champion whenever it seeks to define its greatness by joining rule-based organizations, opening its markets or by participating constructively in

regional or world affairs. But when some Russian leaders suggest that a larger NATO is a threat, we must say that this is false and base our policies on what we know to be true.

If the first group of critics worry that we have not done enough to promote cooperation with Russia, a second group of critics worries that we have done too much. I know that former Secretary of State Kissinger testified before you this morning. Dr. Kissinger, along with others, has charged that the Founding Act and the PJC give Russia too much influence over NATO decisionmaking.

I am a great admirer of Dr. Kissinger, and once had the privilege of serving as his Special Assistant. But on this one, as I have told him, I respectfully disagree with his judgment. I believe Secretary Albright has described cogently and carefully the limitations on any potential jeopardy regarding our consultations with Russia and that this is the correct model for the future.

We designed the Founding Act and the PJC to protect NATO's independent decisionmaking authority, and we succeeded. The PJC has no role in NATO's internal decision making—none. It gives Russia a voice, but not a veto. The North Atlantic Council remains NATO's sole and supreme decision making body. The Founding Act imposed no restrictions on NATO's military doctrine, strategy, or deployments. The unilateral statements of NATO's military policy are just that—unilateral statements of policy that NATO had previously adopted outside the context of NATO-Russian discussions. The Founding Act in no way works to the detriment of NATO's new members. They will come into the Alliance the way all the other allies did—as full and first class members.

It also is just not true that the US and NATO created the Founding Act and PJC as compensation to Russia, or as concessions in exchange for their acquiescence to NATO enlargement. Rather, our goal has been to find ways to work together with Russia in spite of our disagreement on NATO enlargement. We insisted that every provision of the Founding Act had to meet this test: does it make sense on its own in terms of American interests? Our answer is yes.

These are the two schools of criticism we hear most often regarding NATO Russian relations. They come at this question from quite different perspectives. But there is one point on which they sometimes converge. Both camps often charge that we are ducking the issue of Russia or being disingenuous about our motives. People in both camps often ask me a simple question: "Isn't NATO enlargement ultimately about Russia? Isn't it premised on a real or potential Russian threat?" The question is important, because it goes to the core of our fundamental intentions in pursuing the Alliance's enlargement and this new relationship with Russia.

Let me be clear. For the reasons I have listed, our policy is to engage Russia and to maximize the likelihood that this country will stay on the path of democratic development. But, as the Secretary said before the Senate Appropriations Committee last week, none of us in the State Department has a crystal ball. And one contingency that the Alliance must be able to respond to—even though we see it as unlikely and are working hard to make it even less likely—is the possibility that Russia could abandon democracy and return to old, threatening patterns of behavior.

That, however, is not the only reason, or even the primary reason, to enlarge the Alliance, and it is a mistake to assume that this is the unspoken single premise guiding our policy. NATO does not need an enemy. It has enduring purposes: deterring future threats; keeping the U.S. engaged in Europe; ensuring that Europe's security policies remain cooperative rather than competitive; and providing a collective defense capability for a range of future contingencies.

That's precisely why we are pursuing both NATO's enlargement and a cooperative NATO-Russia relationship, and why both of them serve our interests. What we are asking you and your Senate colleagues to ratify is not a policy of NATO enlargement instead of a positive relationship with Russia, but NATO enlargement together with a positive relationship with Russia. We are committed to pursuing both, and we believe our policy is already showing positive and reassuring results.

Thank you.

Senator HAGEL. Mr. Secretary, thank you very much. I am joined here by my colleagues Senator Wellstone from Minnesota, Senator Lugar from Indiana, Senator Thomas from Wyoming. What we will do is—and the distinguished ranking minority member, Senator Biden.

Senator, we have just taken the eloquent testimony of Secretary Pickering, and if you would like to make a comment, we will get to questions.

Senator BIDEN. No, no. I am sure I could not improve on anything the former Secretary said.

Senator HAGEL. Thank you. Mr. Secretary, what do you believe the expectations, goals, are of the Russians, their leaders, in signing the Founding Act? What do they wish to get out of this? What do have in their minds as short-term, long-term goals?

Ambassador PICKERING. Senator, ever since my arrival in Russia in the middle of 1993, I have been impressed by the fact that a key pillar of President Yeltsin's policy, alongside democratic and economic reform, has been to play a serious role in the world community as a democratic State with an open and developing and prosperous set of market arrangements.

And while President Yeltsin has objected to NATO enlargement, the Founding Act provided him and his colleagues in the reform group in Russia a serious opportunity to play a role alongside NATO in the future of European security to deal with problems through consultation that might arise in the context of European security, hopefully before they became serious problems, and to cooperate as he had with us in the Contact Group, where there is no question in dealing with Bosnia we had differences.

But there is no further question that we were able to work out and resolve those differences as we went through the process of Dayton, and in the implementation of the Dayton accords.

This, in my view, is a record we need continually to look at, and it is a picture of Russia that I think is important to understand despite the fact that there are many who believe that Russia is bent on recreating a Soviet-style imperialist State.

I think the facts of President Yeltsin's leadership belie that. I think a number of the points that I have made in my opening statement about their pursuit with us jointly of arms control arrangements and their interest in playing a constructive role in European security is culminated, if you would like, in getting into the Founding Act with NATO and seeking to provide a way to assure further cooperation in European security, which is what the NATO Founding Act is designed to provide.

Senator HAGEL. I want to read back to you just for a minute a sentence or two from your testimony and ask for a little further explanation. Page seven you say, The PJC has no role in NATO's internal decisionmaking—none. It gives Russia a voice, but not a veto.

Could you explain, Mr. Secretary, for the committee, what that means, it gives them a voice but no veto? What kind of voice?

Ambassador PICKERING. I would like first, Senator Hagel, to make sure that you understand that the PJC is a consultative mechanism, and that consultation in diplomatic parlance means just that, talking together.

It does not mean a situation in which you are obliged to negotiate. It does not mean you are in a situation where you are obliged to make a decision. It is an exploration of finding ways to harmonize policy on the basis of your interest and intent. So, it provides that kind of opportunity.

It is extremely important, I believe, that we all understand that even the subject matter to be raised in the PJC is subject to consensus. In cases where the Russians might suggest subject matter

on which there is no NATO position, it is clearly provided that NATO is not required to undertake any such discussion and certainly can, if it wishes and chooses to make such a discussion, first agree among itself, its members, as to what its position is.

It is important, however, because it is a two-way street. There are benefits, I believe, from talking to the Russians about a whole range of questions, from peacemaking through the issue of broad security questions inside the European continent. In this day and age, I think a level of transparency consistent with our security interests is very important.

Second, a two-way street is a two-way street. We have equal rights to ask the Russians to discuss issues with us, and we have equal rights to expect a comparable level of attention to the issues as we are prepared to give them. I believe this is important in carrying on a dialog and I believe it is significant that the Russians have agreed to this.

The Founding Act contains a number of important principles. One of those is, of course, that internal affairs are internal affairs. Others are that no particular discussion item is required to be brought forth if either party does not wish to discuss it.

So it is an opportunity to conduct, if you like, diplomacy and relations between the alliance and Russia on a constructive basis but on a willing buyer/willing seller/willing partner basis, and that is precisely what it is designed to achieve.

From the Russian perspective, to go back to your first question, it gives them an opportunity to have a voice in the process of developing European security. That voice is important because just as the Contact Group led to cooperative Russian participation in the forces implementing Dayton, so a voice with NATO in future questions could open the door to an equally productive and cooperative relationship with respect to other problems in Europe.

Russia is a considerable power. It has significant interests. It can speak with an important voice. To have Russia inside the tent, to borrow a phrase from Lyndon Johnson, rather than outside, I think, is extremely important.

The price we pay for that is only our willingness to discuss, but I believe there is important benefits to both Russia and the United States for being willing to pay that price, which is to lend an ear and a voice to the process.

Senator HAGEL. Thank you. Senator Biden?

Senator BIDEN. It is good to see you, Tom. It has been a long time that you have been coming up before this committee. I am getting a little worried my staff reminded me, as if I could forget, that you are now the senior guy at the State Department. My God, we are getting old. We have been here a long time.

Ambassador PICKERING. Senator, I do not know whether I came up here before you did or not.

Senator BIDEN. I think you probably did. I did not come until 1973, so it was January 1973, but——

Ambassador PICKERING. I can remember some bad days before that.

Senator BIDEN. Yep. I—it is interesting that—I think, by the way, what we put together today is one of the most—beginning with Dr. Kissinger this morning and with the panel that will follow

you including your predecessor, Ambassador Matlock and others—distinguished panels we have had to comment on this. What strikes me is the divergence of opinion.

And it reflects what goes on up here in that the Founding Act is viewed by some as having given too much and by others as not having given nearly enough. Some think it not only mollifies Russia but emboldens Russia to have a greater say in what happens in NATO, and others think that it really isolates Russia.

And we are going to hear that divergence today, I expect, as we will in the future of this debate about the security concerns Russia has relative to the expansion of NATO.

I have only made one trip to Moscow in the last 12 months, and met with every leader of every major faction. And nobody talked about the direct security concerns. They talked about their anger, their sense of rejection, this meaning that we really never want them to be part of the West, the isolation of Russia, and so on.

But it was actually a Russian that reminded me that Norway has long been a member of NATO, the only country with a common border of the ones that are involved, including the three new ones that are about to come in. There has never been any great concern because Norway and NATO made fundamental decisions about nuclear weapons and the stationing of troops there. The same decisions that have unilaterally been made by NATO with regard to the three new countries who are a hell of a lot further from the Russian border.

But I would like to pursue a point made by Secretary Kissinger this morning. I, quite frankly, have misunderstood his position twice. I think I understand it now, and I am not being facetious when I say that. He had early on in 1993 or 1994 written about the need to have, I thought, just such a consultative group or arrangement. Then, I realized he was opposed, I thought, unalterably opposed to the notion.

Really, what he said today as I understand it and maybe everybody understood it all along, but I did not—was, look at the way these institutions function—it was kind of the argument that the old anti-arms controllers used. If you start to negotiate, you are going to be compelled to bring back an agreement. Kind of like the way Senators talk about special prosecutors these days, no matter how honest he or she is, you appoint them, their reputation rests on an indictment, and if they do not get one, they will find one.

And as I listened to him, he talked about, as I understood it, the concern that notwithstanding the fact that you and the President and Secretary Albright and others are of the view this is a voice, not a veto, the practical effect of being in the same building, the same proximity, the same circumstances, is that women and men are not going to get up from this consultative group in room B after having talked about something that the Russians raised—that we do not have to listen to if we do not want to, we do not have to respond to if we do not want to—and then walk down to room A where the NAC is meeting and say, Now, I am not going to consider what was just said in there.

His concern is there is going to be this—this is kind of my phrase—porous wall between those two rooms or those two floors or those two separate wings of the building.

How do you respond to that concern because in one sense, he reflects how human nature basically functions in that even though officially they will not have this direct an impact, the kind of impact many worry about, practically, they will have an impact?

Again, I may have butchered his view, but I think that is the essence of what his concern was—that the effect will be a Russian veto, although the institution does not require it, does not call for it, and actually explicitly says they will not have a veto, that will be the net effect because of the proximity—physical proximity.

Ambassador PICKERING. Thank you. Senator, thank you also for your kind words.

It is an interesting point because I, too, had misunderstood his position although I knew that this was part of his position. I thought his position had more weight in other directions, and it may now be reduced to its simplest proportions.

I, in no way, would ever second guess Dr. Kissinger on the frailties of human nature. But I would say that having seen him operate in the position of Secretary of State and having seen Secretary Albright, I in no way can share his doctrine which is a kind of fundamental presumption on the frailty of human nature or the inability of Secretaries of State and their servants to understand American national interests and pursue them.

I think we have lots of checks and balances, a group of them are in this room. There are others out there in the press, and there is the necessary transparency in the foreign policy process. But I do not think we necessarily need you biting our ankles to be sure that we understand what American national interests are and continue to pursue them.

And besides, if it was such a problem, why has not our bilateral relationship with Russia totally contaminated our NATO policy and I do not believe it has? I think, in a sense, that we have the ability as a country to be big enough to listen to all points of view; indeed, we ought to welcome it. We ought to consider that a helpful check on the innate correctness of our position.

But at the same time, I think, we should have an unerring compass and that is the President's responsibility and the Secretary's responsibility and our responsibility as advisors to make certain that we do have paramount before us American national interests. I can tell you in our building 100 times a day in all corners these are problems and issues that are constantly re-examined against the bedrock of what are our national interests.

So I do not believe they go out the window or are forgotten or are elided by discussion. I do not believe Secretary Kissinger's secretaryship was characterized by that particular problem.

And so, while his discernment in characterizing human failures in other individuals may be large, it is not necessarily in my view a contamination of the total Government by that particular issue; rather, the contrary. I do not think we would be able to stay on our jobs, or in office, if we pursued that kind of weakness on this set of issues.

It is, however, important that we hear other views, as I said. It is important we take those into account. It is important that we continue to review our national interests against the backdrop of this.

Senator BIDEN. But he argues that—in fairness to him, he strongly argues that it is necessary as well. It is ironic. He has become the darling of many conservatives now, and for years, was pilloried, because he wanted dialog.

But, and I mean this sincerely when I say he made a very important point, that there should not be a military institutional framework within which to discuss these issues. It should be a separate entity like the Concord of Europe early on.

I mean, he makes a distinction that both should occur. But they should not be within the context of a military organization, even though one is separate and apart but can comment on it. It should be a different institutional arrangement, that is all.

Ambassador PICKERING. But there are—if I could just make one other comment on that—obviously differing views of NATO. It is essentially a collective defense organization, but it has many other facets. We have known for years that NATO members have found, indeed, that security is broader than, even if fundamentally founded upon, the central military interests, and that we talk widely about everything from the environment to political relationships in foreign States in the organization. So it is not so narrowly constructed.

But second, I still think that the sense of pressure, contamination, influence by osmosis, is not there. I think that we have enough clearheadedness to avoid that.

Senator BIDEN. Thank you very much. Thank you, Mr. Chairman.

Senator HAGEL. Thank you. Senator Lugar?

Senator LUGAR. Thank you very much, Mr. Chairman. Secretary Pickering, in his testimony this morning, former Secretary of State Kissinger commented upon what he felt was the threat of second-class status for the new and potential entrants to NATO.

Specifically, he said the dilemma supporters of NATO enlargement now face is that the Founding Act has gone into effect upon signature. As an executive agreement, it will not have to be ratified by the Senate, while NATO enlargement, involving a treaty, does have to be ratified.

Thus, if admission of the new members is not ratified, we would have the worst of the two worlds; namely, the Founding Act—demoralization, as Secretary Kissinger saw it, of Central Europe—"and a NATO rendered dysfunctional by the Founding Act."

Two paragraphs later, he offers a solution.

Secretary Kissinger has offered what I suppose is the first amendment or reservation, to the resolution of ratification. I would like your comments on the effect of reservations and amendments, that Secretary Kissinger and others might propose to the resolution of ratification.

Specifically, the Secretary suggested the Senate should explicitly reassert the central role of the Atlantic Alliance for American Foreign Policy insist that nothing in any other document shall detract from the North Atlantic Council as the supreme body of the alliance. Such a resolution could draw directly on the forthright response of Secretary Albright:

"Additionally, the Senate resolution should declare the United States expects Russia, after the qualitative changes we have made, to desist from all pressures and threats in Europe on this issue.

"In the meantime, while ratification proceeds, a joint resolution of Congress should urge that the new NATO members be permitted to join the Permanent Joint Council while waiting for ratification. This would remove the anomaly that the institution created to reconcile Russia to NATO's expansion comes into being years before the expansion occurs."

What is your opinion of Secretary Kissinger's recommendation?

Ambassador PICKERING. Thank you, Senator Lugar. It is a challenging and interesting question, and I would like to first to address the premises, although I am at a disadvantage because I was not here and did not hear the testimony or read the statement of Secretary Kissinger. As a result, if I get it wrong, I can say only that I heard what you had to say.

But my sense is that it is important to understand that advice and consent to changes in the NATO treaty is fundamental. It is fundamental in my view for many reasons, but most fundamentally because of article 5. The fact is that we all collectively agree to treat an attack against one as an attack against all. Therefore, it must be through the agreement of all of the NATO member parliaments or through the process of ratification in each NATO member state that we can add new members to the alliance. I think that is extremely significant because it involves a very serious security commitment.

On the other hand, the Founding Act is an executive agreement that does not involve such security commitments and indeed, if we had taken it up the other way around, we would have implied quite to the contrary that we were doing something more portentous with respect to security obligations of the United States that merited advice and consent to ratification.

So I think the initial distinctions here are very important to keep in mind, and I think they go further to answering the question that we are over committed to NATO in the Founding Act and I think it is important to keep that in mind.

Second, with respect to reservations, while you have been kind enough to welcome executive branch advice if not consent, it is clearly something within your province.

But let me, on the basis of your invitation, offer you a couple of thoughts—one, that Secretary Albright's statement in response to Chairman Helms' question was carefully thought out to try very, very clearly to define for you precisely how we saw and interpreted the Founding Act with relevance to that particular question of Is Russia playing too large a role in this process and is Russia now able to intrude into NATO decisionmaking? And our answer remains a resounding no.

And I am sure the Secretary would be happy to have you take into account, in whatever way you thought best, her very clear, very thoughtful, and I think very open reassurance on that particular subject.

The issue of Russian behavior is always of concern to us, and I do not believe under any circumstances the executive branch would reject the notion that should Russia seek to use unconscionable

pressure or outrageous threats or anything else that we would not object to it immediately, certainly, directly, and forthrightly.

It is a principle of our diplomacy. It is a principle, perhaps, of our national existence. I do not believe it requires a treaty reservation to take something as fundamental as that and make sure that we understand where our interests lie on that particular problem.

Again, that is something you would have to answer for yourself. But I do not believe that any administration would feel that it should be presumed to be deficient, if I could put it that way, in that particular area.

With respect to new members, potential new members participating in the PJC, the PJC is a NATO-Russia agreement. It is limited to NATO members. NATO members are members when all 16 parliaments and the parliament of the exceeding country have ratified the protocol admitting that country. You cannot be half a member; it is like pregnancy. You either are or you are not.

In this particular set of issues, I do not believe that countries which are not yet members could sit on PJC and exercise the same rights, the same role, as the other member states without creating what I would say is elements of discord, discontinuity, and difficulty.

That having been said, we would hope that the PJC remains a transparent body, one that we can in its overall lines of activity, inform others about. It is not meant to be a secret conclave. Its meetings are closed as a lot of diplomatic meetings are, but we would hope that in fact there is enough openness so that new members and potential new members down the road—because we do not a closed door policy on membership—would know and understand exactly what is happening in the PJC and in a sense be clearly informed about that process as it goes ahead.

And of course, they are always free to say what they think about things. It is a free and open world, and countries do accept those responsibilities.

Senator HAGEL. Thank you. Senator Wellstone?

Senator WELLSTONE. Thank you, Mr. Chairman. I have to be brief because I have another panel to attend to, and there are witnesses there that I know we want to hear from.

I guess my—I guess I want to put this in a somewhat different framework and ask you a question that I have asked earlier. I mean, I do not any evidence of any military threat to the countries of Eastern Europe, Central Europe. In some ways, I think this is sort of a bit of a relic of a cold war as to why we are really expanding NATO. I know my colleagues agree; it makes me skeptical.

You talked about putting Russia inside the tent. If Russia meets the same criteria that we are going to apply to new members—because after all, it is Czechoslovakia, Poland, Hungary, but then we could be talking about the Baltic states, talking about the Ukraine. Then my question is sort of what this—what effect this has on Russia.

If Russia meets up the criteria, would they, Russia, be eligible for membership?

Ambassador PICKERING. Thank you, Senator Wellstone, for that question. It is not the first time that that question has been raised,

I know. I would tell you this, that the United States believes that it is essential to maintain an open door to membership.

In respect to that, Russia has continually asserted its view that it does not wish to be a member. Nevertheless, our view has been that all states which meet the criteria are eligible for membership. There are two sets of criteria, obviously—one is the capability and willingness of States to meet the responsibilities of NATO membership, and indeed the trust and faith of the members of the alliance the applying states have the capabilities and the intentions to meet the objectives of the alliance.

And so, in fact, it is a two-way street, and so Russian or Lithuanian or, indeed, anybody else's membership would have to meet those criteria. But I see nothing at this stage that would ipso facto rule out what your question implies except at the moment what we understand to be the Russian opinion on this question.

Senator WELLSTONE. We have this kind of internal debate here. I am actually going to try to go to the larger question, and I do not—I know that Senator Biden and I talked to it. Again, my understanding for the record is that the Ambassador to—that Russia's Ambassador to the United States, Yuli Vorontsov? Vorontsov? Have I got the pronunciation right?

Ambassador PICKERING. Vorontsov.

Senator WELLSTONE. Vorontsov. My father was from Russia—look how poorly I am doing. That according to him, that when the idea of expanding NATO was originally floated, he asked whether or not this invitation was also to Russia, and was told no and that he has received the same answer from others in the United States Government—maybe so, maybe not.

The point is—and you are shaking your head no so we do not need to debate it. I guess my question is we have got—and this is what I keep coming back to, because I do not want to keep going over the same ground—Ambassador Matlock is going to testify, and I just want to quote.

He starts out his testimony and he says—I will just read one part of it. If it should be approved, talking about the expansion of NATO, by the U.S. Senate, it may well go down in history as the most profound strategic blunder made since the end of the cold war.

Far from improving the security of the United States, he goes on, says he thinks it would lead to a chain of events which could pose a serious security threat, including something that Senator Lugar has been very concerned about, which is what happens with all of this nuclear weaponry and it gets into the hands of rogue states and is taken out of the country.

I mean, given that concern, why—what, again, is the case for this? I mean, we do not have a military threat. This is primarily a military alliance. Why are we doing this? Given this potential—what Ambassador Matlock is talking about, what George Kennan has talked about, why—if could you just in a very succinct way tell me why are we doing this?

Ambassador PICKERING. Yes, I could, and let me try to do this in very clear and simple terms. NATO enlargement, as I indicated in my speech, has a series of concerns.

One is the one that I think stems from your first question. While we recognize that Russia is on the democratic track and on the reform track, and we want to do everything to keep it on that track.

Senator WELLSTONE. Right.

Ambassador PICKERING. There is no certainty that in the long-term, that is an inevitable outcome. So, states in the region who felt concern about the uncertainties of the long-term future have for their own reasons sought to join and enlarge NATO.

Second, we see a whole series of seriously disruptive—and that is a massive piece of understatement if you have been through Bosnia—problems in Europe or emerging in Europe which not only NATO enlargement but I would submit the NATO-Russia cooperative arrangements in the Founding Act are well-designed to attempt to deal with.

A third point is that we in this country have been drawn into two horrendous wars in this century, in large measure, as a result of opting out, if you like, of serious problems all across Europe. Unfortunately, the new area of focus of NATO was, in many cases, a kind of cockpit for difficulty in the historical past.

And as a result, we believe, NATO can provide an arrangement for security in that area which can help us to avoid it.

Fourth point—our involvement in Europe, we believe, has had a very useful effect in dealing with old, long-standing animosities and antagonisms in the center of Europe. So our role in being helpful in those kinds of problems is, in my view, not irrelevant.

Fifth point is a negative one. What would happen if we accepted the Russian view that there is no need to expand NATO? Would we be accepting the Stalin dividing line, or somebody else's—Churchill's dividing line—on Europe, that on the one side you could be members of a collective defense arrangement; on the other side, you were forbidden that kind of membership by a pure accident of geography and not by the application of rational thought?

The next question. Is this a fundamental security threat to Russia with all of the problems and difficulties that that might portend for internal and external Russian concerns? And the answer, in my view, is yes. If you accept Stalin's characterization of NATO, you have got to believe that.

I do not know anybody in this room, frankly—I have not talked to them all—who is persuaded that that view is right. I know a lot of people who tell me they are persuaded that view is right, but they have not persuaded me. I have seen a lot of people among the Russian reformers who are not persuaded that view is right.

But they do not know how to persuade the rest of the Russians that that view is not right, except by a process of moving ahead and building a relationship with NATO, West and the rest of the world, which is the way I believe the new Russian leadership sees the role for the future of its country.

Senator WELLSTONE. Thank you.

Senator HAGEL. Mr. Secretary, I have got only one additional question, and then my colleagues may have additional questions.

In light of the activity of the past year, more specifically, the NATO enlargement issue and what we have been talking about here the last hour, do you detect—see in any way any efforts to reach or implement arms control agreements with the Russians

going any easier or better as a result of these negotiations the last few months?

Ambassador PICKERING. I would say that the safest thing I can say is that it is not getting harder, and there are some signs that it is getting easier.

The reason I say this is that I have focused my attention principally on START II. I can recall that when former Secretary of Defense Bill Perry spoke about this in the Russian Duma, there were a long series—the deep litany of problems having to do with Start II, and that a large number of them have been resolved, even if you like—if you accept the view that NATO enlargement is so terribly negative.

Even under the shadow of the enlargement discussion in Europe and in Russia, steps have been made forward—steps have been taken forward in dealing, for example, with the Russian problem in the ratification of START II having to do with the fact that the configuration of START II and the nature of Russian security forces requires that they dismantle a lot of multiple warhead missiles, and then, in order to come to parity to the United States, construct a lot of new single warhead missiles.

And so, we came forward with the concept, Secretary Perry and others, that we go to a START III and that START III would parallel the implementation of START II. START III would aim to have both countries reduce warheads overall so that there would not be a build-down to buildup on the Russian side which they said they could not afford.

We have resolved, in my view, a very thorny and difficult problem in distinguishing between anti-ballistic missile defense and theater missile defense, talking with the Russians under a set of circumstances which permits all of the theater missile defense programs that we had in view and in plan to go ahead while at the same time, I believe, carefully assuring the Russians that the lines of control under the ABM Treaty have not been breached—a very important part because we had huge disagreements about this. This was another premise for people in Russia to reject START II.

A third premise from the point of view of Russia, although it has nothing to do, in my view, in any direct sense with START II, was NATO enlargement. Now we have the Founding Act. Not all Russians are reconciled, but we have a Russian government which, after all, has to go and defend START II and says that they are prepared to cooperate with NATO even as they object to its enlargement.

The difficulty, I think, is that in the Russian Duma on Start II, you have a parliamentary body dominated by communists who clearly do not believe that START II, for political reasons, is something that they want to ratify and gratify President Yeltsin's reform government. As a result, they search for any set of arguments.

Having, even in the period of NATO enlargement, winnowed out and cut down the whole series of those arguments, we have given President Yeltsin additional ammunition and backing in the process of trying to move his Duma forward, and we have recently seen in his efforts with the Duma the beginning, at least I think, of the assertion of a number of the very considerable advantages he has

in dealing with his Parliament which the American president does not have, including an opportunity to dismiss over a period of time, and an opportunity independently to legislate, on areas where the legislative has not gone or does not choose to go.

Senator HAGEL. Thank you. Senator Biden?

Senator BIDEN. We call that executive fiat here.

It kind of happens sometimes. I have one very brief comment and one question off of it.

You know, one of the arguments used against expansion of NATO is that it was obviously a military organization designed to meet a specific military threat. It was the Soviet Union, although we never mention the Soviet Union—in any place I can recall. There is no place it is mentioned in the Washington treaty.

And therefore, since we do not have the Soviet threat—it is an argument made by my distinguished colleague from Wisconsin—since we do not have that threat, why are we enlarging?

Well, it seems to me if that argument makes sense, a logical argument is why NATO? I mean, why do we have NATO? So I think those who suggest that we should not enlarge and make that argument have to examine whether or not the argument they are making justifies the continuation of NATO in the first instance because NATO no longer has the same precise purpose. It may have that purpose in the future, it may be anticipatory.

But there seems to have been a transition and a recognition, although never stated for the last 40 years, that it was also about stability. It was also about England and France,—I mean, France and Germany. It was also about something other than, in addition to—not other than, in addition to—whether or not the Fulda Gap was going to be breached by 45 divisions of Russian soldiers.

But in keeping with this notion of what NATO is, has become, what its purpose was, what it has evolved to, and what it will evolve into, in my discussions with people who are above my pay grade in Russia, NATO expansion is usually discussed in the context of wounded pride and isolation.

Now, this may be a strange question, and I realize the answer is totally subjective. But you are there, day-to-day. You are trying to figure out everything from whether or not you have enough electricity coming into the compound—with no interruption because of a faulty electrical system, whatever, straight through to whether START II is going to be ratified, or START III.

You have been there. In all the things that end up on your desk, get to your level, that affect bilateral relationships with the United States, where does enlargement of NATO rank? How often is that a central concern expressed to you, whether that is the purpose of your interfacing with your counterparts or whether it is brought up as an adjunct to other issues? What role does it play in your day-to-day running of the business of our country's relations with Russia?

Ambassador PICKERING. Let me first tell you that I have not been in Russia since I left the post almost a year ago. So, I cannot give you—except from my close relationship in my new job in the State Department with the chargé and now with Ambassador Collins—my successor, a sense of this issue.

Senator BIDEN. But you were there leading up to all of the——

Ambassador PICKERING. But I was there leading up to it and I wanted to try to point out to you that a significant amount of my time was spent dealing with the questions, as I indicated in my statement, of how we could build together a NATO-Russia, a US/Russia relationship in light of the enlargement to deal with either significant or putative problems in the relationship so that in a sense we could build a framework that we have brought to you, what I think is the win-win—the Founding Act, the CFE negotiations, and the NATO enlargement—if not in a package for ratification, at least in a package for presentation.

But I would tell you that my feeling was in my time there, it went from about a 3-percent of the public interest inside the Moscow Beltway to slightly over a 20 percent interest nationally, but that it is extremely clear that in the hierarchy of Russian issues of angst, if I could call it that way, it was well down the list—that there were a whole lot of other things, again as I said in my statement, having to do with existential, economic, and social issues that bothered Russians a great deal more than this.

And that at the same time, that the major groupings who were concerned about this happened to be the Russian equivalents of our think tanks, the Russian equivalents of our editorial writers, the Russian equivalents of our legislators, and some of the Russian equivalents of our executive branch people.

Senator BIDEN. In my much more limited encounters than yours or Jack's—and I know he was not there at the time in the capacity, and others will testify—NATO expansion would be raised, but then it was like, well, let us get onto something that we can really deal with here.

Ambassador PICKERING. I think quite so, and there were, in fact, several times when I was there that there really had to be a small group of Russian so-called thinkers and intellectuals—opinion influencers—who would sort of gather up themselves and produce a new paper and then spread it around in the paper and say: Let us reinvigorate our lagging concern.

At the same time, a number of Russians, some of whose names have been mentioned in this hearing, had come to me time after time and said, Cannot we work out a set of arrangements that helps deal with this particular problem?

And many of the ideas in the Founding Act came out of those kinds of conversations. They were constructive, they were useful. They were people concerned about isolation and how do you deal with it. You get into consultations.

Senator BIDEN. I am over my time. Can I go for another 2 seconds?

Senator HAGEL. Well, I am going to do better than that. How about a minute?

Senator BIDEN. OK.

Ambassador PICKERING. I apologize. I made you go over the time in my answer.

Senator BIDEN. My impression is that even when enlargement was the focus of the discussion, it was almost always used, and has continued to be, to make a larger point that does not relate to physical security concerns, but relates to "Do you love me? What

is this relationship going to be? Where am I on this—where are we in this deal?"

I mean, I am not being very articulate here, but, you had Yeltsin, for example, when telling Walesa, Look, you are an independent country. You are a sovereign. You want to be part of NATO? It is OK.

He gets back—he got the living hell kicked out of him rhetorically back home, and then, things change.

But I just never have gotten the sense that it was viewed by most Russian intellectuals or think tankers, legislators, or other—in the security context as much as in a context of are we equals? What is this relationship going to be? What does this say about where it is going?

Ambassador PICKERING. Mr. Senator——

Senator HAGEL. Mr. Secretary, you have 1 minute.

Ambassador PICKERING. [continuing]. there are two answers, two pieces to the answer. One is that it was even deeper than, " Do you love me?" It was a fundamental of who is most important—Western Europe or us?

Second set of questions was—in Russia, politics is domestic, preeminently, and it is economic. Therefore, Yeltsin was prepared not to take on his nationalists and right-wing opposition, if I could phrase it that way, over a foreign policy issue of this size, when he had a lot of other important fish to fry in bringing reforms about.

Senator BIDEN. Thanks, Mr. Chairman. Thanks to you, Mr. Secretary.

Senator HAGEL. Mr. Secretary, as always, we are grateful. Thank you.

Ambassador PICKERING. Thank you, Senator Hagel so much.

Senator HAGEL. Good seeing you, Tom. If our distinguished second panel would come forward.

[Pause]

Senator HAGEL. Gentlemen, welcome. Ambassador Matlock, would you like to begin? Thank you.

STATEMENT OF AMBASSADOR JACK F. MATLOCK, JR., GEORGE F. KENNAN PROFESSOR, INSTITUTE FOR ADVANCED STUDY, PRINCETON, NEW JERSEY.

Ambassador MATLOCK. Thank you very much. At the outset, let me say that I agree totally with what Secretary Pickering has said about the Founding Act, and about the advantages of the relationship that the administration has negotiated with Russia and with NATO.

I think that everything he said about that not only agrees with my judgment, but I think that negotiating that agreement is a real achievement of this administration.

Having said that, I must also point out those elements in his testimony and in the administration's position with which I disagree.

I am probably the only person on the panel you have called today who disagrees that the enlargement of NATO significantly advances U.S. security interests, one of statements that Secretary Pickering made earlier in his testimony.

I think that to bring in new members at this time under these conditions is a misguided policy and if it should be approved by the Senate, that it could go down in history as a profound strategic blunder.

Now, far from improving the security of the United States, its allies, and the nations that wish to enter the alliance, it could well encourage a chain of events that could produce the most serious security threat to this nation since the Soviet Union collapsed.

I know these are strong words, but I am convinced they are justified, and I appreciate the opportunity to explain why I use them.

In Russia today, there are somewhere between 40 and 50,000 nuclear warheads, maybe even more—22,000 of them tactical weapons relatively easy to transport. Furthermore, there are enormous stocks of highly enriched uranium of weapons grade, and plutonium, at research institutes, naval facilities, and warehouses scattered throughout that vast country.

In addition, Russia has something like 50,000 tons of chemical warfare agents, and an amount which one can only guess of biological warfare agents, agents the possession of which they only admitted officially after Russia became independent and Yeltsin was President.

Equally important, Russia has a veritable army of scientists and engineers who are adept at turning these materials into weapons and devising ingenious delivery systems.

There is no serious danger now, or in the foreseeable future, that the Russian Government intends to use any of these weapons against us, our allies, or for that matter, against any other country. It would be totally irrational for them to do so, and though Russian Governments may sometimes see things differently from the way we do, they are not irrational.

The danger these weapons pose is not that they may be intentionally used by a Russian Government, but that they may fall into irresponsible hands or rogue states.

It is very much in Russia's interest that such weapons and the materials and know how to make them not leak out of secure control to other quarters. But the sad fact is that the Russian authorities may no longer have an ability to ensure their safety. When the people guarding them have not been paid for 6 months and weapons scientists literally have trouble feeding their families and heating their apartments in sub-zero weather, it is unreasonable to expect that all are going to resist the temptation of selling dangerous materials to local criminals or of going to work for some unsavory regime.

Let us count it a miracle that there has yet been no documented diversion of a nuclear weapon, though we may never know for sure that one has occurred until one turns up in some unexpected place.

Now, in general, I do not use the term "vital interests" lightly. Countries can have many interests. It is rare, particularly in a country as strong as the United States, to say that a given threat or a given interest is absolutely vital.

But it seems to me by any definition secure, responsible control of weapons of mass destruction has to be one of them, and maybe the top one. If any of these weapons get into the hands of a rogue regime, the United States will be right at the top of the list of the

terrorists they sponsor. They could do it in a way to render our deterrent force useless.

If we did not where the weapon came from, how could we retaliate? And very likely we would not know until we had lost a city or two anyway. Nor will a missile defense protect us from weapons delivered by means terrorists are most likely to choose: a ship, a small plane, a minivan, even perhaps a large knapsack two men could lift.

Chemical and biological weapons are potentially equally dangerous, as the attacks on the Tokyo subway a few months ago showed. They are even easier to deliver than nuclear devices, and would not require a suicide bomber do it.

Now, what has this to do with the question before us? Simply this. Adding members to NATO will do nothing to protect us from the real threat I have described. But it does convey to the Russian nation, and particularly their military, that we still consider Russia at least a potential enemy, unsuited for the same security guarantees and the same degree of cooperation that countries in Central and Eastern Europe are being offered.

Even if the Russian Government is forced to acquiesce to the enlargement of NATO, which, in effect, it has, there is no question that our decision to take on new members now, when no country in Eastern Europe faces a security threat from the outside, will greatly complicate our efforts to see to it that the vast stocks of nuclear weapons now in Russia are never used against us or our allies.

We are constantly being assured that nuclear and other weapons of mass destruction in Russia are under full and responsible control. This may be correct when it is a question of intercontinental ballistic missiles, ICBM's, and other large missiles in the Rocket Forces. But smaller weapons, and much weapon-grade nuclear material, is much less secure.

General Lebed has recently said that 84 portable weapons are missing from Russian arsenals. His allegation has been denied by Russian authorities, but still it is impossible to be complacent about this question. Even if it is a matter of sloppy recordkeeping rather than actual theft of a nuclear weapon—and, frankly, that is the hypothesis I would put forward first—it, nevertheless, seems most likely that neither we nor the Russians know how many weapons they have and where they are at all times.

Given the prevalence of organized crime and the high prices some regimes or terrorist groups would pay for nuclear weapons and materials, the possibility of diversion is clearly the most immediate and tangible threat to American security today. The progress we have made in assisting Russia to improve the security of its weapon stocks is substantial, but still inadequate.

I would recommend, if you have not seen it yet, Mr. Chairman, a book just recently out, called "One Point Safe." I have no financial or other authorial interest in this book. You really ought to read it or at least have your staff summarize it for you. It may contain a few exaggerations. The prose is sometimes a bit hyped. But I think it describes a real situation, and a situation which we must take into account when we think about U.S. security.

Now, the fact is it is going to become increasingly difficult to obtain Russian cooperation in securing this material if our actions are interpreted as attempts to exploit Russia's current weakness, as they are by most officials in those Russian institutions responsible for weapons security. Let me say here that I agree with Secretary Pickering in his judgment on one thing: This is largely an elite issue, and most Russians do not spend a lot of time talking about it. That is true. But such issues as NATO enlargement counts very heavily in military minds and others in the security complex—the very complex with the very people we now have to depend upon to keep these weapons under control.

I would point that out. I would also say in that regard—and I was there when we negotiated German unification and so on—the basic steps that brought an end to the cold war did not elicit that much interest from the broader public. The degree of interest in the public is not necessarily a measure of the importance of an issue or what its future impact is going to be.

Now, adding new members to NATO—and what is announced will be nearly the first stage in a continued process of enlargement—will inevitably undermine our ability to influence Russian attitudes on the nuclear question. This has nothing to do with whether Russia has designs on Eastern Europe or not. I think they do not have designs on Eastern Europe. Their problems are precisely the psychological problems that we heard discussed between Secretary Pickering and Senator Biden just now.

The fact that these problems are abstract issues does not mean that they do not play a great role, particularly in the psychology of people whom we are going to have to depend on, to some degree, for our own security.

Now, I am convinced that this policy has in fact caused a delay in the ratification of START II. I know that the Communists do not want to give Yeltsin a victory. But I believe his case would have been much stronger if we had not started the announced policy of bringing new members into NATO without regard to Russia's position and without regard to whether there is a threat to the candidate countries or not.

And also, this move has produced pressures for the Russian Army to rely more, rather than less, on nuclear weapons in the future. After all, they are feeling very weak after their defeat in Chechnya, and the Army is running into increasingly difficulties. They are going to have to restructure, to restructure radically. Of course, as they do so, a lot of people are going to lose their jobs—people, including those who work in these nuclear and other weapons establishments.

It is hard to overestimate the security Russian weapons hold for the safety and well-being of the American people. Although the administration has paid some lip service to its importance, its efforts to deal with the problem have been hobbled by bureaucratic infighting, some of which you can read about in this book and elsewhere, lack of senior-level attention, and, most of all, the failure of the President and his senior associates to give the matter the priority and the day-to-day attention it deserves.

I can tell you, as one who worked for 3 years on the staff at the NSC during the Reagan administration, that nothing gets done in

the American Government, except things the bureaucracy does every day, unless it gets a push from the top. That push has to be continual, day in and day out. This issue, is not getting that push.

What little we are doing—and it is more than a little, but it is still not enough—came from an initiative from this end of Capitol Hill. Notably in the Nunn-Lugar appropriations. This has been, I think, highly successful. It is probably the best value of all of our defense appropriations.

The Nunn-Lugar program has been implemented reasonably well by the administration. But instead of a strategy that would enhance our ability to work on this issue in an effective partnership with those Russian agencies responsible for weapons security, we see instead enormous efforts to promote an ill-conceived plan that does not meet the real security dangers we face, and, in fact, makes it substantially more difficult to deal with it.

The plan to increase the membership of NATO, in my opinion, fails to account for the real international situation following the end of the cold war and proceeds in accord with the logic that made sense only during the cold war. The thing that many people seem to forget is that Russia is not the Soviet Union.

It was my privilege to be present in those last few years of the Soviet Empire. The Russian political leaders who are still in power in Russia today were the final force that broke up the Soviet Empire. That is something that people who say, Russia is always imperialistic and is likely to be in the future, forget, or maybe they never noticed.

But the fact is, if Yeltsin and his associates had not pulled Russia out of the Soviet Union at the end of 1991, there would be a Soviet Union of some sort, with at least seven or so republics. The Central Asians and Belarus did not want to leave the Soviet Union. Russia, in the final analysis, broke up that Empire, and they did it in their own interest.

When we were winding up the cold war, the influence of the Russian leaders was pushing Gorbachev to go even further than he went. When there was the war in the Gulf, Yeltsin told me at that time—he was head of the Parliament in Russia—he said, "We not only should cut off all arms supplies to Iraq during this crisis, we should cut them off to all the radical states in the Near East, and we should send our troops to fight with you.

Well, this was not politically possible. But I would emphasize that we did end the cold war with the cooperation with the Russian leadership. Those who say, "We won the cold war," of course are right. But we won the cold war over the Soviet Union. We won it in part because we convinced the Russians it was in their interest as well to end it.

So to treat Russia now, as if it is a defeated enemy and a potential threat in the future would be making the same mistake we made after World War I, when we blamed Germany exclusively for the First World War and did not heal the rift between Germany and the Western powers, which left Europe vulnerable to a new war.

The division of Europe ended before there was any thought of taking new members in NATO and, the fact that this was the case was recognized by this administration, at least a few years ago.

Here is a statement made from the White House podium in January 1994:

"The United States believes that the objective of promoting security and stability in Europe could be undermined if NATO were to be expanded too rapidly. Such a course as that would risk dividing Europe by creating new blocs and unintentionally replicating a bit further to the east a line of demarcation that NATO has fought for such a long time to erase."

Who made that statement? Former Secretary of State Warren Christopher.

Now, obviously, he must have changed his mind, or was ordered to change his mind, somewhere along the line. He made that statement before we announced the Partnership for Peace. The Partnership for Peace has now been in operation only about 3 years, which is a very short time to organize a multinational effort, and not really enough to show what it can achieve. Yet, for 2 years now, we have been on a course that, in effect, ignores that and ignores the wisdom in Christopher's statement in 1994.

The fact is that no one is threatening to redivide Europe. It is therefore absurd to claim, as some have, that it is necessary to take new members into NATO to avoid a future division of Europe. This not only misrepresents history, since the division of Europe ended under previous administrations; it ended because the Warsaw Pact collapsed, because the Soviet Union collapsed. NATO never divided Europe. Europe is not divided today.

It is also, I think, devoid of logic to make the statement that to rectify the division of Europe in the past we have to move NATO eastward. If NATO is to be the principal instrument for unifying the continent, then logically the only way it can do so is by expanding to include all European countries. But that does not appear to be the aim of the administration. Even if it is, the way to reach it is not by admitting new members piecemeal.

Now, Mr. Chairman, all of the purported goals, in my opinion, of NATO enlargement are laudable. Of course the countries of Central and Eastern Europe are culturally part of Europe and should be guaranteed a place in European institutions. Of course we have a stake in the development of democracy and stable economies there. But membership in NATO is not the only way to achieve these ends. It is not even the best way, in the absence of a clear and identifiable security threat.

I am one who has always been a champion of NATO, and I continue to be. I agree with Secretary Pickering and others who point out that the aim of NATO was much more than simply deterring the Soviet Union. All of those reasons which he cited for us to stay in NATO are there. That is one of the reasons I do not like to see a premature move to expand the alliance, which I believe will weaken the organization ultimately.

Even if NATO is able to absorb the three candidate members successfully, there are going to be other applicants who we have already been told that they are also in line for membership. I think there are about 12 applicants in the line now. If Russia has not applied, it is only because it fears being turned down, not that it has no interest in membership.

It seems to me that this starts a process which will require NATO for the next decade or so, to focus not on the real security threats that we face, but on the questions of who should be the next member, and under what conditions. In other words, NATO will be condemned to contemplate its navel, its expanding waistline, and will have little time to attend to the real security threats, particularly those that I have described.

It seems to me, therefore, that although the goals that have been described are laudable, this is not the right time or the right method to pursue them, and to proceed as the administration has proposed would be a strategic error.

Thank you.

[The prepared statement of Ambassador Matlock follows:]

PREPARED STATEMENT OF AMBASSADOR MATLOCK

In contrast to the other persons invited to testify today, I consider the Administration's recommendation to take new members into NATO at this time misguided. If it should be approved by the United States Senate, it may well go down in history as the most profound strategic blunder made since the end of the Cold War. Far from improving the security of the United States, its Allies, and the nations that wish to enter the Alliance, it could well encourage a chain of events that could produce the most serious security threat to this nation since the Soviet Union collapsed. Those are strong words, but I am convinced that they are justified, and I appreciate the opportunity to explain why I use them.

In Russia today there are somewhere between 40,000 and 50,000 nuclear warheads, 22,000 of them tactical weapons, relatively easy to transport. Furthermore, there are enormous stocks of HEU and plutonium at research institutes, naval facilities, and warehouses throughout that vast country. In addition, Russia has something like 50,000 tons of chemical warfare agents and an amount which one can only guess of biological warfare agents. Equally important, it has a veritable army of scientists and engineers who are adept at turning these materials into weapons and devising ingenious delivery systems.

There is no serious danger now, or in the foreseeable future, that the Russian government intends to use any of these weapons against us, our Allies, or for that matter against any other country. It would be totally irrational to do so, and though Russian governments may sometimes see things differently from the way we do, they are not irrational. The danger these weapons pose is not that they may be intentionally used by a Russian government, but that they may fall into irresponsible hands or rogue states. It is very much in Russia's interest that such weapons and the materials and know-how to make them not leak out to other quarters, but the sad fact is that the Russian authorities may no longer have an ability to insure their safety. When the people guarding them have not been paid in six months and weapons scientists literally have trouble feeding their families and heating their apartments in sub-zero weather, it is totally unreasonable to expect that all are going to resist the temptation of selling dangerous materials to local criminals, or of going to work for some unsavory regime. Let us count it a miracle that there has as yet been no documented diversion of a nuclear weapon (though we may never know for sure until one turns up in some unexpected place).

I do not use the term "vital interest" lightly. But by any definition, secure, responsible control of weapons of mass destruction has to be one of them. If any get in the hands of a rogue regime, the United States will be right at the top of the list of the terrorists they sponsor. And they could do it in a way that our deterrent force would be useless. If we didn't know where it came from, how could we retaliate? And, very likely, we would not know, until we had lost a city or two. Nor will a missile defense protect us from weapons delivered by means terrorists are most likely to choose: a ship, a small plane, a minivan, even perhaps a large knapsack two men could lift. Chemical and biological weapons are potentially equally dangerous, as the attacks on the Tokyo subway a few months ago showed. They are even easier to deliver than nuclear devices, and would not require a suicide bomber.

What does this have to do with the question before us? Simply this: adding members to NATO will do nothing to protect us from the real threat I have described. But it does convey to the Russian nation, and particularly their military, that we still consider Russia a potential enemy, unsuited for the same security guarantees and the same degree of cooperation that countries in central and eastern Europe

are being offered. Even if the Russian government is forced to acquiesce to the enlargement of NATO, there is no question that our decision to take in new members now, when no country in Eastern Europe faces a security threat from the outside, will greatly complicate our efforts to see to it that the vast stocks of nuclear weapons now in Russia are never used against us or our Allies.

We are constantly being assured that nuclear and other weapons of mass destruction in Russia are under full and responsible control. This may be correct when it is a question of ICBMs and other large missiles in the rocket forces. But smaller Weapons and much weapon-grade nuclear material is much less secure. General Lebed has recently said that 84 tactical weapons were missing from Russian arsenals. His allegation has been denied by Russian authorities, but still it is impossible to be complacent about the question. Even if it is a matter of sloppy record keeping rather than actual theft of nuclear weapons, it seems most likely that neither the Russians nor we know how many weapons they have and where they are at all times. Given the prevalence of organized crime and the high prices some regimes or terrorist groups would pay for nuclear weapons or materials, the possibility of diversion is clearly the most immediate and tangible threat to American security today. The progress we have made in assisting Russia to improve security of its weapon stocks is substantial, but still inadequate.

It is going to become increasingly difficult to obtain Russian cooperation in securing this material if our actions are interpreted as attempts to exploit Russia's current weakness, as they are by most officials in those Russian institutions responsible for weapons security. Adding new members to NATO, in what is announced will be merely the first stage in a continued process of enlargement, will inevitably undermine our ability to influence Russian attitudes on nuclear questions. This policy has already caused a delay of at least two years in the Duma!s ratification of the START II treaty, and has produced pressures for the Russian Army to rely more rather than less on nuclear weapons in the future.

It is hard to overestimate the importance of this issue to the safety and well being of the American people. Although the Administration has paid some lip service to its importance, its efforts have been hobbled by bureaucratic infighting, lack of senior level attention, and most of all a failure of the President and his senior associates to give the matter the priority and the day-to-day attention it deserves. In fact, I see no evidence of an overall strategy to deal with the problem, What little we are doing came from an initiative from this end of Capitol hill. Instead of a strategy which would enhance our ability to work in an effective partnership with those Russian agencies responsible for weapons security, we see enormous efforts to promote an ill conceived plan that does not meet the real security dangers we face, and in fact makes it substantially more difficult to deal with them.

The plan to increase the membership of NATO fails to take account of the real international situation following the end of the Cold War, and proceeds in accord with a logic that made sense only during the Cold War. The division of Europe ended before there was any thought of taking new members into NATO. No one is threatening to re-divide Europe. It is therefore absurd to claim, as some have, that it is necessary to take new members into NATO to avoid a future division of Europe; if NATO is to be the principal instrument for unifying the continent, then logically the only way it can do so is by expanding to include all European countries. But that does not appear to be the aim of the Administration, and even if it is, the way to reach it is not by admitting new members piecemeal.

All of the purported goals of NATO enlargement are laudable. Of course the countries of Central and Eastern Europe are culturally part of Europe and should be guaranteed a place in European institutions. Of course we have a stake in the development of democracy and stable economies there. But membership in NATO is not the only way to achieve these ends. It is not even the best way in the absence of a clear and identifiable security threat.

The effect on Russia, however, is perhaps not the most important reason for saying that the Administration's proposal is misguided. I am a strong supporter of NATO, which I believe is essential for the future stability of the European continent. And I am convinced that the process which the Administration proposes to start is going to weaken the alliance ultimately. For a decade or more we will be debating who should or should not be a member, and these debates are bound to be divisive within the Alliance. Meanwhile, these debates will distract us from dealing with the real threats that exist.

If ever there was a case of misplaced priorities, this is it.

Senator HAGEL. Mr. Ambassador, thank you very much. General Odom.

STATEMENT OF WILLIAM E. ODOM, LT. GEN., USA, RETIRED, DIRECTOR OF NATIONAL SECURITY STUDIES, HUDSON INSTITUTE, WASHINGTON, DC

General ODOM. Mr. Chairman, it is not only an honor, but an exceptional responsibility to testify before the committee on enlargement. The gravity of the issue inspires a sense of humility. I think too much is at stake to make the decision based on clever arguments and representation.

And I must say, after Ambassador Matlock's presentation, I have a huge sense of cognitive dissonance. I do not know how NATO, if he asserts it never divided Europe, how will it divide it by expanding? But let me get on to a more important issue.

You have already heard, I think, virtually all of the arguments that can be made for and against. You are hearing a lot of arguments added that do not have anything to do with it one way or the other.

Now, I do not suffer the illusion that I can bring much new remarkable evidence to this debate. Instead, I would rather offer a way to stand above the plethora of arguments and details and evidence in order to get our bearing, and to simplify things and see what the evidence and arguments which are truly important and which can be set aside in making the decision.

Now, how does one do that? I believe it comes down to focusing on three questions—basic questions, questions that draw out what is at stake, the most significant forces affecting what is at stake, and the priorities we must maintain to defend what is at stake.

The first basic question is whether or not the United States should remain committed militarily and politically to Europe. This may not strike you as a relevant question, but I think it will soon become so in my further remarks.

The major lesson in the first half of this century is that when we have had bad relations or no military ties to Germany and Japan—we have tried—and when we have tried to avoid dealing with emerging German and Japanese power, we have had war in Europe and Northeast Asia. The lesson of the second half of the century is that when we have had strong military ties to Germany and Japan, we not only have had peace, we have enjoyed unprecedented prosperity, and our liberal democratic values have spread in the world. We too often lose sight of this simple yet critically important understanding.

Now, for example, I think people tend to forget it when they complain that our wealthy allies in Europe do not carry their share of the military burden. One can debate how fairly the burden has been distributed, but one cannot deny that we have grown wealthier than our freeloading friends, even while carrying the larger share. Our defense allocations in Europe should be seen not primarily as a burden. Actually they have been a very profitable investment, because they have made possible freer trade, more trade and lower transaction costs in trading activities. Without them, both we and our European allies would be poorer.

Now, this is not to suggest that costs are irrelevant. There has been greater burdensharing precisely because U.S. Senators have pressed it with our allies. Rather it is to explain why the cost issue is not fundamental for deciding the NATO enlargement issue. It

should not figure in one's final decision, because remaining committed to European security has proven a money-making, not a money-losing, proposition.

Now, the case for keeping U.S. forces in NATO in Europe is overwhelming when one considers the political and military consequences that would ensue if U.S. forces were withdrawn. Now, this is an important conclusion. Again, you may react by asserting that we are not debating whether or not to remain in Europe, but whether or not to enlarge NATO. My colleague here to the right obviously does not see the connection.

That strikes me as a seriously mistaken impression. It takes me to my second basic question: Can NATO survive if it remains static, refusing to enlarge in a dynamic and changing Europe?

I have heard no opponents of enlarging NATO address this question. I have heard—they merely assume that NATO can more or less remain as it is, making only internal adjustments. Now, this is highly unrealistic. The reasons why take us to a question of our strategic priorities in Europe. Which country is more important and consequential for the United States in Europe, Russia or Germany?

Economically, politically and militarily, Germany clearly deserves first priority.

Too many American policymakers take Germany for granted. They assume that the European political/military integration process is irreversible, even close to full success, something that removes the century-old German question from the European agenda. Now, if you share that mistaken impression, then I would ask you to consider several facts.

First, Britain and France opposed German reunification, and are still not happy about it, a point the Germans will not forget soon.

Second, Britain and France fell into a serious quarrel with Germany over Croatia, Bosnia and Serbia during 1992–1995, making a mockery of a common European defense policy. The British Foreign Secretary, in 1994, was reported to have said that it is better to have Russia on the Adriatic coast than Germany. This quarrel is now repressed only because the United States belatedly took a leadership role and put NATO forces in Bosnia. If U.S. troops are withdrawn any time soon, it will resurface with a vengeance.

Would that be in our strategic interest? Hardly.

Third, in Germany, virtually all political leaders of all parties but the Greens, and even some of the Greens, support NATO enlargement. Why? Several SPD leaders who were never very pro-NATO, have offered the most articulate and compelling answer. They cite the inter-war period, when Moscow, Berlin, London, Paris, and Rome, which George Kennan ought to remember, but seems to have forgotten, competed irresponsibly for influence in Eastern Europe, a competition that set up the conditions allowing World War II to break out. They remember that even a weak Soviet Union was able to use diplomacy to play off major powers in Europe, one against another, inducing strategic instability.

These German spokesmen argue that if NATO is not enlarged, Germany will be forced to follow a unilateral Ostpolitik, a foreign policy that will make Germany vulnerable to deals by Moscow at the expense of the small states in Central and Eastern Europe.

That, in turn, will exacerbate Germany's relations with its Western allies. A common European foreign and defense policy will fade even as an aspiration. The consequences for European security and economic prosperity will be adverse.

Can it be in the United States strategic interest for Germany, France, Britain, Italy, Russia, and perhaps others to fall into a major struggle for influence in the countries of Central Europe? The Germans argue that the most effective way to prevent this is to enlarge NATO.

Now, fourth, I recently spoke with a group of journalists from the three new candidate members. In our discussion, they forthrightly admitted that although their publics want them to join NATO because of the Russian threat, the more thoughtful people want to join because of U.S. forces in Germany, which will protect them from Germany.

Does the United States really want Poland to believe and act as thought it is threatened both by Moscow and Berlin?

Fifth, a well-placed Russian national security official told me about a year ago that he and his colleagues foresee their main challenge as strategic competition with Germany over hegemony in Central and Eastern Europe. They oppose NATO enlargement precisely because this would neutralize this competition.

Can it be in the U.S. interest to allow this competition to distract Russia from dealing with its problems of economic and political reform, and controlling nuclear weapons?

These five points indicate something of the postcold war dynamic in a changing Europe. They reveal emerging forces that a static NATO cannot control. If it cannot control them, what will be the consequences?

Just imagine the impact on Germany if the United States decides against enlargement. Not only will its western neighbors, but the United States as well will be at odds with Germany over its policy toward Russia and Central Europe. No matter how good our relations with Russia are, the United States will find itself embroiled in all kinds of intra-European bickering and competition, but without NATO embracing a sufficient number of the troublesome countries to prevent a downward spiral. Reluctant to enlarge NATO, the United States will find itself on the path of withdrawal. It can only stay in Europe as long as its ties to Germany are strong and cooperative, a condition that now requires NATO enlargement.

The third question is this: What will be the consequences for Russian political development if NATO enlarges?

I put this question number three, because in the context of U.S. strategic interest, it is the lowest priority. Russia is indeed an important country. But in deciding on NATO enlargement, one is dealing with the U.S. stake in two mutually related goals: first, a secure and economically prosperous Europe; and, second, ensuring that a reunified Germany does not catalyze a new balance of power game among our European allies. I see now way that Russia can be more important for the U.S. strategic interest than these two goals.

This has been the U.S. strategic priority since the formation of NATO: Europe and Germany first; Russia second. Let us suppose that all the direst warnings about Russia's reactions to NATO en-

largement were to come true. Would that provide sufficient cause for the United States to reverse these priorities? Obviously not. I simply see no way that Russia, even if it becomes a thriving liberal democracy, can be more important or more critical to the U.S. than Europe and Germany.

Those who oppose the NATO enlargement because of Russia's possible reaction are really asking us to reorder our most fundamental strategic priorities without even debating the question, not even bringing it up, without even consciously considering what it would mean.

If I were in your position and had to vote on NATO enlargement, I would want the opponents to explain to me why they believe that this well-established and stabilizing order of strategic priorities should be reversed. I would want to know how they believe the dynamics of Europe, from the Atlantic to the Urals, in the decades ahead will not drive us out of Europe, leaving Europe politically and militarily not integrated—far from completion of its integration, but perhaps giving way to disintegration.

Clearly the NATO enlargement issue should be decided not on the basis of Russia's reaction. Even if we knew that the worst will happen in Russia, that is simply not sufficient reason to fail to enlarge.

Happily, the most dire warnings about Russia's reaction are not persuasive. In fact, NATO enlargement is far more likely to contribute objectively to the prospects of liberal democracy in Russia. I know that several experts on Russian and Soviet affairs believe otherwise, but I believe they are fundamentally mistaken. I will be glad to elaborate this dissenting view in the question period, but let me offer one point now.

The key issue that will determine whether or not Russia has a fair chance at democratic development is empire. Both in the Imperial Russian period and during the Soviet period, the imperatives of empire made a liberal development path impossible. If Russia returns to empire, it has not prospects for becoming democratic. NATO enlargement will diminish the likelihood of Russia taking that path. Failure to enlarge NATO will encourage it.

Other Western policies will also be required to lower the chances that it will return to empire. But NATO enlargement will make it more difficult. It will encourage those liberals in Russia who favor NATO enlargement precisely for this objective reason, but who have been intimidated into silence by neo-imperialist voices, trumpeting so loudly against NATO enlargement in Moscow today—voices which do not reflect public opinion polls or genuine Russian strategic interests.

Now, to sum up, I believe that when all these arguments, pro or con, are sorted out, and when we look at the basic questions on which our foreign policy ought the turn, we will reach the following inexorable conclusions:

First, the U.S. commitment to Europe has long enjoyed a consensus in the United States. A negative vote on enlargement would be to reject this consensus and go against it without even considering the consequences.

Second, it is most doubtful that NATO can remain in a static in a rapidly changing Europe. Many of the arcane and complicated de-

velopments in Central Europe contributing to change receive too little attention or understanding in our own public debates on NATO enlargement.

Third, even if all the dire warnings about Russia, if they come true—and I think not very probable—this should not be a decisive factor.

Now, in light of these conclusions, the prudent decision, I think, is obvious and not even a close call. This is not to say, however, that enlarging NATO will not bring problems, and some of them quite trying. The arguments about the impact of dilution on the NATO military structure are serious. The reactions of the countries not admitted are serious. The Russian reaction could be troublesome. There will be some financial costs. To avoid these problems by not enlarging the Alliance, however, is to risk creating far larger problems.

Finally, it seems to me that you members of the Senate face a choice in this question of no less historical importance than when the Senate refused to ratify the Versailles Treaty and when it did ratify the North Atlantic Treaty. The outcomes of both of those decisions are a sound guide for facing the choice today. Going forward with new commitments was not risk free in 1949, but it transformed the world in a positive way. Standing pat, refusing to go forward in 1920, was intended to avoid risk, but it also transformed the world, making this the bloodiest century in history.

Thank you.

[The prepared statement of General Odom follows:]

PREPARED STATEMENT OF GENERAL ODOM

Mr. Chairman, it is not only an honor but an exceptional responsibility to testify before this committee on NATO enlargement. The gravity of the issue inspires a sense of humility. Too much is at stake to make the decision based on clever arguments and representation.

You have already heard virtually all of the arguments that can be made, for and against, on this question. I do not suffer the illusion that I can provide much new or remarkably enlightening evidence. Instead I want to offer a way stand above the plethora of arguments, details, and evidence in order get our bearings, to simplify things, and to see what evidence and arguments are truly important and what can be safely set aside in deciding the question.

How does one do this? I believe it comes down to focusing on only *three* basic questions, questions that draw out what is at stake, the most significant forces affecting what is at stake, and the priorities we must maintain to defend what is at stake.

The first basic question is whether or not the United States should remain committed militarily and politically to Europe. This may not strike you as a relevant question, but I believe that will soon become clear that it is.

The major lesson of the first half of this century is that when we have had no military ties to Germany and Japan, when we have tried to avoid dealing with emerging German and Japanese power, we have had war in Europe and Northeast Asia. The lesson of the second half of the century is that when we have had strong military ties to Germany and Japan, we not only have had peace; we have enjoyed unprecedented economic prosperity, and our liberal democratic values have spread in the world. We too often lose sight of this simple yet critically important understanding.

For example, people seem to forget it when they complain that our wealthy allies in Europe do not carry their share of the military burden. One can debate how fairly the burden has been distributed, but one cannot deny that we have grown wealthier than our free-loading friends even while carrying the larger share. Our defense allocations in Europe should not be seen primarily as a burden. Actually they have been extremely profitable investments because they have made possible freer trade, more trade, and lower transactions costs in trading activities. Without them, both we and our European allies would be a lot poorer today.

This is not to suggest that costs are irrelevant. There has been greater burden sharing precisely because US Senators have pressed it with our allies. Rather it is to explain why the cost issue is not fundamental for deciding the NATO enlargement issue. It should not figure in one's final decision because remaining committed to European security has proven a money-making, not a money-losing proposition.

The case for keeping US forces in Europe is overwhelming when one considers the political and military consequences that would soon ensue were US forces withdrawn. This is an important conclusion, although again you may react by asserting that we are not debating whether or not to remain in Europe but whether or not to enlarge NATO.

That strikes me as a seriously mistaken impression, and it takes me to *the second basic question:* Can NATO survive if it remains static, refusing to enlarge, in a dynamic and changing Europe? I have heard no opponents of enlarging NATO address this question. They merely assume that NATO can remain more or less as it is, making only internal adjustments. This is highly unrealistic. And the reasons why take us to the question of our strategic priorities in Europe. Which country is more important and consequential for both the United States and Europe? Russia or Germany? Economically, politically, and militarily, Germany clearly deserves first priority.

Too many American policy-makers take Germany for granted. They assume that European political and military integration is irreversible, even close to full success, something that removes the century old German question from Europe's agenda. If you share that mistaken impression, then I ask you to consider several facts.

First, Britain and France opposed German reunification and are still not happy about it, a point the Germans will not soon forget.

Second, Britain and France fell into a serious quarrel with Germany over Croatia, Bosnia, and Serbia during 1992-95, making a mockery of a common European defense and foreign policy. The British foreign secretary in 1994 was reported to have said that it is better to have Russia on the Adriatic coast than Germany. This quarrel is now repressed only because the United States belatedly took the leadership role and put NATO forces in Bosnia, and if US troops are withdrawn anytime soon, it will resurface with a vengeance. Would that be in our strategic interest? Hardly!

Third, in Germany, virtually all political leaders of all parties but the Greens, and even some of the Greens, support NATO enlargement. Why? Several SPD leaders, some who were never very pro-NATO, have offered the most articulate answer. They cite the interwar period when Moscow, Berlin, London, Paris, and Rome competed irresponsibly for influence in Eastern Europe, a competition that set up the conditions allowing World War II to break out. They remember that even a weak Soviet Union was able to use diplomacy to play off the major powers in Europe against one another, inducing strategic instability. These German spokesmen argue that if NATO is not enlarged, then Germany will be forced to follow a unilateral *Ostpolitik,* a foreign policy that will make Germany vulnerable to deals offered by Moscow at the expense of the small states in Eastern and Central Europe. That in turn will exacerbate Germany's relations with its Western European allies. A common European foreign and defense policy will fade, even as an aspiration. And the consequences for European security and economic prosperity will be adverse. Can it be in the US strategic interest for Germany, France, Britain, Italy and Russia to fall into a major struggle for influence in countries of Central Europe? The Germans argue that the most effective way to-prevent it is to enlarge NATO.

Fourth, I recently spoke with a group of journalists from the three new candidate NATO members. In our discussion, they forthrightly admitted that although their publics want them to join NATO because of the Russian threat, the more thoughtful people want to join because US forces in Germany will protect them from Germany. Does the United States really want Poland to believe and act as though it is threatened both by Moscow and Berlin?

Fifth, a well placed Russian national security official told me that he and his colleagues foresee their main challenge as strategic competition with Germany for hegemony over Central and Eastern Europe. They oppose NATO enlargement precisely because that would neutralize this competition. Can it be in the US interest to allow this competition to distract Russia from dealing with its problems of economic and political reform?

These five points indicate something of the post-Cold War dynamic in a changing Europe. They reveal emerging forces that a static NATO cannot control, and if it cannot control them, what will be the consequences? Just imagine the impact on Germany if the United States decides against NATO enlargement. Not only its western neighbors, but the United States as well will be at odds with Germany over its policy toward Russia and Central Europe. No matter how good our relations with Russia are, the United States will find itself embroiled in all kinds of intra-Euro-

pean bickering and competition but without NATO embracing a sufficient number of the troublesome countries to prevent a downward spiral. Reluctant to enlarge NATO, the United States will find itself on the path of withdrawal. It can only stay in Europe as long as its ties to Germany are strong and cooperative, a condition that now requires NATO enlargement.

The third basic question is this: what will be the consequences for Russian political development if NATO enlarges? I put this question as number three because in the context of US strategic interests, it is lowest in priority. Russia is indeed an important country, but in deciding on NATO enlargement, one is dealing with the US stake in two mutually related goals: first, a secure and economically prosperous Europe, and second, insuring that a reunified Germany does not catalyze a new balance of power game among our European allies. I see no way that Russia can be more important for US strategic interests than these two goals.

This has been the US priority since the formation of NATO—Europe and Germany first, Russia second. Let us suppose that all of the direst warnings about Russia's reactions to NATO enlargement were to come true. Would that provide sufficient cause for the United States to revise these priorities? Obviously not. I simply see no way that Russia, even if it becomes a thriving liberal democracy, can be more critical to the United States than Europe and Germany.

Those who oppose NATO enlargement because of Russia's possible reaction are really asking us to reorder our most fundamental strategic priorities without even debating this question, without even consciously considering what it would mean. If I were in your position and had to vote on NATO enlargement, I would want the opponents to explain to me why they believe this well established and stabilizing order of strategic priorities should be reversed. I would want to know how they believe the dynamics of Europe from the Atlantic to the Urals in the decades ahead will not drive us out of Europe, leaving European political and military integration not only incomplete but giving way to disintegration.

Clearly the NATO enlargement issue should not be decided based on Russia's reaction. Even if we knew that the worst will happen in Russia, that is not a sufficient reason to fail to enlarge NATO.

Happily, most of the dire warnings about Russia's reaction are not persuasive. In fact, NATO enlargement is for more likely to contribute objectively to the prospects for liberal democracy in Russia. I know that several experts on Soviet and Russian affairs believe otherwise, but I believe they are fundamentally mistaken. I will be glad to elaborate this dissenting view in the question period, but let me offer one reason for it at this point.

The key issue that will determine whether or not Russia has a fair chance at democratic development is empire. Both in the Imperial Russian period and during the Soviet period, the imperatives of empire made a liberal development path impossible. If Russia returns to empire, it has no prospects for becoming democratic. NATO enlargement will diminish the likelihood of Russia taking the imperial path once again, and failure to enlarge NATO will encourage it to do so. Other western policies will also be required to lower the chances that it will return to empire, but NATO enlargement will make it more difficult. And it will encourage those liberals in Russia who favor NATO enlargement precisely for this objective reason but who have been intimidated into silence by the neo-imperialist voices trumpeting so loudly against NATO enlargement in Moscow today, voices which do not reflect public opinion polls or genuine Russian strategic interests.

To sum up, I believe that when all the arguments, pro and con, are sorted out, and when we look at the basic questions on which our decision ought to turn, we will reach the following inexorable conclusions:

First, the US commitment to Europe has long enjoyed a consensus in the United States, a consensus among both policy elites and the public for very good military, economic, and political reasons. A negative vote on enlargement would be to reject this consensus and go against it without even considering the consequences.

Second, it is most doubtful that NATO can remain static in a rapidly changing Europe. Many of the arcane and complicated developments in Central Europe contributing to change receive little attention or understanding in our public debates on NATO enlargement.

Third, even if all the warnings about Russia's reaction come true—not very probable—this should not be a decisive factor in deciding whether or not to expand NATO.

In light of these conclusions, the prudent decision on enlargement is obvious, not even a close call. This is not to say, however, that enlarging NATO will not bring problems, some of them quite trying. The arguments about the impact of dilution on the NATO military structure are serious. The reaction of those countries not admitted is serious. The Russia reaction could be troublesome. There will be some

modest financial costs. To try to avoid those problems by not enlarging the alliance, however, is to risk creating far larger problems.

Finally, it seems to me that you face a choice in this question of no less historical importance than when the Senate refused to ratify the Versailles Treaty and when it did ratify the North Atlantic Treaty. And the outcomes of both of those decisions are a sound guide for facing the choice today. Going forward with new commitments was not risk free in 1949, but it transformed the world in the most positive way. Standing pat, refusing to go forward in 1920-21, was intended to avoid risks, but it also transformed the world, making this century the bloodiest in history.

Senator HAGEL. General Odom, thank you. Mr. Simes.

STATEMENT OF DIMITRI K. SIMES, PRESIDENT, NIXON CENTER FOR PEACE AND FREEDOM, WASHINGTON, DC

Mr. SIMES. Thank you very much, Mr. Chairman. I am also very privileged to testify before the committee. I know that it is a great responsibility. I know that at this late hour, my particular responsibility is to try to be very brief, which I will, especially as so much of ground has already been covered and you already have my statement, in which I tried to be, to the best of my ability, sophisticated and nuanced.

Senator HAGEL. Your statement, Mr. Simes, will be included in the record.

Mr. SIMES. Thank you very much, Mr. Chairman.

Let me say first that if we were debating today the question of whether Russia supports NATO enlargement, we would probably find a consensus among all students of Russia that the answer is negative. I have yet to find a single Russian who believes that NATO enlargement, which they assume would exclude Russia, is a good idea.

But I presume that this is not what we are debating. I believe we are debating whether NATO enlargement may adversely affect important American interests vis-a-vis Russia. If that is the question, it is very difficult for me to find evidence which would suggest that we are going to lose anything of importance in the U.S. relationship with Russia if we proceed with NATO enlargement, particularly with the very cautious and moderate first stage of NATO enlargement, which, mind you, would not bring the Alliance to the Russian border, with the one exception of the Kaliningrad enclave.

Even in Russia, to the best of my knowledge, no one seriously claims that Poland will become a staging ground for the invasion of Kaliningrad. If one looks at public opinion polls, they suggest that in today's Russia this is, for all practical purposes, a non-issue, particularly after Helsinki and Madrid.

One can find Russian officials who duly register their opposition to NATO enlargement, which in Russia has become the functional equivalent of belief in God and apple pie. But this is not an emotional issue.

Like Senator Wellstone's father, my father was also born in Russia. Unlike in the case of Senator Wellstone, however, my father-in-law still lives in Russia, as do as many of my other relatives and friends, some of whom actually negotiated with Ambassador Matlock and Ambassador Pickering these very issues of NATO enlargement.

I have yet to remember a single conversation I have had with anyone in the Russian foreign policy establishment or in the Yeltsin government after office hours in which NATO enlargement

has been a serious emotional issue. They do not like it. They do not approve of it. They worry about the second stage, especially Ukraine and the Baltic nations. But as far as the three Visegrad nations are concerned, it is simply not a serious political matter for anyone in Russia.

When I hear that NATO enlargement could move Russian public opinion in a nationalist/extremist direction, I really want to know what kind of naivete it requires to believe this about a country in which, as Ambassador Matlock observed, the Russian leadership was the principal architect of the destruction of its own empire. Unlike General de Gaulle's withdrawal from Algeria or the British pullout from India, Russia's leaders made no arrangements whatsoever to protect its own citizens, the 26 million ethnic Russians living in other Soviet republics.

They also engaged in terrible atrocities in Chechnya against, among others, many Russian civilians. They are not paying wages and pensions to their own people at the time when the people can easily observe the huge mansions of the new, elite and the private jets of Russia's new tycoons. None of this moves the Russian politics in a nationalist or reactionary direction. But somehow an obstruction like NATO enlargement is supposed to have a mystical destructive impact on Russian politics. It is very difficult for me to believe.

As far as arms control agreements are concerned, let me simply say that President Yeltsin has not lifted a finger to have START II ratified by the Russian Duma. We have been told this by many Russian political commentators. We have been told this by many members of the Russian Duma. It has simply never been a priority for the Russian Government.

I am not going to engage in speculation about what Yeltsin would do if he had a friendly Duma and if ratification could be delivered to him on a silver platter. But the fact remains that even before NATO enlargement became a major issue, Yeltsin was not interested in ratification of the START II treaty—at least he was not interested in fighting with Communists and nationalists in the Duma over this arms control agreement.

The Nixon Center hosted Mr. Zyuganov. We had a very interesting presentation by him and another very interesting presentation by General Lebed. Both of them made very clear that while they have serious concerns about the START II agreement, these concerns connected much more to the ABM treaty, with all the differences between theater and intermediate-range nuclear defenses, than with anything that may happen in the first stage of NATO enlargement.

General Lebed is a nationalist politician and a very ambitious man. I do not think that he would be so outspoken in arguing that NATO enlargement is not a problem, that the first stage of NATO enlargement is not a problem, if he were concerned that such statements would alienate his nationalist constituency.

What really should be discussed is whether we need NATO enlargement as a protection against a new Imperial Russia. I agree with Ambassador Matlock that Russia is not a threat today. I am not going to dwell on that. It is almost self-evident.

However, I disagree with Ambassador Matlock that simply because the Yeltsin leadership was instrumental in destroying the old Soviet Union, we should say that it is anti-Imperial. It was very much to Yeltsin's advantage to destroy the Soviet Union and to take the country from under President Gorbachev. Looking at the composition of the Russian leadership today, it is clear that they are certainly not Jeffersonian democrats. They are not people who came from the ranks of dissidents or any kind of opposition. As Russia becomes minimally stronger today as the economy begins to stabilize, we see a growing Russian assertiveness.

I think that Bismarck was quite right when he observed that Russia is never as strong or as weak as it appears to be. I think chances are quite good that at the beginning of the 21st century Russia is going to be a serious power once again—not a superpower—but a serious power. I can well understand that nations in Central Europe may be somewhat nervous about it.

Now, I would not suggest for a second that Russia is a prisoners of its history. Germany and Japan prove otherwise—at least hopefully prove otherwise in the long run. I would not suggest that the current Russian leadership is interested in aggression. In fact, they are interested primarily in the enrichment of themselves and the Russian elite as a whole. But taking into account Russia's past and its potential power, it is simple prudence to proceed with a new security architecture in Central Europe, if it can be done without seriously damaging your relationship with Russia and without alienating Russian public opinion.

I believe it can be done without alienating Russian public opinion. And the time is precisely now, when Russia is preoccupied with domestic issues when we have a fairly benign relationship with Yeltsin, and when Russia is still modestly dependent upon foreign aid, particularly from the World Bank and the International Monetary Fund. The present time is a window of opportunity to expand NATO without entering into a confrontation with Moscow.

Where I see a problem with Russia and NATO enlargement is exactly where Secretary Kissinger sees it. I am not going to talk about that a great deal. I am sure that he presented his perspective; mine is very close to his. I am not going to talk about NATO bodies and what kind of voice Russia will have within them. This is not a purely technical question. I think that the administration is entitled to argue that there is enough ambiguity in the Final Act for us to believe that Russia is getting a voice but not a veto.

But everything depends on who interprets the Final Act. Mr. Yasrtrzhembsky, Yeltsin's press secretary, said, 2 days after the Final Act was signed that it was not the end of the battle over NATO enlargement,end, but rather the beginning of the battle of the interpretation of the Final Act, and that Russia would try to interpret it in the broadest possible way.

Looking at the Clinton administration record vis-a-vis Russia, I have to admit that I am concerned that the Clinton administration is not always prepared to be sufficiently realistic about Russian behavior and intentions. I think that the administration has not leveled with the American people about President Yeltsin's undemocratic practices, including the gross violations of human rights in

Chechnya, which were real atrocities perfectly comparable to what happened in Bosnia.

I think the Clinton administration has not leveled with the American people and the Congress about the extent of corruption, which reaches into the highest echelons of the Russian Government. Some of the people labelled reformers by the administration are called thieves in Moscow.

I think that the administration has been somewhat too lenient about Russian arms control violations, about violations of a variety of other agreements and, even more important, about defending American interests, particularly in the case of Russian nuclear missile and energy deals with Iran. Under these circumstances, I am not confident that the administration's interpretation of the Final Act will be based on sufficiently realistic assumptions about Russia rather than our best hopes and sometimes naive expectations.

That is why it seems to me we have to appreciate one very simple fact. NATO, of course, has to be adjusted in a number of ways. The call to reform it is proper. NATO adaptation should be debated in this building and across the Atlantic, and a great deal of innovative thinking and serious discussion is in order. But I am concerned that sometimes people in the administration, and especially those who opposed the expansion and have now joined the administration, are trying to use NATO expansion to change the very nature of the Alliance, and to turn it into a collective security body. That, in my view, would be a major mistake.

Let me conclude with a very simple proposition. A strong and effective NATO will be not an obstacle, but an asset in dealing with Moscow in the 21st century. It will not create new dividing lines in Europe as long as we cooperate with Russia on many other levels, from trade to security. It is precisely because we want to have a united Europe that we need to create certainty in Russia's about what is permissible and what is off limits. That security climate would be much better for a united Europe than the misguided accommodation of Russia today, which can lead only to trouble, misunderstanding and confrontation tomorrow.

Thank you.

[The prepared statement of Mr. Simes follows:]

PREPARED STATEMENT OF MR. SIMES

Thank you, Mr. Chairman and members of the Committee, for the opportunity to explain my views on the impact of NATO enlargement on Russia, its foreign policy, and its relations with the United States. Let me state first, however, that the Nixon Center for Peace and Freedom does not take institutional positions on policy issues and, accordingly, that my remarks today represent strictly my own opinions.

To put the impact of NATO's enlargement on Russia in its proper context, it is important to remember the original reasons behind the expansion of the Alliance. Those reasons did not include strengthening U.S. ties with Russia; rather, they were built around promoting stability and security in Central Europe, consolidating the gains of democracy in the region, and responding to the historical aspirations of its peoples to be included in the Western community of nations. It is these goals that have been presented as the principal rationale for NATO's expansion by the U.S., its NATO partners, and prospective members in the Alliance. Accordingly, in evaluating the impact of NATO enlargement on Russia, the key question is not "Will NATO enlargement have a positive effect on Russia?" but "Will NATO enlargement adversely affect key U.S. interests with respect to Russia?" By such a standard, NATO expansion—especially in its first stage—is not a problem.

Even before the agreements reached between Presidents Clinton and Yeltsin in Helsinki in March of this year—and despite the efforts of some Russian opinion-

makers—the Russian public was not at all exercised about the prospect of NATO expansion. A variety of polls indicated that under 10% of Russia's citizens see NATO enlargement as a serious threat. After the Helsinki Summit, and particularly after the July 8-9 Madrid Summit, the NATO issue has for all practical purposes dropped off the radar screens of the vast majority of Russia's citizens.

Nevertheless, opponents of NATO enlargement continue to predict darkly that expanding the Alliance will undermine the Yeltsin government and turn Russian domestic politics in a reactionary, nationalist direction. It requires an inordinate degree of naivet6 to take this argument—which is also the principal argument against NATO expansion made by some elements of the Russian government and foreign policy establishment—at face value. If the Yeltsin regime could survive nationalist ire after playing a leading role in the destruction of the USSR and essentially abandoning 26 million ethnic Russians living in the other Newly Independent States; if it could survive public outrage over its conduct of a genocidal war in Chechnya in which at least 40,000 civilians (including many ethnic Russians) were killed; if it could withstand the humiliation of defeat in that same war by the Chechen rebels; if it could be forgiven for using tanks against its own democratically-elected (albeit very imperfect) parliament in October 1993 (after Yeltsin issued a decree to dissolve it that he himself admitted at the time was "extra-constitutional"); if it could survive the massive redistribution of Soviet/Russian state property to corrupt officials and well-connected tycoons who make America's 19th century robber barons look like innocents; if it could sustain itself while withholding wage and pension payments to millions of citizens for months while the same officials and tycoons built huge mansions and bought private jets, it is difficult to imagine how an abstraction like the incorporation of three Central European states with no shared border with Russia (with the exception of Poland's border with the Kaliningrad enclave) into NATO could have a serious impact on Russian politics. If such an impact were to any serious degree imaginable, it is highly unlikely that an unabashedly nationalist presidential candidate such as General Aleksandr Lebed would say point-blank that NATO enlargement "poses no threat at this stage."

Those in Russia who oppose NATO enlargement can be divided into two broad categories. The first category includes xenophobic Communists and hardline nationalists who have made opposition to the West, and the U.S. in particular, their battle cry. This group does not need NATO enlargement—or any other Western policy—to become motivated and mobilized. What little basis is necessary to trigger complaints and accusations from them is demonstrated by an open letter to President Clinton from the heads of several Duma committees (with the notable absence of the Yabloko faction) on October 16 charging that NATO's "Sea Breeze-97" maneuvers with Ukrainian forces in Crimea violated the 1990 Convention on the Rights of the Child and the 1949 Geneva Convention on the Protection of Civilian Persons because they took place in the vicinity of a children's hospital.

The second category of Russian critics of NATO enlargement consists principally of government officials and pro-government establishment figures who want to establish their patriotic credentials on the cheap to protect themselves in Russia's increasingly nationalist political climate. Significantly, after Helsinki and particularly Madrid, these voices have been considerably muted—at least as far as the first stage of expansion is concerned. Some even argue that if Russia manages to develop meaningful cooperation with NATO through the NATO Russia Permanent Joint Council, it is not inconceivable, as an influential Izvestia columnist recently wrote, that in two years the Russian press agency ITAR-TASS will report on President Yeltsin's congratulations to the Presidents of Poland, Hungary, and the Czech Republic on their entry into the Alliance.

For the United States to fail to proceed with NATO enlargement would be a stunning event, even in Russia, and a tremendous victory for the hardliners.

Some American critics of NATO expansion also argue that enlarging the Alliance may complicate the Russian State Duma's ratification of the START II treaty and other arms control agreements. However, this argument ignores the fact that to this day—before and after Western discussions of NATO enlargement—the Yeltsin government has done next to nothing to get START II ratified. NATO enlargement cannot be an alibi for President Yeltsin's failure to make START II ratification a priority, especially as the Duma opposition connects ratification much more closely to the maintenance of the ABM treaty than to NATO expansion. Paradoxically, the process of NATO enlargement could even improve Russian cooperation on arms control if the Clinton Administration indicates that the scope and timing of the next round of expansion may be influenced by Russia's arms control performance. At present, there is simply not a single negative development in Russian foreign policy which can be attributed to NATO expansion.

The relationships with China and Iran—which are often cited as "responses" to NATO enlargement—also have other, prior, and more substantial causes.

Thus, I believe that the impact of NATO enlargement on Russia should not be a major concern in evaluating the future of the Alliance. Conversely, however, the potential Russian challenge should be a legitimate consideration in deciding when and how to expand the Alliance. Russia today is not in a position to threaten its European neighbors. Its armed forces are too weak and its dependence on foreign aid and investment is too great to encourage provocative conduct. Also, Russia is led by a relatively benign government which seems generally committed to developing a reputation as a good international citizen. It is not a government which seems prepared to take chances in the name of anything other than the immediate economic interests of the new post-Communist elite.

But the Russian economy is beginning to show signs of stabilization. Russia's leaders seem to believe, perhaps prematurely, that their country is now less dependent on credits from the World Bank and International Monetary Fund. Also, for the first time, there is serious talk of military reform. And there are indications of a new, more assertive foreign policy in Moscow aimed at undermining U.S. global leadership and shaping a new, "multipolar" international system. Finally, Boris Yeltsin will not be the President of Russia forever and, since the Russian constitution was uniquely tailored to his personal political needs, there is a good chance of significant changes in Russia when Yeltsin leaves office. Simple prudence suggests that an appropriate security architecture should be created to define the limits to any revanchist aspirations should they ever again impel Russian policy. It is precisely now, when Russia is relatively weak and preoccupied with its own evolution—and when, due to its benign relationship with the West, NATO enlargement is less likely to be perceived through the prism of hostility—that is the right time to proceed .

As Germany and Japan have demonstrated in the second half of the 20th century, no nation is a prisoner of its history. It would be both unfair and counterproductive to accuse the presently peaceful Russia of aggressive designs preemptively. But history should not be ignored either. It is outright recklessness not to take Russia's past—and power—into account when considering the future of Europe. This is all the more true as we have already seen how extremely brutal today's relatively benign Moscow can be, even with its own citizens, when Russia's leaders believe they can get away with such behavior.

The inclusion of Poland, Hungary, and the Czech Republic in NATO will not create new lines of division in Europe as long as Russia remains on the path of democratic development and does not threaten its neighbors. The new ties between Russia and the West—in the economic, political, security, and even social spheres—are broad and deep enough to preclude such an eventuality. What NATO enlargement does is create certainty in Moscow that policies of aggression and intimidation in Central Europe will have profoundly negative consequences.

That understanding will be advantageous even to the nations not invited, at least in the near future, to join the Alliance just as the presence of NATO members on the borders of Austria, Sweden, and Finland provided an essential security umbrella during the Cold War. Ukraine and the Baltic States will benefit in a similar manner from the inclusion of Poland, Hungary, and the Czech Republic in the Alliance. Although Ukraine is not at this point seeking membership in the Alliance as Lithuania, Latvia, and Estonia are, all four states are united in the belief that NATO enlargement—even if limited to its current parameters—is advantageous to their security. As a matter of fact, as expansion of the Alliance has become increasingly likely, Russian treatment of Ukraine and the Baltic States has become more moderate and more flexible. Russian policymakers clearly appreciate that rocking the boat too much could accelerate NATO's expansion to Russia's frontier—something they are eager to avoid.

It is not the implications of NATO expansion within Russia but rather Russia's new role in NATO which could create profound problems. From the outset, when Central European nations first announced their intentions to join NATO, Moscow has taken the position that enlargement would be acceptable to Russia only if the Alliance changed its name and transformed itself into a universal collective security system. The Clinton Administration rejected the first symbolic demand but has made major concessions to accommodate the second, substantive one.

There is enough ambiguity in the so-called Founding Act between NATO and Russia to allow the administration to claim that Russia has been given a voice but not a veto. But the Permanent Joint Council established by the Founding Act has at least the technical possibility to deal with a broad range of political and security matters central to the ability of the Alliance to maintain its character as a cohesive military organization. The Russian government is certain to interpret its preroga-

tives under the Founding Act as broadly as possible. As Yeltsin spokesman Sergei Yastrzhembsky put it, "the signing of the agreement is not the end but the beginning of its life: it begins the struggle over its interpretation."

Thus, a great deal depends on who interprets the agreement and how it is interpreted on the NATO side—particularly in Washington. In this respect, the Clinton Administration's record does not inspire particular confidence. The President and his advisors have consistently demonstrated a predisposition to go the extra mile to accommodate the Yeltsin government. This excessively generous attitude has ranged from a reluctance to criticize Russian atrocities in Chechnya to a refusal to acknowledge the undemocratic practices and pervasive corruption evident at the highest levels in Moscow, and from the promotion of Russian membership in the G-7 and the Paris and London Clubs—none of which are justified on economic merits—to lobbying on Russia's behalf with the IMF and World Bank. The administration is also hesitant to introduce any penalties for undesirable Russian behavior when important U.S. interests—and even U.S. laws—are disregarded, as in the case of Russian nuclear, energy, and weapons deals with Iran. Further, senior administration officials make clear that they visualize not just an expanded NATO but a fundamentally altered NATO, redesigned in a manner which appears to be largely along the collective security lines advocated by Russia.

After the collapse of the Soviet Union, NATO is in need of adaptation if it is to cope with a radically different international environment. This reform will require innovative thinking and serious debate on both sides of the Atlantic. But it would be a great mistake to use the expansion of the Alliance as cover to change its nature fundamentally simply in order to avoid alienating Russia. A strong and effective NATO is not an obstacle, but an asset in dealing with Moscow in the 21st century.

Dimitri K Simes is President of the Nixon Center for Peace and Freedom, a non-partisan public policy institution with offices in Washington, DC and Southern California.

Senator HAGEL. Mr. Simes, thank you very much.

To all three of you, thank you.

Ambassador Matlock, have you missed your train, or will you be taking another train?

Ambassador MATLOCK. I have another 10 minutes, yes.

Senator HAGEL. May I start with you. I know you have to get a train, and I am grateful that you would spend some time with us.

I noted you being a little itchy, listening to your friends and colleagues. Would you care to respond? This is not open ended, by the way. But if you would take a couple of minutes to respond, I would be interested in a couple of your responses to what you heard.

Ambassador MATLOCK. Just two points. Although, obviously, to discuss them thoroughly would take a long time.

First of all, I really cannot understand General Odom's feeling that NATO is static if it does not take in new members. It seems to me NATO has been substantially changing its focus and its orientation. We made some rather significant changes in connection with German unification. We since have had the Partnership for Peace, which is just beginning to be implemented. All the states in the area are members of that. Some are going to be more active than others. We still have not really tested the limits of that. Now we have the Founding Act with Russia.

I think these are all very, very important changes in NATO. I do not understand how is can be considered "static.".

I would say I simply do not accept that we have to take new members in now, under these conditions, in order to preserve NATO. I do have the strong feeling that it is not just a matter of these three countries. We have said that others are coming. I do not see how we can avoid a divisive debate for many years to come

about who they are going to be. I do not think that is the primary security issue we face.

Regarding Mr. Simes' comments, I would simply clarify my own position. My position is not that we should accommodate Russia. Far from it. It does seem to me that whatever residual imperialistic tendencies, which, indeed, can be a problem, can best be contained by methods other than adding members to NATO. I can think of no lever more effective, no political lever, than the threat that if Russian behavior does not meet certain standards, NATO will be enlarged, and enlarged very rapidly, and even further, and considerably further, than the current proposal envisages.

As a diplomat, I would love to have such leverage to try to keep them in line. Therefore, I think that my position is not properly described as one calling for concessions to Russia.

My final point would be that if indeed NATO is to be the primary instrument for preventing conflict among its members, then why not enlarge it to cover those areas where there is actual violence? The current proposal is to bring countries into NATO that do not need it to keep them from becoming threats to the press. If that is the objective, then, for goodness sake, let us look at the Balkans. Let us look at Transcaucasia.

My point is that we need to use other means to deal with violence-prone areas in Europe. They will be much more effective. I do not see that Germany is a potential problem. I am just not seeing evidence that supports General Odom's assertion. One can draw all sorts of scenarios, and yet, he says that his scenario has not been refuted. Well, if I had a week or so to write it out, I could refute it, and probably write a book almost as long as the one I wrote before. But, obviously, we do not have time for that now.

Thank you.

Senator HAGEL. Mr. Ambassador, do you foresee at any time in the future a need or a reason for NATO enlargement?

Ambassador MATLOCK. Possibly, yes. I testified here 2 years ago that I could see two conditions under which NATO enlargement would not only be desirable but necessary. One would be an arrangement which would include Russia, and either have some Russia/NATO arrangement where this would be part, but would make Russia a partner in responsibility for helping maintain the security of Europe.

The other would be a situation whereby Russia potentially or actually begins to threaten other countries in Europe. In either instance, I would be in favor of enlargement. But it does seem to me that we have many instruments today to meet the legitimate concerns of the East Europeans.

I am one who feels that their membership in the European Union is much more important to their future and to the development of democracy and to the development of their economies than is membership in a military organization, when their security is not under threat from military sources.

Thank you.

Senator HAGEL. Thank you.

Senator Biden.

Senator BIDEN. I am going to direct my questions to you at the moment, since you have to leave. I am a little confused—and I

mean that seriously—about the correlation between the expansion of NATO and Nunn-Lugar. Rather than my characterizing it, can you explain that to me again?

Ambassador MATLOCK. I did not connect the two. What I said was that I consider the most serious potential security threat to the American people the possibility that weapons of mass destruction from Russian arsenals will seep out to irresponsible rogue regimes or terrorist groups.

Senator BIDEN. I agree with that concern.

Ambassador MATLOCK. And that I do not see a strategy emerging from the administration to deal with this. I said that one of the most effective things we are doing did not originate there. It originated here on the Hill, which shows that the influence. So I was praising this program and praising the initiative from the Senate to do so.

Senator BIDEN. I understood that. I just thought you were suggesting a connection and you have clarified it. I thought you were making a connection that the one thing that made a lot of sense was Nunn-Lugar. Nunn-Lugar worked as far as it was allowed to go. This administration has not had a larger or broader or more encompassing initiative to either keep scientists and/or materiel from——

Ambassador MATLOCK. I think you are absolutely—yes, that was the point I was making. I think if I look and try to assess what are the real near-term security threats to the American people, threats that could result in substantial casualties, this is the one that I would put at the top of the list.

Senator BIDEN. All right.

Ambassador MATLOCK. And I think it is the responsibility to—and I am convinced that bringing new members into NATO is irrelevant to it, and potentially can undermine the effort. I would like to know how the administration—I would think the Senate would like to know—what plans it has to deal with this and how it relates to its plans for NATO enlargement.

Senator BIDEN. I would also like to know their plan to deal with a number of issues that relate to Russia and other places. But I do not know why we cannot sort of walk and chew gum at the same time. That is, press them on that, and if this other matter is unrelated—and I think it is, although you say potentially it could undermine efforts to deal with weapons of mass destruction—I am lost on how it potentially undermines those efforts—press the administration and still do our job. Constitutionally Senators are constituted to do one thing and only do one thing in foreign policy—and that is, we have to react.

We cannot make foreign policy. We can initiate things like Nunn-Lugar, which I played a small part in. But, ultimately, we basically react in the area of foreign policy. If we had our way, I could make the argument that continuing the Partnership for Peace, which turned out to be much more robust and much more successful than I think anyone thought it would be at the outset, may arguably have been a better way to go, and that to continue that process and beef it up before you move to expansion, if you move to expansion, would have been better.

But we are where we are. From my perspective—I speak only for myself, but I do not think I am totally alone in this—I did not see a threat when I was in Warsaw or Budapest or in Slovenia or anyone else seeing an immediate threat from Russia. But I see the threat lying in a gray zone existing where there is instability, where individual nations seek their own individual alliances, like they have in past historical moments like this, and where competing interests on the continent conclude that they will, not by the use of force but by the use of economic, political and diplomatic leverage, attempt to affect the foreign policy of those nations that are in play.

And Poland is in play. Ukraine is in play. These countries are in play. So my view is that by making them part of NATO we enhance stability, although arguably there could be a better and more successful way of doing what I seek, and that is to we enhance stability. It seems to me if I am a Russian democrat, the last thing I want happening is the various countries that were either part of the Union and/or were satellites out there deciding what their relationships with their neighbors are going to be.

I would argue, for example, that the only reason Romania has worked out, for the first time in my lifetime, some reasonable arrangement with their Hungarian brothers is because of the prospect of NATO admission. I would argue the reason why Germany and Poland moved on border disputes as rapidly as they did, in part, was related to this issue.

So I find it to be something that is calming troubled waters. I do not think the Russian bear is going to, all of a sudden, resurrect itself and come roaring across Europe again. Quite frankly, I do not think so. Where I disagree with Mr. Simes is that I think it is not only crippled, I think it is an amputee right now.

Now, maybe bears can grow back limbs; I do not know. That may happen. I am not suggesting anything is permanent in this business. But for the next 10 to 20 years, it seems to me incredibly difficult to figure out a circumstance where anyone in Russia would contemplate the use of land forces or engaging in an all-out war in Europe. I mean, I just think that is not likely.

But whether that is true or not, it seems to me there is a fairly compelling argument, Jack, that something is going to happen. Something is going to happen, over the next 5 years, with Poland and with the Czech Republic and in countries not invited, Romania and others, as to how they are going to determine what their security arrangements are going to be.

We, in a sense, talk about them like they are orphans. You know, either we or the Russians are going to decide their future. When, in fact, I quite frankly think they are sitting there thinking, OK, if we do not get this deal, what do we do?

Ambassador MATLOCK. Well, Senator, I do know the area well. I speak Czech. I read Polish. I know the literature, the history. I was Ambassador to Czechoslovakia, not only the Soviet Union.

Senator BIDEN. I know that. That is why I am asking.

Ambassador MATLOCK. I would simply say that I do not buy the argument that we hear from some—and I know this is not yours—that this is a geopolitical vacuum. It is not a vacuum. These are countries that are now basically very healthy politically. They

know where their orientation is. It is to the West. They are not going to start making alliances elsewhere. That would be idiotic, and it would be against their whole culture.

Senator BIDEN. Well, I am not suggesting they will make them elsewhere. They may make them amongst themselves.

Ambassador MATLOCK. But the thing is, I think this is actually a very stable part of Europe now. If there is instability and if the argument is that NATO has to bring members in and order to give them incentives to make it stable, then look at the Balkans.

Now, I am not making that argument.

Senator BIDEN. That is why I think Slovenia should be part of NATO.

Ambassador MATLOCK. Well, and we need to go even further. Slovenia is stable. Do you want Bosnia in? This would give them a real incentive to get together.

Senator BIDEN. No, Jack.

Ambassador MATLOCK. No, I mean, really. If you follow that logic, if you follow that logic——

General ODOM. The answer is NATO out-of-area action.

Senator HAGEL. What we will do here is we will let everybody in this.

Ambassador MATLOCK. Thank you very much. I do have a train I have to catch.

Senator HAGEL. General Odom, do you want to jump in? Mr. Simes?

Senator BIDEN. You better catch your train. I am accustomed to having to catch the train.

Senator HAGEL. Ambassador Matlock, thank you very, very much.

Senator BIDEN. Thank you.

Ambassador MATLOCK. Thank you both.

Senator HAGEL. Why don't we just pursue what we have been throwing around here. I know you both have some thoughts regarding some of the statements Ambassador Matlock made. So you just jump in where you want, General Odom. Please, Mr. Simes, feel free to engage here.

General ODOM. Let me followup on this point, because I think Senator Biden, in responding to Ambassador Matlock, is putting his finger right on the point I tried to highlight and say is being lost entirely in the situation. The Ambassador said he did not understand why NATO is static. He understands it is changing. I say that it makes internal adjustments, surely, but my statement was that NATO does not have its arms around all of the dynamic forces and change in Europe in a way that will allow it to control, either with out-of-area operations in Bosnia or otherwise.

And Senator Biden has just gone down and reiterated the kinds of dynamics in Central Europe that are outside of NATO and that will, as the Germans warn us, become the basis for deals between Moscow and Berlin at the expense of the East Europeans, which, in turn, will invite the British and the French to cut deals inside, or it can work the other way. We do not know. But we do know that we had several variants of that in the inter-war period.

We also know that 7 years out, 5 years out from the Versailles Treaty, if we had been in this room, having the debate again, we

would have had an ambassador telling us about how stable the democracies in Poland and Czechoslovakia and Romania and Hungary were. They were then.

By the mid-1930's, they were all gone but the Czechs. We are much too early to reach those kind of conclusions. That is the point I want to make.

The other point I want to relate to you and reemphasize is, having said that, we do not draw the further connection that if you really buy in the arguments against expansion, you are raising a very real prospect that you are voting to leave Europe. Now, I do not hear people saying that, and I do not see people thinking about that. I think you make that probability. Nothing is certain. But I think you make that probability very significantly higher.

And if you want to convince yourself, go talk to the Germans. I think they are pretty critical.

Senator BIDEN. We have similar isolationist friends up here today that we have talked to. We may have to go to Germany.

General ODOM. But those are the essential components. That is the point I want to leave you.

Senator HAGEL. Thank you.

Mr. Simes?

Mr. SIMES. I would like to respond to Senator Biden, if I may.

Senator, I completely agree with you that if we lived in an ideal world, we would not need NATO enlargement in Central Europe. But I would like to remind you of the dynamics of the process. The idea did not originate in Washington. It did not originate in the White House. It originated in Central Europe.

I would even go one step further. If Boris Yeltsin did not go to Warsaw and, as we are now told, have a little bit too much to drink with President Walesa, and then say things that encouraged the Poles, which Walesa exploited very carefully to claim that Russia now did not mind NATO expansion, we perhaps would not be having the discussion. But we are dealing with a real situation, not a hypothetical one.

I did not mean, Senator, for a second to imply that 10 or 15 years from now I expect Russian armies moving——

Senator BIDEN. No, I was not suggesting you said that.

Mr. SIMES. I understand. But let me continue. What worries me is that Central European nations, whose history with Russia is very different than America's history with Russia, look at the situation with a much greater degree of concern. They will want to go even one step further. So we should also discuss Ukraine and the Baltic nations.

Opponents of enlargement very often say, well, if you really want to protect those who are truly vulnerable, why don't you expand instantly into Ukraine and the Baltic nations? Of course, Ukraine has not asked us. They have not applied for membership. As far as the Baltic nations are concerned, however, something very interesting has happened recently.

Once NATO's expansion into Central Europe became almost inevitable from the Russian standpoint, and once Russia became concerned what could happen with the Baltic applications, Moscow's treatment of the Baltic states improved immeasurably. As has Russian flexibility vis-a-vis Ukraine. During the Cold War the Aus-

trians, Finns, and Swedes were neutral, but they benefited from the power equilibrium in Europe and the certainty, in the Russian mind, that certain things Moscow tried to say would be off limits.

It is these kind of subtle concerns, rather than the apocalyptic scenarios, that, in my view, favor NATO enlargement.

Senator BIDEN. Let me ask you a question. I would argue that the same dynamic is going to take place within Russia. And there is an expression that I always use with my younger staff when they come on, and they say, why don't you tell Senator so and so why he should vote for this? And I say, I never tell another man or woman her politics. They know their politics better than I do. They know what works in their State better than I can presume to tell them what their best political judgment is.

And it is kind of presumptuous, in carrying that a little further, to tell another country what its interests are. But it seems to me—and I mean this sincerely—it seems to me that the dynamics put in play here not only are the ones that, in my view, have required the Romanian Government to accommodate the Hungarian minority, but have required the Russian Government to accommodate more readily the Baltic concerns. I think you are going to see that same dynamic occur within Russia.

It is a very basic decision. You two have forgotten more about this than I am going to learn. But let me just state it for you and ask you to comment.

Part of the struggle within Russia, historically, in the last 70, 80, 90 years—70 years—has not been merely communism or capitalism. It has been West versus rejection in the West. It seems to me that the dynamic that gets put in play here, is for Russia and successive Russian Governments, if I had to bet, to look West for anchors rather than looking to Central Europe or to the East. Because Central Europe is no longer an option as we make this judgment—Central Europe alone.

And so I would think—and I would like you to comment on this, the human mind has an incredible ability to rationalize—I made the judgment this expansion is a good idea, and I want to make sure I am not kidding myself about this. But it seems to me that one of the potentials is that it is as likely that this will ameliorate the conduct, the negative conduct, of Russian Governments in the future as it is that it will exacerbate the negative aspects of their conduct.

Is that because you have, I would say, a more—some would say—more realistic, others would say more pessimistic view of what may happen in Russia? Would you comment on that?

Mr. SIMES. Senator, first of all, my view is not pessimistic. Let me put it differently. It is more open minded. What I see in Russia today is a mixed bag. There are a variety of trends. Some, on the top, very disturbing. Others are quite encouraging, such as the emergence of a middle class and something that begins to look like civil society. I am not pessimistic about the Russian future. I am agnostic.

The most fundamental choices, of course, will have to be made by Russia. But to the extent that empire has traditionally been a straight jacket on Russian democracy, a better Russian relationship with the Balts and a more normal Russian relationship with

Ukraine would be a contribution to Russian democracy, to the establishment of checks and balances, and, in the long run, to a more benign Russian foreign policy.

Senator BIDEN. Well, that is a more succinct and rational way of saying what I was attempting to say.

General ODOM. I would add that most of the arguments you are making I have made in writing for some time. I think most of my colleagues in the Soviet area really got it wrong. The impact on Russia internally of NATO expansion has been positive. You had a very distinguished scholar, like Sergei Blogavolin, make this argument openly and strongly in Russia back in 1993. In fact, an article that I wrote was translated for NATO expansion.

It was translated and published in a Russian newspaper, and Blogavolin was asked to respond to it. He said, I do not disagree. He made the argument for the Russian side.

So I also remember having a discussion in March 1996 with a former very high-level official in the Foreign Ministry, who said the minute the elections are over this summer, the next day you should enlarge NATO. If you were to, again, to understand his rationale for that, it would follow exactly the line that you are making, Senator.

Senator BIDEN. I agree. By the way, to get Western Europe to react to a threat that is a perceived threat or an agreed-upon threat from Moscow, that calls for enlargement, as the Ambassador suggested, seems to me to run counter to every instinct that would likely come to the fore. As the Ambassador says there are two circumstances in which he would suggest expansion, one of which is the emergence of a genuine threat.

It would seem to me that every apologist argument in the world would begin to be made once that occurred. I mean, the likelihood of it expanding in that circumstance seems to me to be highly unlikely, if past is prologue. Second, in terms of being viewed as whether or not it is a pejorative act, whether it is a threatening act, it would be put in that context of emergency or threat. Because it would be. It would be a counter.

Senator HAGEL. We are going to do one more minute. I do not want to in any way inhibit the good Senator Biden's voting record. I want to keep a perfect record for him. We had a vote called about 5 minutes ago. So if we can get 1 minute more. Thank you.

Mr. SIMES. Let me make a second comment. Senator, as you explained very well, we have to be practical about our choices. You cannot rewrite history. You can advise, consent and perhaps amend agreements signed by the President. You have to ask how the Russians, particularly Russian hardliners, would interpret it if this NATO enlargement were rejected by the U.S. Senate.

I do not know whether NATO enlargement will help Russian politics. But I know that the rejection of enlargement would have a devastating impact on the credibility of Russian reformers.

Senator HAGEL. General Odom?

General ODOM. I will take 30 seconds.

Senator Biden raised one of my concerns when he said he has convinced himself of this and he wants to be sure. I have had the same reaction. It seems to me the case, even though great imponderables face us here, the case is enormously compelling to

expand. Therefore, I have been going through what I call an honesty in advertisement exercise, in trying to foresee the problems that are going to emerge. There are some. I list a few here. I think one that this body may face is that merely the P-for-P force requirements are overextending the troop levels we have in Europe today, plus Bosnia.

Another one is whether or not we understand the connection of succeeding in Bosnia with NATO enlargement. We cannot fail, and separate that issue.

Senator BIDEN. Absolutely.

General ODOM. There are tough issues here.

Senator BIDEN. The chairman and I have been talking about that one for a few months.

Senator HAGEL. Yes.

General ODOM. Thank you.

Senator HAGEL. Gentlemen, you have been very, very helpful. Thank you.

Senator BIDEN. Thank you.

Mr. SIMES. Thank you very much.

[Whereupon, at 4:35 p.m., the hearing was adjourned, to reconvene at 10:04 a.m., November 5, 1997.]

PUBLIC VIEWS ON NATO ENLARGEMENT

WEDNESDAY, NOVEMBER 5, 1997

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The committee met, pursuant to notice, at 10:04 a.m. in room SD–419, Dirksen Senate Office Building, Hon. Gordon Smith presiding.

Present: Senators Smith, Kerry and Robb.

Senator SMITH. Ladies and gentlemen, we welcome you to the Senate Foreign Relations Committee hearing.

Today's hearing will provide an opportunity for the Foreign Relations Committee to hear from a broad spectrum of ethnic, civic interest, and religious groups with views on NATO enlargement. We will hear from a total of 15 witnesses, both for and against NATO enlargement.

In the letter of invitation to each of these witnesses, the committee asked that oral statements be limited to 5 minutes. I plead with our witnesses in advance to please adhere to that limit in order to insure that all views can be heard today.

Longer written statements, of course, will be submitted in their entirety as part of the permanent record of the NATO expansion debate. So we would welcome any additional comments you would like to enter for the record.

I expect the witnesses to express their views with precision and ask Senators, if they find it necessary to ask for additional explanations, to limit their questions to one per witness.

Before we start, I ask unanimous consent to include in the record the testimony of Assistant Secretary of State Marc Grossman, Assistant Secretary of Defense Frank Cramer, that of Dr. Stephen Cambone, Dr. Steve Larrabee, and Dr. John Micgiel. This testimony was prepared for an October 22 hearing on the qualifications of candidates for NATO membership. That hearing was canceled at the last minute due to an unrelated objection in the Senate.

Finally, I ask unanimous consent that a letter from the Ambassadors of Poland, Hungary, and the Czech Republic as well as testimony of several organizations not able to appear today be included in the printed record of this hearing.

It is so ordered.

[The information referred to appears in the appendix.]

Senator SMITH. Senator Biden will be joining us shortly. He is at the White House at another meeting. But I know he wants to be here, especially to greet and I think ask questions of Mr. Jan Nowak.

I now recognize Mr. Nowak, the representative of the Central and Eastern European Coalition as the first witness, to be followed by the remaining witnesses, which I will announce after Mr. Nowak.

Mr. Nowak, we welcome you and thank you so much for being here to share your experience and your views with us.

STATEMENT OF JAN NOWAK, REPRESENTATIVE, CENTRAL AND EASTERN EUROPEAN COALITION, ANNANDALE, VIRGINIA

Mr. NOWAK. Thank you very much, Mr. Chairman. I am here as a spokesman of the Central and Eastern European Coalition, which unites 22 million U.S. citizens from 14 ethnic communities.

At the first stage of NATO enlargement, the Senate will be asked to ratify the admission of only three new NATO members. Why, then, do all our ethnic communities unanimously support this decision?

We do not believe that the isolation or humiliation of Russia would serve the interests of the United States or the countries of our heritage. We would like to see a new European security architecture based on close cooperation between the enlarged NATO and Russia. This is why our organizations do not oppose the Founding Act as long as it offers partnership with, and not the participation of, Moscow in the NATO decisionmaking.

There is no animosity between the Russian people and their neighbors. 2 million Russians cross the Polish border every year to trade with Poles. According to a public opinion poll conducted by the Moscow Center of Sociological Research last April, 68 percent of Russians expressed friendly feelings toward Poles. Intense Russian propaganda against NATO does not seem to have any impact. Attempts to organize protest meetings against NATO enlargement in front of the Polish and American embassies in Moscow last July were a spectacular failure.

The Russian people do not see NATO as an enemy or a threat. They are mainly interested in the improvement of their desperately bad living conditions.

Unfortunately, the Russian political ruling class has not reconciled itself to the loss of its empire. The economic and political system has been changed, but the mentality of the people who are pursuing global designs for the Soviet super power all their lives cannot be changed overnight. Eduard Shevardnadze warned the American people that the Russian empire disintegrated but the imperialistic way of thinking still remains. Andrei Kozyrev also warned against the old guard which has a vested interest in presenting NATO as a threat and an enemy. "Yielding to them," wrote Kozyrev in *Newsweek,* "would play into the hands of the enemies of democracy."

Both statesmen have inside knowledge of the Russian ruling elite. They certainly speak with authority. Moscow is opposed not to the enlargement of NATO but to the very existence of NATO because it rightly sees a defensive military alliance as a threat to its long-term ambitions to regain in the future a controlling influence over the former nation of the Soviet orbit.

As in the time of the Soviet Union, we have to expect that the continued enlargement of NATO will meet with threats and fierce

opposition from Moscow. Once, however, the process is complete, any imperialistic dreams will become unrealistic and Russia may accept the present boundaries of its influence as final. Such a reconciliation with reality would prompt Moscow to concentrate its full attention and resources on internal recovery. A change of the present mind set would open a new chapter of friendly relations between Russia and her neighbors, who would no longer see Moscow as a threat. This new sense of security would be an historic turning point.

This is exactly what happened between Germany and Poland. Final recognition by Germany of its postwar borders brought an end to the centuries-old German drive to the East. German nationalists finally lost hope of regaining the territories they had lost in two world wars. With the loss of hope came the loss of nationalists' influence. Traditional enemies, Germany and Poland, are today friends and are ready to become allies.

In a similar way, the enlargement of NATO may bring to an end Russia's relentless drive to expand its huge territories. For over 5 centuries, this urge to expand has been a scourge for the Russian people. Russia remains the largest country in the world, but Russians remain the poorest people of the world.

Let me emphasize that we want to see the continued enlargement of NATO, which would leave no gray zone and no unprotected nations between Germany and Russia, because we want peace and friendship with Russia—a Russia finally reconciled to the loss of its empire. Only then will the United States be able to reap its full and lasting dividend of peace. Only then will the United States be free to turn her attention to other potential sources of conflict.

Allow me to end with a few personal observations as an eyewitness of much of the dramatic history of this century. I was born on the eve of World War I in Warsaw under the rule of Czarist Russia. Five years later, Poland reemerged on the map of Europe thanks to its own indomitable will and thanks to President Woodrow Wilson. As a child, I was saved from starvation, in a country totally devastated by war, by the Herbert Hoover Relief Committee for Poland. There was a monument of gratitude to America in the heart of Warsaw which was erased by the Nazis. There was the George Washington Rondo and monuments to President Wilson in Polish cities. Every American who was in Poland will tell you that Poland, as well as other countries in that region, are the most pro-American nations in the world.

The admission of Poland, Hungary, and the Czech Republic into NATO and later the admission of other nations in this region with their traditional ties to America will considerably strengthen American leadership and presence in Europe. The rejection of these nations by NATO would do much to destroy this strong pro-Western and pro-American orientation.

The United States' withdrawal from Europe after World War I and the appeasement of Hitler by France and Britain led to World War II. Hitler would never have attacked Poland and have set the world on fire had he known that he would face the awesome power of the United States.

When I look at the thousands of white crosses on the hills of Arlington Cemetery, I am painfully aware that these young Ameri-

cans could have lived full, happy lives. World War II could have been prevented; 60 million people killed, executed, and tortured to death in concentration camps and 6 million Jews, extinguished like insects in gas chambers, could have been saved.

In World War II, I crossed enemy lines five times, both ways, as an emissary between the Warsaw underground and the allies in London. I was there between Tehran and Yalta. I met Winston Churchill, Anthony Eden, and other British leaders. I watched with despair how the appeasement of Stalin led to the enslavement of Poland and others. The allies made it so easy for Stalin to subjugate eight nations with a total population of 100 million people that he was led to believe he could go on expanding his empire without risk beyond the dividing lines established at Yalta and Potsdam. This is how the cold war began.

Today, I have a horrible feeling of deja vu when I hear opponents of NATO asking why the United States should risk American lives in defense of distant countries such as Poland, Hungary or the Czech Republic. Neville Chamberlain asked the same question on the eve of the Munich Agreement. Hitler perceived these words as a signal that dismemberment of Czechoslovakia and the onslaught on Poland would not be resisted by the Western democracies. Should we today encourage the hopes of Russian nationalists that the countries of Central and Eastern Europe may one day, once again, become a Russian sphere of influence?

Throughout the period of the cold war, the United States stood ready to defend its allies. Because of our determination, not one single American soldier lost his life in defense of such distant countries as Greece or Turkey. Should we not learn from this historical experience?

The United States will not be safe either economically or militarily without a safe Europe. Europe will not be safe unless the smallest European nation feels safe.

The United States won World War I and then lost the peace. The United States won World War II and lost the peace for the second time. The United States won the cold war, and I beg of you, let's not lose the peace for the third time.

Thank you.

[The prepared statement of Mr. Nowak follows:]

PREPARED STATEMENT OF MR. NOWAK

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There is no animosity between the Russian people and their neighbors. Two million Russians cross the Polish border every year to trade with Poles. According to a public opinion poll conducted by the Moscow Center of Sociological Research last April, 56 percent of Russians believe that Polish-Russian relations are friendly; 30 percent consider them normal; and 68 percent ⅔ expressed friendly feelings toward Poles. Intense Russian propaganda against NATO does not seem to have any impact. Attempts to organize protest meetings against NATO enlargement in front of

the Polish and American embassies in Moscow last July were a spectacular failure. The Russian people do not see NATO as an enemy or a threat. They are mainly interested in the improvement of their desperately bad living conditions.

Unfortunately, the Russian political ruling class has not reconciled itself to the loss of its empire. The economic and political system has been changed, but the mentality of the people who were pursuing global designs for the Soviet super power all their lives cannot be changed overnight. Eduard Shevardnadze warned the American public that the Russian empire disintegrated but the imperialistic way of thinking still remains (ABC's *Nightline* with Ted Koppel; 9/28/93). Andrei Kozyrev also warned against the old guard, which has a vested interest in presenting NATO as a threat and an enemy. Yielding to them, wrote Kosyrev in *Newsweek,* "would play into the hands of the enemies of democracy." *(Newsweek,* 10/2/97)

Both statesmen have inside knowledge of the Russian ruling elite (one was a foreign minister of the Soviet Union, the other of the Russian Federation). They certainly speak with authority. Moscow is opposed not to the enlargement of NATO but to the very existence of NATO, because it rightly sees a defensive military alliance as a threat to its long-term ambitions to regain in the future, a controlling influence over the former nations of the Soviet orbit.

As in the time of the Soviet Union, we have to expect that the continued enlargement of NATO will meet with threats and fierce opposition from Moscow. Once, however, the process is complete, any imperialistic dreams will become unrealistic and Russia may accept the present boundaries of its influence as final. Such a reconciliation with reality would prompt Moscow to concentrate its full attention and resources on internal recovery. A change of the present mind set would open a new chapter of friendly relations between Russia and her neighbors, who would no longer see Moscow as a threat. This new sense of security would be an historic turning point.

This is exactly what happened between Germany and Poland. Final recognition by Germany of its post-war borders brought an end to the centuries-old German "drive to the East". German nationalists finally lost hope of regaining the territories they had lost in two world wars. With the loss of hope came the loss of the nationalists' influence. Traditional enemies, Germany and Poland, are today friends and are ready to become allies.

In a similar way, the enlargement of NATO may bring to an end Russia's relentless drive to expand its huge territories. For over five centuries, this urge to expand has been a scourge for the Russian people. Russia remains the largest country in the world, but Russians remain the poorest people in the world.

Let me emphasize, we want to see the continued enlargement of NATO—which would eventually leave no gray zone and no unprotected nations between Germany and Russia—because we want peace and friendship with Russia, a Russia finally reconciled to the loss of its empire. Only then will the United States be able to reap its full and lasting dividend of peace. And only then will the United States be free to turn her attention to other potential sources of conflict.

Allow me to end with a few personal observations as an eyewitness of much of the dramatic history of this century. I was born on the eve of World War I in Warsaw under the rule of Czarist Russia. Five years later, Poland reemerged on the map of Europe thanks to its own indomitable will, and thanks to President Woodrow Wilson. As a child I was saved from starvation—in a country totally devastated by war—by the Herbert Hoover Relief Committee for Poland. There was a monument of gratitude to America in the heart of Warsaw which was erased by the Nazis. There was the George Washington Rondo and monuments to President Wilson: Wilson Squares, Wilson Parks, and Wilson Streets in Polish cities. Any American who was in Poland will tell you that Poland, as well as other countries in that region, are the most pro-American nations in the world. The admission of Poland, Hungary, and the Czech Republic into NATO, and later, the admission of other nations in this region, with their traditional ties to America, will considerably strengthen American leadership and presence in Europe. The rejection of these nations by NATO would do much to destroy this strong pro-western and pro-American orientation.

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Thank you.

Senator SMITH. Mr. Nowak, thank you for coming and sharing with us your views and the history that you helped to make. Your counsel is wise and we will heed it.

I wonder if you have any misgivings about the NATO—Russia agreement and if there are things that the Senate should do to make sure that the administration's words, which are that Russia has a voice but not a veto, are, in fact, so, that, in fact, Russia does not have an operative or a de facto veto. Are there some changes that you think we need to shore up or assure?

Mr. NOWAK. Well, I take the assurances and the interpretation of the administration on their face value. I mean, we are told that it is not a treaty, not a commitment, but it is a unilateral declaration of intentions. There is no commitment that, for instance, NATO troops should never enter Poland. It simply says there is no need for it right now. We agree with that.

So I believe that there is no reason to be concerned as long as Russia does not have a right to a veto and a right to participate in the decisionmaking. But the partnership with Russia is necessary, is important. NATO enlargement would not make much sense if it would not be linked with the partnership and cooperation with Russia.

Senator SMITH. We hope the same thing. We hope that people's intentions are met and we hope that this vacuum that exists will soon be filled by the presence of NATO. We will win the peace this time.

Thank you, sir.

Mr. NOWAK. Thank you very much.

Senator SMITH. We will now call up Edward Moskal. He is the President of the Polish American Congress. Mr. Moskal, welcome.

STATEMENT OF EDWARD J. MOSKAL, PRESIDENT, POLISH AMERICAN CONGRESS, WASHINGTON, DC

Mr. MOSKAL. Thank you, Senator Smith and members of the committee. Because we are of Polish heritage, we are, of course,

concerned that the freedom and independence of Poland is maintained. We are, however, Americans first, some by birth and others by choice. Therefore, our primary interest is in the well-being of these United States.

Almost 6 decades ago, the Polish American Congress warned that the peace of this country, indeed that of the entire world, was inextricably tied to the security and welfare of Central Europe, in general, and of Poland, in particular. The result of inattention to that prediction is well known and there is no need to repeat that historical account today.

If the past is but prologue, however, we chance renewed disaster when we do not heed its lessons.

More than ever, as events have placed the United States as the world's major economic and military power, discord among other nations is bound to draw this country into the eye of the hurricane, perhaps as peacemaker, but just as likely as a participant.

The newly emancipated nations arising from a half-century of virtual occupation are strategically fragile today and, without international assurance for their security, will remain basically weak tomorrow. A world still rejoicing in the collapse of communism and the end of the cold war is not anxious to consider the possibility of future conflict, even though the sober contemplation of experts will demonstrate just how precarious peace really is.

Such self-inflicted blindness is a potential danger to our own continued freedom from conflict.

It has long been a policy of our nation that military preparedness is our best defense against the possibility of war. Great sums have been expended in the pursuit of that concept, a concept in which a vast majority of the American people continue to believe. Oddly, although there appears to be a general agreement on the expansion of NATO, there are also voices of concern about the price of such expansion. Admittedly, there are differences of opinion regarding the actual cost to the U.S. and its allies that may be attendant to the addition of Poland, Hungary, and the Czech Republic. We suspect, however, that even the highest estimates would be far less than the costs resulting from intervention in a conflict involving these nations, an intervention that no one reasonably denies as a possibility. More realistically, considering the proven effectiveness of the alliance, the investment will be an excellent bargain.

If we examine the highest estimates of $60 billion as a total cost of admitting the three proposed countries to NATO, a sum I hasten to add with which we do not agree, expended over 6 years it equals the amount spent annually to assist friendly nations in the Middle East, an expenditure which is only rarely questioned in these halls.

It is remarkably, however, a similar overall cost involving clear allies in Europe, a continent into whose problems and conflicts we have been drawn with too great a frequency.

There is a tendency in some quarters to develop an urgent sense of economy. Moreover, the cost to the United States will be only a fraction of the total, our allies being expected to accept their share and the new members having indicated a willingness to assume their fair portion of costs associated with their assimilation into the alliance.

Estimates of NATO enlargement have varied widely. We suggest that the confusion is largely due to the failure to make a distinction between what Poland in particular would be required to spend for modernization and military reorganization as opposed to those costs which may arise directly from its membership.

The Polish Ministry of National Defense, for which it was vitally necessary to assess NATO membership costs, determined that modernization, integration and the adoption of new methodology will require an expenditure of $1.26 billion. Adding payments for the NATO civil and military budgets, as well as costs of joint missions, total costs are estimated at $1.5 billion, which, if spread over 15 years, until the year 2010, amounts to 4 percent of Poland's 1995 military budget.

These figures may, indeed, seem minuscule when compared to other estimates. The Poles, however, recognize that the cost of modernizing their armed forces or of reorganization are not validly calculated as NATO—related expenses. On the contrary, those are expenses that must be made under any circumstances. In fact, an even larger investment in modernization would surely be insufficient to defend the nation without the security inherently provided through NATO.

It is not surprising, then, that the Defense Ministry of Poland has stated with clarity that it is ready to pay the largest part of costs arising from its NATO admission.

In the brief time that Poland has enjoyed independence, it has already taken the necessary steps for the improvement of its internal defense industry. That development, however, is hampered by the inability to fully adopt international standards until its membership status is solidified.

Similarly, the Polish communication infrastructure, purposefully inadequate under the recent occupation, is being modernized and expanded with surprising alacrity. A program known as the National Communications System, funded by private domestic and foreign corporations, will assure total communications interoperability with NATO nations within only a few years.

Regarding transportation, Poland already has a highly developed rail system and is expending over $15 billion in highway construction and has a long-term plan for development of 12 interconnected airports. This plan provides for air traffic control and safety, including state-of-the-art radar systems, all of which are demonstrable assets which Poland brings to NATO, the benefits of which are not properly added to the actual cost of admission to the alliance.

Two conclusions must be made. First, Poland is well aware of the direct costs arising from admission to NATO. It has considered them, implemented plans to deal with them, and accepts its responsibility in regard to these costs.

Second, modernization of the Polish military forces is required in any event. Poland is already moving seriously in that direction.

I have not mentioned the political implications of NATO expansion only because we recognize the need to address sincere questions relative to monetary consideration. Nevertheless, I would be remiss if I did not conclude by acknowledging their importance.

The contribution of NATO to the peace and stability of Europe, and, thereby, the world, is unquestioned. What a wonderful boon to mankind it will be when the actuality of the spirit found in the NATO alliance is expanded to Central Europe.

The antithesis is readily witnessed in the sad situation of Bosnia, where it has already cost us over $5 billion in an ongoing attempt to restore the peace. It proves, once again, that expenditures to maintain the peace are a bargain, whether counted in dollars or in lives.

It would be another of history's great errors and omissions if unfounded fears were to deter us from insuring a wider zone of cooperation, peace, and stability.

Thank you.

[The prepared statement of Mr. Moskal follows:]

PREPARED STATEMENT OF MR. MOSKAL

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More than ever, as events have placed the United States as the world's major economic and military power, discord among other nations is bound to draw this country into the eye of the hurricane, perhaps as peacemaker, but just as likely as a participant. The newly emancipated nations, arising from a half century of virtual occupation, are strategically fragile today and, without international assurance for their security, will remain basically weak tomorrow. A world still rejoicing in the collapse of communism and the end of the Cold War, is not anxious to consider the possibility of future conflict, even though the sober contemplation of experts will demonstrate just how precarious peace really is. Such self inflicted blindness is a potential danger to our own continued freedom from conflict.

It has long been a policy of our nation that military preparedness is our best defense against the possibility of war. Great sums have been expended in the pursuit of that concept, a concept in which a vast majority of the American people continue to believe. Oddly, although there appears to be general agreement upon the expansion of NATO, there are also voices of concern about the price of such expansion. Admittedly, there are differences of opinion regarding the actual cost to the U.S. and its allies that may be attendant to the addition of Poland, Hungary and the Czech Republic. We suspect, however, that even the highest estimates would be far less than the costs resulting from intervention in a conflict involving these nations, an intervention that no one can reasonably deny as a possibility. More realistically, considering the proven effectiveness of the Alliance, the investment will be an excellent bargain.

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These figures may, indeed, seem minuscule when compared to other estimates. The Poles, however, recognize that the costs of modernizing its armed forces or of reorganization are not validly calculated as NATO-related expenses. On the contrary, those are expenses that must be made under any circumstances. In fact, an even larger investment in modernization would surely be insufficient to defend the nation without the security inherently provided through NATO. It is not surprising, then, that the Defense Ministry of Poland has stated with clarity that it is ready to pay the largest part of costs arising from its NATO admission.

In the brief time that Poland has enjoyed independence, it has already taken necessary steps for the improvement of its internal defense industry. That development, however, is hampered by the inability to fully adopt international standards until its membership status is solidified.

Similarly, the Polish communication infrastructure, purposefully inadequate under the recent occupation, is being modernized and expanded with surprising alacrity. A program known as the National Communications System, funded by private domestic and foreign corporations, will assure total communications interoperability with NATO nations within only a few years.

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Senator SMITH. Thank you very much, Mr. Moskal. We appreciate your testimony.

We are pleased to be joined by Senator Robb and Senator Kerry.

I wonder if either of you has a question.

Senator ROBB. No, not at this time, Mr. Chairman.

Senator KERRY. Thank you, but no.

Senator SMITH. Then we thank you.

Mr. MOSKAL. Thank you.

Senator SMITH. We will now call up Mr. Frank Koszorus. Mr. Koszorus is a board member of the Hungarian American Coalition. We welcome you, sir. Please proceed.

STATEMENT OF FRANK KOSZORUS, JR., BOARD MEMBER, HUNGARIAN AMERICAN COALITION, WASHINGTON, DC

Mr. KOSZORUS. Thank you, Mr. Chairman.

Mr. Chairman and members of the committee, it is a great honor to appear before you to address the vital issue of United States security.

The Hungarian American Coalition enthusiastically supports the enlargement of NATO to include Hungary, Poland, and the Czech Republic. We believe this historic step will serve the geopolitical interests of the United States.

As a military alliance for the Euro—Atlantic Community, NATO has succeeded in keeping the peace in Europe by deterring outside aggression. The United States has provided NATO with strong leadership because it has recognized that threats to European security constitute threats to U.S. security as well.

In fact, the two hot wars and the cold war in Europe resulted from aggression emanating from Europe and it cost America dearly, both in terms of lives lost and treasure expended.

Today, there is a security vacuum in Central and Eastern Europe. That vacuum will be filled. The only question is who will fill it.

NATO enlargement will shore up the new democracies, insure stability of the region, and help facilitate market economies and prosperity—ingredients of a peaceful and secure Europe.

NATO enlargement does not threaten Russia. NATO has always been a non-threatening defensive alliance. Moreover, the West, including the United States, has continued to demonstrate its good faith toward Russia through generous assistance programs and by entering into the Founding Act, which we must insure will give Russia a voice, but certainly not a veto, over NATO matters.

In fact, stability on Russia's Western border translates into greater security for Russia, as well.

The costs of expanding NATO are modest, considering the defense budget, and, further, as an insurance policy against future instability, tensions, and conflict, the price tag is indeed inexpensive and a wonderful bargain.

Mr. Chairman, I had the great pleasure of recently visiting Hungary, Poland, and the Czech Republic as part of a joint Department of Defense/Department of State fact finding mission. It was striking to observe the desire of the military leadership of the three countries to be part of and to contribute to NATO and to the security of the region.

This desire was evident, for example, in Hungary, where the young, reform minded officers who recently had been promoted to senior ranks enthusiastically spoke about steps they had taken to restructure the military better to conform to NATO standards.

We were particularly impressed as they and their junior officers briefed us in English.

The majority of Hungarians welcome NATO membership because they want to be part of a successful and defensive alliance. Mr. Chairman, they recall how their quest for freedom and independence was brutally crushed by Soviet tanks in 1956 because Hungary was on the wrong side of Stalin's dividing line.

Now having testified about NATO's preeminent role in promoting peace, I would be remiss if I failed to mention an often ignored and misunderstood, but significant, element of security in the region.

NATO enlargement is a building block, indeed the cornerstone of stability in Europe and, there by extension, in the United States. An enlarged NATO alone, however, is not a panacea for ethnic peace. While an enlarged NATO that sticks to its core function will promote interstate stability in Central Europe, the alliance cannot alone resolve tensions caused by discriminatory policies and practices of majorities toward ethnic minorities, the historical source of conflict and stability in the region.

The United States, therefore, can cement long-term stability by not only enlarging NATO but also by promoting the ability of minorities to enjoy the fruits of democracy.

A sure way of defusing ethnic tensions in Central and Eastern Europe, protecting the territorial integrity of the States, and promoting democracy and good neighborly relations is to grant ethnic minorities group rights, such as the ones exercised by Western Europeans. Such policies, as opposed to basic treaties between the countries of the region, would serve U.S. strategic interests in Central Europe and dispel our fears of perpetual conflict. They would also insure the continued strength and vitality of an expanded NATO.

Mr. Chairman, as we approach the 21st Century, we simply cannot afford to squander an historic opportunity to safeguard long-lasting stability and democracy. We can win the peace this time. If only to avoid being drawn back into exacerbated controversies, the United States should not ignore the challenges posed by Central and Eastern Europe.

This means that NATO enlargement should be ratified quickly and overwhelmingly and the democratically expressed aspirations of ethnic minorities to enjoy the fruits of Western style minority rights should be actively and vigorously promoted.

These steps would constitute inexpensive, yet vital, insurance policies for the United States. Our failure to exercise leadership, on the other hand, will insure a post communist evolution far less congenial to our interests.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Koszorus follows:]

PREPARED STATEMENT OF MR. KOSZORUS

Mr. Chairman and members of the Committee, it is a great honor and pleasure to appear before you to address the vital issue of the security of the United States which is closely linked to European security. Mr. Chairman, the Hungarian American Coalition ("Coalition") enthusiastically supports the enlargement of NATO to include Hungary, Poland and the Czech Republic. We believe that this historic step will serve the geopolitical interests of the United States. In order to be successful, the enlargement process must take into consideration the unique history of the region and espouse West European norms relating to the ethnic communities of Central and Eastern Europe.

The Coalition is a consortium of organizations and individuals which disseminates educational and cultural materials about Hungarians, U.S. relations with Hungary and the Hungarian minorities living in the Carpathian Basin.

The Coalition strongly believes that the long-term national security and budgetary interests of the United States require an unequivocal commitment to the transition of Central and Eastern European countries to fully democratic and free market status. That commitment requires the United States to be actively engaged in the region.

The Coalition further believes that peace and stability throughout Europe serve the national security interests of the United States. In this century, the United States was called upon to fight two hot wars and a 45-year Cold War—conflicts

which emanated from the heart of Europe—in the furtherance of those vital geopolitical interests. These wars, which resulted from uncertainty and instability in the region, cost America dearly in lives lost and treasure expended.

In addition to the institutionalization of democracy and market economies in Central and Eastern Europe, the prevention of any large power dominating any part of Europe are the best means of guaranteeing that there will be no further European conflicts which will entangle the United States. We believe that with the collapse of communism and the Soviet Union, the objectives of peace, stability, and democracy in Europe are achievable if we exercise leadership.

Among the most visible and effective forms of our engagement is our continuing involvement in the security issues of the region. We believe that the general stability and security of the region can be accomplished through the enlargement of NATO to include Hungary and other countries which desire to join the Affiance and meet the criteria for membership.

Mr. Chairman, I had the great pleasure of visiting Hungary, Poland and the Czech Republic two weeks ago as part of a joint Department of Defense/Department of State fact finding mission. It was striking to observe the desire of the people, including the military leadership, of the three countries to be part of and contribute to NATO and the security of the region. This desire was evident, for example, in Hungary where young, reform-minded officers recently had been promoted to senior ranks and enthusiastically spoke about steps they had taken to restructure the military better to conform to NATO standards. We were particularly impressed as they and their junior officers briefed us in English.

The majority of Hungarians welcome NATO membership because they want to be part of a successful and defensive alliance. They recall how their quest for freedom and independence was brutally crushed by Soviet tanks in 1956 because Hungary was on the wrong side of Stalin's dividing line.

Today, we must not permit Central and Eastern Europe to languish in a security vacuum. Russian interests are not threatened by the expansion of a defensive alliance. Moreover, stability and economic growth on the borders of Russia can only benefit Moscow. Russia should not be isolated and mechanisms, such as the Founding Act between NATO and Russia, should dispel any lingering concerns Moscow may entertain about an enlarged NATO. Russia, however, should under no circumstances be permitted to exercise a "veto" in NATO matters.

Russia is in a fluid state with voices of nascent expansionism being heard in some quarters. Failure by NATO to accept the invited countries will redraw the lines imposed by Stalin and signal Russian imperialists that they, in fact, enjoy a "sphere of influence" in Central and Eastern Europe. The consequences of rejecting Hungary, Poland and the Czech Republic would be contrary to U.S. geopolitical interests in a secure, integrated, and democratic Europe.

NATO enlargement is a building block—indeed the cornerstone—of stability in Europe. An enlarged NATO alone, however, is not a panacea for ethnic peace. As a military alliance, NATO's role has been to defend its members from outside aggression. An enlarged NATO that sticks to its core function will promote a large degree of interstate stability in Central Europe. The Alliance alone will not resolve tensions caused by discriminatory policies and practices of majorities toward ethnic minorities—a historical source of conflict and instability in the region. The United States, therefore, can cement long-term stability by not only enlarging NATO, but also by promoting the ability of minorities to enjoy the fruits of democracy.

NATO enlargement should not be seen as a means of sweeping minority rights under the rug; the enlargement process must not apply a different standard to new members as has been applied to current members. It should be recalled that the scope of collective—i.e., ethnic or group—rights of the Catalans and Basques of Spain, the Welsh and Scots of Great Britain, the South Tyroleans of Italy, the Walloons of Belgium or the Swedes of Finland are significantly greater than those sought but denied to ethnic communities, especially Hungarians, in Central and Eastern Europe.

The Soviet Union cynically suppressed minorities while loudly proclaiming that socialism had solved the nationalities question. A NATO expansion process which ignores the legitimate and democratically asserted aspirations of minorities will leave them frustrated and dissatisfied. They once again will feel abandoned as they did in 1920 when borders were drastically redrawn and millions of minorities created without their having a say in the determination of which states they would live in. If NATO enlargement is to serve U.S. interests, it must not become a vehicle of instability by ignoring the rights of minorities in Central and Eastern Europe.

In order to promote lasting stability in Central Europe, the United States must do two things in addition to enlarging NATO. First, it must recognize that improved

interstate and interethnic relations are a function of democracy and enlightened minority policies.

Second, the United States must use its influence to convince the states in the region that if they want to join Western institutions, including NATO, they must conform to Western minority rights practices. Central European minorities must be granted the same rights as the rights exercised by Western European minorities. Dismissing the aspirations of Central Europeans to enjoy such rights virtually guarantees that our worst fears may become self-fulfilling prophecies.

The surest way to defuse ethnic tensions in Central and Eastern Europe, protect the territorial integrity of states and promote democracy and good neighborly relations is to grant ethnic minorities group rights such as the ones exercised by Western Europeans. Such policies—as opposed to basic treaties between the countries of the region—would serve United States strategic interests in Central Europe and dispel our fears of perpetual conflict. They would also ensure the continued strength and vitality of an expanded NATO.

As we approach the 21st century, we simply cannot afford to squander a historic opportunity to safeguard long-lasting stability and democracy. We can win the peace this time. The adverse consequences of our withdrawal from Europe at critical times in the past are well known. Had the United States reacted firmly to the turmoil threatening peace in Europe prior to the First and Second World Wars, many American lives and resources would have been spared. Similarly, the Cold War would have been far less expensive and dangerous had the United States not pulled back from the heart of Europe and had we resisted domestic pressure to "bring the boys home" before the European political order had been settled.

If only to avoid being drawn back into exacerbated controversies, the United States should not ignore the challenges posed by Central and Eastern Europe. This means that NATO enlargement should be ratified quickly and overwhelmingly, and the democratically expressed aspirations of ethnic minorities to enjoy the fruits of Western style minority rights should be actively and vigorously promoted. These steps would constitute inexpensive, yet vital insurance policies for the United States. Our failure to exercise leadership, on the other hand, will ensure a new world order far less congenial to our interests.

Senator SMITH. Thank you, Mr. Koszorus. We really appreciate your testimony.

Are there questions?

Senator KERRY. I would just ask one quick question, if I may, or a couple.

The first tranche is fairly accepted now and I think will most likely move rapidly through the Senate. But clearly the first tranche changes what NATO was and its fundamental rationale at one time was, though you say it was defensive, it clearly shifts in this post soviet era. So the question is with respect to the other nations, you have differing degrees of problems that arise with their possible entry. I think the great issue is not necessarily the initial tranche and the difficulties faced by that—I feel as though those have almost sort of taken care of themselves—but what follows.

Do you have any opinion about whether or not the sanguinity expressed by many people about Russia's acceptance of this first tranche would change significantly as it grows larger and particularly as you get to the point of thinking about Baltic States?

Mr. KOSZORUS. Senator Kerry, NATO enlargement has been a self-selecting process. It has enlarged over the years without threatening Russia itself.

I think NATO enlargement must be, should be, has to be open to all countries of this region which meet the membership criteria and want to contribute to the alliance itself.

I do not believe that an enlargement of this defensive alliance itself will pose a threat. Quite to the contrary, I think once stability of the region, once prosperity of the region is insured, I think that

will only benefit Moscow and I think Moscow will see the advantages of a strong, stable region.

So I do not see that as any long-term problem.

Senator KERRY. But if they don't, if they said we don't, if they were to continue to express a particularly strong attitude, and if the perception were that it was having an impact on your implementation of arms control agreements, if your perception was it was playing a serious hand in terms of internal Russian politics, is it conceivable that your attitude might then be different about the Baltics?

Mr. KOSZORUS. Well, I think we have to work with Russia, certainly through mechanisms such as the Founding Act. I think that those types of confidence building measures will diffuse those types of problems.

What is the alternative? Do we assign these States to the Russian sphere of influence once again? Do we open that door again? I don't think that would be a wise policy from our perspective. I think that with mechanisms—the Founding Act, continued cooperation, continued interaction, continued assistance—I think we can bring Russia along to acceptance.

Senator KERRY. But that does not presume that that is the only alternative. I mean, you might extend Partnership for Peace. You might have any number of other things. It may be that the Western European entity becomes more viable. I mean, there are other possibilities, are there not?

Mr. KOSZORUS. Certainly there are other possibilities and, of course, we are going into an area of speculation at this point. I think, considering the history of Europe, considering the history of U.S. relations with Europe, NATO has been the engine of stability, has been the engine of security in the region. I think if a sovereign State, an independent State, which has won its independence from the Soviet Union wishes to be part of NATO, it should certainly be given every opportunity to do so.

Senator KERRY. Thank you.

Thank you, Mr. Chairman.

Senator SMITH. Thank you very much, Mr. Koszorus. You know, Senator Kerry asked a very important question that this committee, I am sure, will grapple with over the next 4 years. I wonder if Mr. Nowak, who has lived through this, who has seen us win a war and lose a peace, would care to answer Senator Kerry's question. If you would, answer it for me based on what you have experienced in your life.

Then I would like to say we will stand in a brief recess. The three of us need to go and cast a vote in just a few minutes.

Mr. Nowak, would you care to speak to that?

Mr. NOWAK. I strongly believe that to limit the NATO enlargement to only 3 States would mean the division of Europe into two spheres of influence. The Russian perception will be that these States are in something like the situation of Finland at the time of the cold war.

The Russians—rather, the Soviets—did oppose every stage of NATO enlargement, including the foundation of NATO itself. There were threats, bordering on ultimata. Even when Spain was going to join, there was an opposition.

Once they faced an accomplished fact, however, they accepted it. I believe they accepted it, practically speaking, by signing the Founding Act, the enlargement of NATO as far as the Czech Republic, Hungary, and Poland are concerned. I am convinced that they will accept also continued enlargement.

There will be protests. There will be an opposition. But they will finally accept it—on one condition, that they will not be isolated. Enlargement has sense only if it is linked with growing cooperation with Russia itself.

I just said that we believe in the new security architecture that would be based on close cooperation between an enlarged NATO and Russia. I am confident that, once it is over, Russia will accept it and it will have a considerable impact on the Russian mentality, particularly of its ruling class. It will get reconciled, finally, with the loss of its empire because they will see no realistic possibility otherwise.

Senator SMITH. Thank you very much.

Senator KERRY. Mr. Chairman, if I could just make one comment.

Senator SMITH. Of course.

Senator KERRY. I spent a very interesting weekend with former Secretary Perry, Secretary Christopher, Ashton Carter, General Joulwan, General Scowcroft, and a host of people—maybe 15 or 20 people—out at Stanford. We spent an entire Friday and Saturday talking about this.

I was struck by the breadth of experience that was there talking about it and the breadth of disparity of opinion with respect to where we go as we go down the road. You know, NATO is one thing today. It is something that we can define. It is something that is tangible. It's something where we can clearly understand its mission.

But every expansion poses as yet undefined and unanswered questions with respect to that future mission. It is an organization that, as we know, works on consensus. That consensus may be harder and harder to draw as the mission definition changes.

So I think it is a little more complicated than perhaps some people have yet come to grips with. I am not suggesting that only those people have a sense of its complexity. But I do think, as we go down the road here, there are some very significant questions. I mean, Russia is a major cooperator with us in Bosnia. I think you have to be thoughtful about what really will matter to the whole series of relationships that we have with Russia and that we need to have with respect to a lot of other issues as we go down this road.

So I, for one, am unwilling to suggest that a decision as to what NATO will be or who will be members will be up to only those countries that decide they want to join. I think we have to be very careful about that, Mr. Chairman.

Mr. NOWAK. Senator, I believe that NATO will be much stronger after these three countries and others are included because they are traditionally pro-American and pro-Western. Therefore, the balance of power within NATO will shift to the advantage of the United States, its presence in Europe and its leadership.

I believe that as I know these countries.

Senator KERRY. Let me say that I absolutely agree with you. I have no question but that NATO will be stronger for the admission of the countries that we are currently considering admitting and that I am convinced, obviously, will be admitted. We will ratify it. I have no doubt about that.

But I think there are, as yet, a series of unanswered questions about what comes next. That is all I am suggesting, that we should not be in automatic gear here. We need to be very thoughtful about it.

Senator SMITH. Thank you, Senator.

Thank you very much, Mr. Nowak.

We will stand in brief recess. We will be right back and will carry on, hearing from Mr. Bob Doubek.

[Recess]

Senator SMITH. The committee will come to order. We apologize for the recess, but we were sent here to vote and we did it as quickly as we can.

We are going to have to ask, in order to accommodate everyone who wishes to be heard, when you give your testimony, please do so as quickly as we can. Obviously we would appreciate that.

Now we will call forward Mr. Bob Doubek, President of American Friends of the Czech Republic. Mr. Doubek, welcome.

STATEMENT OF ROBERT W. DOUBEK, PRESIDENT, AMERICAN FRIENDS OF THE CZECH REPUBLIC, WASHINGTON, DC

Mr. DOUBEK. Thank you very much, Mr. Chairman. I am President of American Friends of the Czech Republic and I thank you for the opportunity to testify. By way of identifying myself, I served in Vietnam as an Air Force officer and I was a leader of the effort to build the Vietnam Veterans Memorial on the Mall. In 1986, the Senate voted to award me a Congressional Gold Medal.

I speak today in behalf of Americans who support the Czech people. This includes 140 major corporations, who have invested over $1 billion, thousands of Americans who work and live in the Czech Republic, thousands of Americans of Czech birth, millions of Americans of Czech descent, and millions of Americans who are otherwise friends of the Czech people. We support NATO enlargement and the membership of Poland, the Czech Republic, and Hungary.

The Czechs will be great allies. This is because they have a deep and abiding friendship for the United States, because our countries share many historical ties, and because we share many key values, especially civil and religious liberty.

The strategic location of the Czech Republic, it political stability, and its human and industrial resources will strengthen NATO. The Czech State has been part of the West for over 1,000 years. It was part of the Holy Roman Empire. The Protestant Reformation had its roots there with the teachings of John Hus. After 3 centuries of national subjugation, the Czech people fought with the allies in World War I and achieved their independence. The Czechs, then, with the Slovaks formed what became the only democracy that functioned in Central Europe through the Munich Agreement. Czechoslovak soldiers and airmen fought on the allied side in World War II, suffering 10,000 combat deaths.

In 1948, after less than 3 years of revived freedom, the Soviet backed communists took over the country and turned it into a police State. The Czechs in 1968 tried to reassert their independence but were crushed by the Warsaw Pact. In the last 8 years, however, they have reclaimed their heritage as a free and democratic nation. They wish now to rejoin the Western family of nations.

Ties between our countries are centuries old. The first Czech immigrant came in 1633 and surveyed the Chesapeake Bay region. The Moravian Brethren who settled in North Carolina and Pennsylvania beginning in the 1740's were of Czech descent. So was a signer of our Declaration of Independence.

A code of Czech laws written in 1579 contributed to our Bill of Rights. Many Czechs served in the Union Army in the Civil War, and the wife of Thomas Masaryk, the first President of Czechoslovakia, was an American from Brooklyn, a Mayflower descendant.

Their Declaration of Independence was patterned after our own.

Czechs and their descendants have made major contributions to America in many fields. We can talk about John Havlicek in sports, Kim Novak and Sissy Spacek in film, but especially astronauts Eugene Cerna, James Lovell and John Blaha in space.

McDonald's, which is the worldwide symbol of American business enterprise, was founded by an American of Czech descent, Ray Kroc.

Czechs supported America in the Gulf War. Their contribution to the peacekeeping forces in Bosnia exceeds our own in proportion to their population. They made a firm commitment to increase their defense spending to meet NATO norms and the Czech people now support NATO membership by two to one.

America left much blood and treasure in Europe in World Wars I and II. NATO prevented World War III and won the cold war. The extension of NATO to Central Europe will enhance its ability to defend freedom and democracy against new threats.

Democracies do not invade one another, and NATO membership will give these countries the security to flourish as democracies. With the addition of these capable and committed allies, NATO will be politically, militarily, and morally strengthened.

The costs of not expanding NATO would be far greater than enlargement, as shown by Bosnia. The ultimate cost of not enlarging NATO is incalculable because the alliance would probably not support such inertia.

Prague is closer to Dublin than to Moscow. It is closer to Copenhagen than it is to Sarajevo. The Czechs have contributed to Western culture, science, art, and industry. They want to contribute now to Western security.

The status quo is not an option. The choice is between an enlarged NATO, preserving it, or delivering a death sentence.

Czech President Vaclav Havel said it well: "If the West does not stabilize the East, the East will destabilize the West."

Thank you.

[The prepared statement of Mr. Doubek follows:]

PREPARED STATEMENT OF MR. DOUBEK

I. INTRODUCTION

Mr. Chairman, Members of the Committee. My name is Robert W. Doubek. I am the president of American Friends of the Czech Republic (AFoCR), a national educational and advocacy organization based in Washington, DC. I thank you for the opportunity to testify today.

By way of identification, I served as an Air Force officer in Vietnam in 1969. I was a principal leader in the effort to build the Vietnam Veterans Memorial, for which the Senate in 1986 voted to award me a Congressional Gold Medal.

The mission of AFoCR is to assist the Czech people in rejoining the Western family of free and democratic nations. We speak for the many and varied American constituencies supporting the Czech Republic. These include almost 140 major U.S. corporations with business and investment interests, the thousands of Americans presently residing and pursuing careers in the Czech Republic, thousands of Americans of Czech birth, millions of Americans of Czech descent, and the millions of Americans who have visited the Czech Republic or otherwise are its friends.

We wholeheartedly support the enlargement of the North Atlantic Treaty Organization and the admission of Poland, the Czech Republic and Hungary. Because others today will speak to Poland and Hungary, I limit my remarks to the Czech Republic.

We support the admission of the Czech Republic because the Czechs will be among the best allies that the United States has ever had. This is because of their deep and abiding friendship and admiration for America, the many and substantial historical links between the Czech and American peoples, and the broad range of values shared by Czechs and Americans. Throughout their history, the Czech people have valued learning and civil and religious liberty. Since the American Revolution, they have looked to America as a beacon of hope embodying these values.

Furtherrnore, the strategic location of the Czech Republic in the heart of Europe, its stability, its industrial and human resources, and its military capabilities will strengthen the NATO alliance.

II. THE CZECH REPUBLIC AND ITS HISTORY

The present day Czech Republic occupies the historical regions of Bohemia, Moravia, and part of Silesia. Bohemia emerged as a European state more than a thousand years ago. One of its earliest princes was Wenceslas, who died in 929, but whose memory lives on in our Christmas carol. The Czechs were Christianized by the Roman church and were an integral part of the Holy Roman Empire. In the 14th century the Czech state flowered as a center of commerce, learning and government under King Charles IV, who became Holy Roman Emperor and founded Charles University in Prague in 1348.

The Protestant Reformation had roots in Bohemia with the teachings of John Hus, who reformed the liturgy, introduced the vernacular in worship and preached the primacy of the Gospel. These innovations were embraced a century later by Martin Luther, who acknowledged the role of Hus. By the year 1600, the majority of the Czech population of Bohemia and Moravia was Protestant.

In the year 1620, however, the Czechs suffered a calamitous military defeat at the Battle of the White Mountain and lost their national independence for almost three centuries. During this time, religious, civil and educational liberties were suppressed, and the Czech language lived on only among the peasants and working people.

A national reawakening occurred in the 19th century and brought with it the idea of national independence. During World War I Czech prisoners of war and deserters formed the Czech Legions to fight with the Allies for the independence of their country. With freedom in 1918 the Czechs, together with the Slovaks, formed what was the only functioning democracy in Central Europe as of the Munich Agreement in October 1938. During World War II many Czech soldiers and airmen escaped and fought bravely in the Allied side. Czech pilots were instrumental in winning the Battle of Britain, Czech bomber squadrons bombed Germany, and Czech infantry units distinguished themselves at Tobruk, in North Africa. Czechoslovak combat deaths exceeded 10,000.

In early 1948, after less than three years of revived freedom, the Soviet-backed communists took over the country and turned it into a police state. When the Czechs in 1968 again tried to assert their independence, the Soviet Union and its satellites invaded and crushed the freedom movement.

For many years it seemed that all hope was lost, but in 1989 the Czech and Slovak peoples overthrew communist domination and set out to create a new future.

Czechoslovakia peacefully divided itself as of January 1, 1993, and the Czechs have reclaimed their heritage as a free and democratic country, and they want to rejoin the Western family of free and democratic nations. Only by being part of NATO can they be assured of peace and freedom, as well as the opportunity to help defend and further them.

It is important to note that the Czechs never have attacked any other country, and Bismarck, the first Chancellor of a united Germany stated that whoever controls Bohemia controls Europe.

III. The American Constituencies for the Czech Republic

The American constituencies for the Czech Republic are many and varied. Currently almost 140 major U.S. corporations have business interests and investments in the Czech Republic. These include Boeing, Bristol-Myers Squibb, Continental Airlines, Ford Motor, ICF Kaiser, Kodak, Philip Morris, Proctor & Gamble, and United Technologies, all of whom have supported AFoCR. Total U.S. direct investment in the Czech Republic through 1996 exceeded $1.0 Billion.

Currently almost 20,000 Americans, especially younger people, are residing and working in the Czech Republic. Some have worked on public service, such as teaching English and democracy, while others have started entrepreneurial ventures to take advantage of the many business opportunities. A prime example is the weekly English language Prague Post newspaper, which is owned by a young American woman.

Since 1989 hundreds of thousands, if not millions, of Americans have visited the Czech Republic and have been enchanted by its natural beauty, its artistic and architectural treasures, its cultural life, and the friendliness and industry of its people. Czech President Vaclav Havel, the playwright dissident who led the Velvet Revolution, is one of the world's most admired statesmen. Last month in Washington he received the J. William Fulbright Award for Statesmanship from the association of former Fulbright scholars.

One example of the range of American support for the Czech Republic is the initiatives of the University of New Orleans, which has an exchange program with Charles University allowing both Czech and Louisiana students to study abroad. A further example is the Jacksonville, Florida, Chamber of Commerce which has conducted trade missions for Florida business leaders to the Czech Republic and hosted Czech business people for training in American management practices.

A fourth major constituency for the Czech Republic is the body of almost two million Americans of Czech descent, who reside throughout the United States, but primarily in the states of Illinois, Texas, Minnesota, Iowa, Missouri, Wisconsin, Michigan, Ohio, Nebraska, and now Florida, Arizona and California. Although the first Czech immigrant came in 1633, significant Czech immigration began after 1848 and swelled between the years 1880 and 1914. Czech immigrants in this period were primarily farmers and skilled tradesmen, and the Czechs had the highest rate of literacy of all ethnic groups coming through Ellis Island.

A fifth major constituency is comprised of Americans of Czech birth, who fled the Nazi occupation of 1939, the communist coup of 1948, and the Soviet invasion of 1968. Refugees to the U.S. from Hitler numbered about 20,000, and Czech immigrants between the years 1946 and 1975 numbered over 27,000. This is an extremely highly educated group of people, among which are many professors and scientists who occupy positions in major U.S. universities and government research facilities. They are concentrated in Massachusetts, New York, Maryland, Virginia, and California.

IV. American/Czech Influences and Connections

The first known Czech immigrant was Augustin Herman, a surveyor who came to New Amsterdam in 1633. He created the first map of the Chesapeake Bay region and received 13,000 acres in Maryland. Today the Bohenua River flows through his former lands into the northern tip of the Bay. A signer of the Declaration of Independence, William Paca of Maryland, was of Czech descent.

Another significant infusion of Czech values came with the arrival of the Moravian Brethren into Pennsylvania and North Carolina beginning around 1740. The Moravian Brethren were disciples of John Hus who had fled to Germany to practice their Protestant beliefs. Although they spoke German when they immigrated to America, their liturgy and music reflected their Czech origins. Czech values influenced America's founding fathers. At Colonial Williamsburg, Virginia, in the exhibit of documents that contributed to our Bill or Rights is the Czech Code of 1579.

Many Czechs served in the Union Army in the Civil War, and by 1870 there were over 40,000 living in the United States. One of the earliest organized efforts of

Czechs in America was the founding of fraternal benefit societies to care for one another, their spouses and children. The story of the struggle of these immigrants was poignantly told in the novel "My Antonia" by Nebraska author Willa Cather.

In 1892, Czech composer Antonin Dvorak was invited to head the National Conservatory in New York. His New World Symphony, incorporating the influences of Black spiritual music as well as nature, has been a major contribution to American culture. His legacy directly influenced the development of the American classical work of George Gershwin and Aaron Copland.

With the outbreak of World War I Czechs in the United States played a major role in the Czech independence movement, which was led by Professor Thomas Masaryk, whose wife Charlotte Garrigue, was an American from Brooklyn, New York. Some 3,000 Americans joined the Czechoslovak Legions to fight in France, and 40,000 Americans of Czech and Slovak origin served in the American forces.

During the war a network of 80 Czech immigrants spied on the German and Austrian businesses and embassies where they worked. They exposed the infamous Zimmermann telegram, which played a major role in the U.S. decision to enter the war.

The newly designed Czechoslovak flag was flown for the first time at the Plaza Hotel in New York, and on October 18, 1918, the Czechoslovak Declaration of Independence, which was patterned after our own, was proclaimed in Washington, DC.

Another indication of the ethics and values of the Czech people is that their descendants have made very good Americans, who have made major contributions in business, the trades, professions, arts and sports. Some well known names in various fields of endeavor are:

Politics: Mayor Anton J. Cerniak, Senator Roman Hruska, and Congressman Charles Vanik
Space: Astronauts Eugene Ceman, James Lovell and John Blaha
Science: Dr. Ales Hrdlicka—Curator of the Smithsonian Institution
Military: Lt. Col. David Hrdlicka and hundreds of other names on the Vietnam Veterans Memorial
Business: Bulova Watch Co. and Ray Kroc, founder of McDonald's Corporation
Arts: Rafael Kubelik, Rudolf Firkusny and Jarmila Novotna
Movies: Sissy Spacek, Kim Novak, and Milos Fonnan
Sports: George Halas, George Blanda, John Havlicek, Jay Novacek, as well as Czech born hockey and tennis players

V. The Czechs as Allies

The Czechs have participated in numerous military exercises under the Partnership for Peace, and have earned the praise of U.S. officers. The Czech Republic sent a unit to the Gulf War that was instrumental in identifying chemical agents. The Czech Republic currently has a Mechanized Battalion serving with the NATO peace keeping forces in Bosnia and Czech troops levels exceed that of the U.S. in proportion to their population.

The Czech Government has made a firm commitment to increase its spending on defense so as to reach NATO levels by the year 2000. The Government has confirmed this commitment in its 1998 budget, even in the face of pro rata reduction in most other areas due to the damage from the catastrophic floods last July.

While the percentage levels of support for joining NATO among the Czech population have not been as high as in Poland and Hungary, the lower percentages can be explained by the fact that the Czechs, unlike the Poles and Hungarians, do not have a tradition of military glory as a nation state. Yet, an October survey by the U.S. Information Agency showed that the Czech people were 2 to 1 in favor of NATO membership.

VI. The Importance of NATO Enlargement

Recognizing the importance of NATO enlargement to the United States is as easy as I, II, III: World War I, World War II and World War III. Americans in large numbers answered the call in World War I and left much of their blood and treasure on the fields of Europe. Following that war, however, the spirit of isolationism prevailed and Americans left Europe and, like most Europeans, disarmed.

Only twenty years later, Americans in large numbers had to answer the call in World War II and return to Europe, shedding much more blood and treasure on the same fields. Following that war, however, the tragic lesson of World War I prevailed and Americans maintained their presence in Europe. With our European allies and even their former adversaries, Americans helped create and sustain the most powerful and effective Alliance the world has ever known. That Alliance, and the solidar-

ity of its membership, not only prevented World War III, but secured victory in the Cold War without major bloodshed in Europe.

NATO is adapting, as it must, to new threats by attempting to project its stability eastward, working with its new partners and allies to consolidate, strengthen, extend and secure the peace. The extension of NATO membership to democracies in Central and Eastern Europe will enhance NATO's ability to adapt and continue to defend the freedom and democratic political systems of its members against these new threats.

First, one of the most reliable guarantees against aggression is the spread of democracy; democracies do not invade one another and do not engage in aggressive wars. The extension of membership will also help provide the security in which these young democracies can set deep, sturdy roots and flourish so as to contribute fully to Alliance goals well beyond their own borders.

With the addition of capable and committed allies in Central and Eastern Europe, NATO will be politically, militarily and morally strengthened and all the better prepared to address its security concerns and prevent conflict in that region and elsewhere, as well as respond to it if necessary.

If NATO were not to extend its membership, if it were to ignore the need for integrating these new democracies with the West and for creating a Europe free, undivided and secure, or if it were to leave this task to some other organization, the costs would be far greater than those for enlargement. For example, the United States currently spends far more on its involvement in the former Yugoslavia than it will need to pay toward NATO enlargement, and it would be spending far less there if a concerted NATO effort had been marshaled early to deter the conflict. Moreover, if the new democracies were forced to provide for their own defense independent of any collective security arrangement, their expenses would be far greater than those required for NATO membership and would be far less cost-effective. To quote German foreign minister Klaus Kinkel: "We do not want a re-nationalization of defense policy; we want multilateral integration instead."

The ultimate cost of not extending membership to the new democracies is probably incalculable, because NATO would not survive such inertia—the status quo would be untenable—and the current configuration of NATO would atrophy and disintegrate. European nations would lose their primary bond to collective security, and slide backward toward the dangers of pre-Alliance diplomatic and military perspectives. Central and Eastern Europe would remain a security vacuum in which freedom and democracy would have far less chance to prosper, and the United States might well find itself returning to Europe once again to shed more blood on the same fields.

VII. Conclusion

The Czechs will be among the best allies that the United States has ever had because of their deep and abiding friendship and the broad range of values which we share. The strategic location of the Czech Republic, its stability, its industrial and human resources, and its military capabilities will strengthen the NATO alliance.

Prague is closer to Dublin than it is to Moscow. Prague is closer to Copenhagen than it is to Sarajevo. The Czech people throughout their history have contributed to Western culture, science, industry, art and prosperity. They now want to contribute to Western security.

The status quo is not a real option. The United States Senate will not be choosing between enlarging NATO and preserving it in its current state. The choice is between preserving NATO in an enlarged form or delivering its death sentence.

For almost fifty years, NATO has maintained peace and freedom for America and Western Europe. It can do the same for the Czechs and other former communist-dominated countries if they are admitted. If they are not, we can expect real problems and costs. Czech President Vaclav Havel said it well: "[I]f the West does not stabilize the East, the East will destabilize the West."

I thank you again for the opportunity to testify.

Senator SMITH. Thank you very much, Mr. Doubek.

We will now call Mr. Mati Koiva, who is a member of the Board of the Joint Baltic American National Committee, Incorporated. We welcome you, sir.

STATEMENT OF MATI KOIVA, MEMBER, BOARD OF DIRECTORS, JOINT BALTIC AMERICAN NATIONAL COMMITTEE, INCORPORATED, AND PRESIDENT, ESTONIAN AMERICAN NATIONAL COUNCIL, ROCKVILLE, MARYLAND

Mr. KOIVA. Thank you, Mr. Chairman, members of the committee. We have submitted written testimony and also I will now present a summary of that.

I welcome this opportunity to appear before you to discuss the importance of a successful ratification vote for NATO enlargement and the necessity, commitment, and timetable for further enlargement.

The Joint Baltic American National Committee represents over 1 million Americans of Estonian, Latvian, and Lithuanian descent. JBANC strongly believes that the long-term national security and economic interests of the United States demand an unwavering commitment to an enlarged NATO to the countries of Central and Eastern Europe, including Estonia, Latvia, and Lithuania.

With U.S. leadership, a stable and democratic Europe has been restored after two costly world wars and a 45 year cold war. We can sustain this stability by overwhelmingly ratifying an amendment to the Washington Treaty allowing Poland, Hungary, and the Czech Republic to become full NATO members, which will begin the enlargement process.

JBANC holds the position that the European Security Act of 1997 is a part of the NATO enlargement process. This act, which received overwhelming support from the House and subsequent adoption by the Senate, states that Estonia, Latvia, and Lithuania should be invited to become full NATO members at the earliest possible date and makes them eligible for transition assistance.

The Security Act, now part of the State Department Authorization Act, is held up in conference. JBANC urges the House and Senate to resolve the situation to assure the enactment of the European Security Act in the year of its designation, that is, 1997.

Similarly, JBANC also fully endorses the Foreign Operations Appropriations Act of 1997 and urges its final passage.

Our specific recommendations for the ratification process and continued enlargement are as follows. First, the U.S. must unequivocally express its commitment to NATO enlargement to assure ratification in the parliaments of other members.

JBANC urges the Senate to ratify the NATO treaty in a way that clearly supports continued enlargement without any restrictions on a time line for a second wave. Any delay in the process provides an opportunity for unsettling European stability and encourages anti-NATO nationalists in a volatile Russia.

Second, JBANC urges the administration to issue a timetable and strong commitment for further enlargement. In 1999, when Hungary, Poland, and the Czech Republic become full NATO members, countries designated by Congress as being eligible for NATO transition assistance, including Estonia, Latvia, and Lithuania, should be invited for accession talks.

Third, JBANC fully endorses the position that overall stability and security in Europe can be best accomplished through an expedited enlargement of NATO to all nations that desire to join and who qualify.

It is critical that the Baltic countries of Estonia, Latvia, and Lithuania, who are now structuring their defense forces to NATO standards and participating in NATO's Bosnia operations become full NATO members by 2001.

The U.S. never recognized the Soviet occupation of the Baltics. They should not be treated any differently from other NATO candidates, as Russia wants us to believe. JBANC remains concerned about reports that contradict the President's assurances that Russia does not have an implicit veto over NATO enlargement.

Russian officials have repeatedly voiced opposition to Baltic membership in NATO. Less than 2 weeks ago, Russian President Boris Yeltsin issued a statement saying that the Russian side has already stated that we do guarantee the security of the Baltic countries. He suggested that these guarantees be a unilateral obligation of Russia through mutual security and friendship agreements between Russia and the Baltic countries.

These offers of security guarantees and friendship treaties are reminiscent of a 1939–1940 occupation of the Baltic countries and similar events in the region that started World War II.

We ask the Baltic and U.S. Governments not to be lulled into a false sense of security but to move ahead vigorously with NATO expansion. The final passage of the European Security Act by Congress would demonstrate U.S. resolve of this action.

We conclude with a plea to the committee, that since the U.S. is committed to shaping a peaceful and undivided Europe, the Baltic countries must be included in its security architecture.

We strongly support Secretary Albright's statement that all States large and small must have the right to choose their own alliance in a new Europe. It is in the U.S. national security and economic interest to enlarge NATO to Central and Eastern Europe, including Estonia, Latvia, and Lithuania.

Thank you.

[The prepared statement of Mr. Koiva follows:]

PREPARED STATEMENT OF MR. KOIVA

Mr. Chairman and members of the committee: I welcome this opportunity to appear before you to discuss the importance of a successful ratification vote for NATO enlargement and the necessity of a commitment and timetable for further enlargement.

The Joint Baltic American National Committee, Inc. (JBANC) represents over one million Americans of Estonian, Latvian and Lithuanian descent. JBANC strongly believes that the longterm national security and economic interests of the U.S. demand an unwavering commitment to enlarging NATO to the countries of Central and Eastern Europe, including Estonia, Latvia and Lithuania.

In this century, the United States was called upon to fight two costly World Wars and a 45-year Cold War in Europe. NATO allies with U. S. leadership were essential in restoring peace, freedom and democracy to the current stable Europe,.

In order to further foster a peaceful, undivided and democratic Europe, the Alliance extended invitations in Madrid to Poland, Hungary and the Czech Republic for accession talks. In keeping with the pledge of an open door policy for further enlargement, the NATO Madrid Declaration supports the Baltic countries as aspiring members.

JBANC urges the Senate to overwhelmingly ratify an amendment to the Washington NATO Treaty allowing Poland, Hungary and the Czech Republic to become full NATO members, which will begin the enlargement process.

Since NATO enlargement is viewed as an on-going process, JBANC holds the position that the European Security Act of 1997 is a part of the process. JBANC is pleased to be a leading supporter of this Act which received overwhelming support from the House. The Act designates the Baltic countries as being eligible to receive

funding to help them qualify for NATO in the future. The Act also states that Estonia, Latvia and Lithuania should be invited to become full NATO members at the earliest possible date. This language was also strongly adopted by the Senate.

The European Security Act, now a part of the State Department Authorization Act (H.R. 1757) is held up in conference committee due to unrelated family planning amendments. JBANC urges the House and Senate leadership to resolve these issues and to enact the European Security Act in the year of its designation, i.e. 1997.

JBANC also fully endorses the Foreign Operations Appropriations Act of 1997 which received overwhelming support in Congress. This includes funding to assist the Baltic defense forces to prepare for NATO. JBANC urges its final enactment.

That brings us to our specific recommendations for the ratification process and continued enlargement:

First, the U.S. must unequivocally express its commitment to NATO enlargement if the ratification process in the parliaments of the other fifteen NATO allies is to be achieved. JBANC strongly supports an overwhelming ratification vote in the Senate for Poland, Hungary and the Czech Republic which will reflect the confidence among American voters that NATO enlargement is in the U.S. best interests. This in turn enhances the open door policy enabling a second wave of enlargement, including the Baltic countries.

JBANC urges the Senate to ratify the NATO treaty in a way that clearly supports continued enlargement without any restrictions on a timeline for the second wave.

Second, JBANC believes that not only must there be a successful vote for NATO ratification in the Senate but the Administration must issue a timetable and strong commitment for further enlargement. In 1999 when Hungary, Poland and the Czech Republic become full NATO members, all the countries that have been designated by Congress as being eligible for NATO transition assistance, including Estonia, Latvia and Lithuania should be invited for accession talks.

Any delay in the process of continued enlargement provides an opportunity for those whose aim is to destabilize Europe, thus decreasing the Allies' security. Hesitation in completing the enlargement process encourages anti-Western forces in Russia. In the long term, a delay in the process would adversely affect the security and economic interests of the United States.

As has been noted by many commentators, the Baltic countries are the most exposed and at risk of all the NATO aspirants in Central and Eastern Europe, by virtue of their geography and history of being forcibly annexed by the USSR. The U.S. never recognized the Soviet occupation of the Baltic countries. Therefore they should not be treated any differently from other countries in Central and Eastern Europe for NATO membership. If democratic reform in Russia falters and if NATO enlargement is incomplete, the Baltics could be relegated to a gray zone of instability. A gray zone in the Baltic region encourages a volatile Russia to renew expansionism.

Third, JBANC fully endorses the position that overall stability and security on the European continent can be best accomplished through the enlargement of the NATO alliance to all nations of the region that desire to join and meet the membership criteria. At this critical juncture, it is necessary that the Baltic countries of Estonia, Latvia and Lithuania become full NATO members by 2001.

JBANC remains deeply concerned about reports that contradict the President's assurances that Russia does not have an implicit veto over NATO enlargement. Russian officials have repeatedly voiced opposition to Baltic membership in NATO and have extended Russian security guarantees in return—as demonstrated by Russian Prime Minister Chemomyrdin in Vilnius, Lithuania.

More recently in Moscow, President Boris Yeltsin issued a formal statement regarding Russian relations with the Baltics, "The Russian side has already stated that we do guarantee the security of the Baltic countries. As a follow-up to this initiative we suggest that such guarantees should be given in the form of a unilateral commitment of the Russian Federation backed, perhaps, in terms of the international law, by an agreement on good-neighborliness and mutual security provision between Russia and individual Baltic countries or between Russia and all three Baltic countries." (Article attached).

These offers of security guarantees and good-neighborly treaties are reminiscent of the 1939-1940 occupation of the Baltic countries and similar events in the region which started World War II. We urge the Baltic governments and the U.S. not to be lulled into a false sense of security but to move ahead vigorously with the inclusion of the Baltics and others into NATO.

The Administration's lack of a public denouncement of Yeltsin's statement emphasizes the urgency for the European Security Act to be passed in this session of Congress. This Act designates the Baltic countries as being eligible to receive funding to help them qualify for NATO in the future and states that they should be invited to become full NATO members at the earliest possible date. The final passage of

the European Security Act will demonstrate U.S. support for the Baltics security, sovereignty and territorial integrity.

JBANC holds the position that enlarging NATO to emerging democracies in Central and Eastern Europe, including Estonia, Latvia and Lithuania promotes not only the institutionalization of democracy and market economies but also good-neighborly relations and settlements of minority issues.

Legislation and Congressional statements of support for Baltic membership in NATO clearly indicate that the Baltics would make outstanding contributions to furthering the goals of NATO and that they should be invited to become full NATO members at the earliest possible date.

In this session of Congress, Senators Richard Durbin (D-IL) and Slade Gorton (R-WA) co-chair the Baltic Freedom Caucus, consisting of Senators Carol Moseley-Braun (D-IL), Joseph Lieberman (D-CT), and Charles Grassley (R-IA). All have demonstrated strong support for the Baltic peoples' security concerns. Senators Durbin, Gorton and Mitch McConnell (R-KY) have been instrumental in sponsoring legislation which fully endorses Baltic security issues.

In the House, International Relations Committee Chairman Ben Gilman (R-NY), Gerald Solomon (R-NY) and Henry Hyde (R-IL) have taken the lead on legislation which strongly supports the security concerns of the Baltic countries. JBANC would like to thank all Members of Congress who have demonstrated outstanding support for the security interests of the Baltics.

JBANC believes the Baltic countries are meeting the criteria for NATO membership. The Baltics are succeeding in implementing democratic and economic reforms. They have made tremendous progress toward establishing civilian control of their militaries, good-neighborly relations, making commitments to protect the rights of all their citizens and adhering to the rule of law.

The Baltic countries are building their defense forces by NATO standards. They are working to achieve interoperability between their defense forces and NATO. They are cooperating in a regional airspace initiative, improving their communication and information systems and command and control. The Baltics have shown their willingness to be producers, not just consumers, of security by joining NATO's Partnership for Peace program with increased support for activities and by providing troops for NATO-led operations in Bosnia.

We want to conclude with a plea to the Committee that since the U.S. is committed to shaping a peaceful and undivided Europe, the Baltic countries must be included in the security architecture. Stability in the entire Baltic Sea region promotes stability in all of Europe.

We strongly support Secretary Madeleine Albright's statement that all states, large and small, must have the right to choose their own alliances and associations in the new Europe. It is in the U.S. national security and economic interests to enlarge NATO to the emerging democracies of Central and Eastern Europe, including Estonia, Latvia and Lithuania.

Thank you.

Senator SMITH. Thank you, Mr. Koiva. Obviously, you don't think that the Baltics' former status as part of the Soviet Union really changes their status any more than Poland, Hungary, or the Czech Republic?

Mr. KOIVA. No. We believe it should not.

Senator SMITH. Thank you very much for your testimony.

Mr. KOIVA. Thank you.

Senator SMITH. We will now call up Hon. Paula Stern, representing the U.S. Committee to Expand NATO. We welcome you.

STATEMENT OF HON. PAULA STERN, PRESIDENT, THE STERN GROUP, NEW YORK, NEW YORK, ON BEHALF OF THE U.S. COMMITTEE TO EXPAND NATO

Ms. STERN. Thank you very much. We brought several items to show and tell with us. Gloria Jones is assisting in putting them up.

Thank you very much for inviting me to testify here. I am delighted to be here to speak about guaranteeing European and American security for the 21st Century for that is what I believe will be achieved by expanding NATO to include the Central European democracies of Poland, Hungary, and the Czech Republic.

In sharing with you my convictions that NATO enlargement is absolutely justified, I draw your attention to these two posters that I have brought with me. They were produced by the U.S. Committee to expand NATO, which is a bipartisan group of which I am a member. Both distill some fundamental truths that should be kept in mind as you and your colleagues in the Senate decide how to vote on this issue.

The one which is the Price of Peace is a good example. There is a cost. There is a price. But I think you have to consider that the cost of not ratifying NATO expansion would be staggering. This demonstrates that you could calculate that the price would be, the cost to the taxpayer would be about as much as it would to buy a kid a candy bar. Following Halloween, I certainly think we could afford to get rid of a lot of that candy.

Wes Clark, the current SACEUR, said that an ounce of prevention is worth a pound of cure. I would add to that that since the cost of expansion is less than a candy bar, it certainly would also be less fattening.

I would not go on and talk about other, broader economic consequences.

When the North Atlantic Treaty was ratified in 1949, the alliance was dedicated to containing the threat posed by the Soviet Union and to providing America's allies in Europe with a crucial security umbrella that they would need to rebuild their economies and strengthen their democratic institutions in the aftermath of World War II.

Today, with the geopolitical landscape of both Europe and the world dramatically changed, NATO's mission must also be adjusted, even as it remains the security alliance it has always been. In effect, by opening itself to Poland, Hungary, and the Czech Republic, NATO is extending assurances of stability that will allow those nascent democracies and free markets in these newly sovereign States to flourish.

As one who is particularly concerned about the economic ramifications of NATO expansion, I am convinced an enlargement under consideration is all to the good. Consider, for instance, the economic impact of NATO—inspired stability among its existing member States. Statistics show that in 1996, two-way trade across the Atlantic reached $544 billion and two-way investment was a staggering $776 billion, making that trade relationship between the U.S. and European allies the most significant in the world today.

Clearly, what must be said about this trade relationship and its vitality is that it simply would not have materialized without NATO. So, at the same time, in considering enlargement of the alliance we need to recognize these other aspects of NATO's mission, that it was set up to safeguard the freedom, common heritage, and civilization of its member nations' peoples; that it was founded on the principles of democracy, individual freedom and the rule of law; and that its success is a testament to the fact that it has become more than just a security arrangement.

With the fall of the Berlin Wall and the collapse of the former Soviet Union, it is now time for NATO to become something new again—an organization that reflects the changes in the landscape that surrounds it. What better way to reflect such changes than to

extend the peace, stability, and prosperity NATO member nations have enjoyed to the three young democracies most deserving and desirous of joining?

In fact, it must be said that even the prospect of joining NATO is having a tremendous impact on the development of these new market economies. GDP growth in Poland, Hungary, and the Czech Republic ranges between 4 and 5 percent, far faster than the rest of Europe. Moreover, infrastructures are improving and the determination to create viable and successful open, free market economies is changing the way business is conducted.

Such vitality, of course, is providing many opportunities for U.S. businesses in these untapped and very promising markets. Trade and direct investment between these countries and the U.S. is growing and it will continue to do so. But the formula is clear: Transatlantic trade is vital to the success of NATO economies and NATO expansion will increase the opportunities for such trade.

Still, success is dependent on building confidence in tomorrow's future. We can talk about improving bilateral ties, or economic relations, or encouraging the European Union to take the lead, and so forth. But the bottom line for these countries, and really for any country, is that without security, without stability, economic progress is next to impossible.

Beyond Bosnia there remain real potential flash points of ethnic friction in Central and Eastern Europe, and the mere presence of NATO in the region can help keep these frictions from igniting. Ultimately, through the expansion of economic wellbeing, NATO's presence can, in fact, dissipate these frictions.

We should not get in the way of such possibilities and we should bear in mind in our own deliberations that if we do not advance the twin ideas of enlargement of NATO and adjustment in its mission, we would put that institution at risk of not surviving.

Ultimately, of course, in the absence of NATO, the cost of keeping the peace will fall on the shoulders of the United States alone, an eventually that I don't think any of us relishes.

Also I am convinced that NATO's expansion in Poland, Hungary, and the Czech Republic will do for these countries in the East what it did for the West after World War II. Rather than just a cost, there NATO enlargement must be seen as an investment in the future, in new markets, and in new opportunities for the U.S. economy.

I am not alone in that line of thinking. You must appreciate, for instance, the results of a recent study by the Pugh Research of American Political Opinion. It showed that, while a solid 63 percent of the American people support an expanded NATO, an overwhelming 91 percent of America's business leaders support future NATO enlargement.

Dana Meade, chairman and CEO of Tenneco, an early investor in Central Europe, recently said that these figures should not come as any surprise because—and I am quoting—"security and prosperity of America is inextricably tied to the security and prosperity of Europe."

Increased trade, however good for America, is not the only reason why I am a staunch supporter of NATO expansion nor why the Senate should be as well. The lessons from history are clear: Peace

in Europe should not be taken for granted. Rather, they must be nurtured, and NATO enlargement is part of that process of insuring that continued peace in Europe and the prosperity it brings to the United States.

It is clear that the prospect of NATO membership has encouraged positive developments in the economies of these countries, in their human rights records, and in their relationships with their neighbors. NATO enlargement will lock in that stability in Central Europe that we now enjoy.

I know that there are some issues surrounding the costs, as I said, but I believe that that price is marginal, especially if you look back at the vast costs of war.

Turning our back on these democracies by not expanding NATO would be a severe blow to the viability of all of their political, social, and economic reforms.

Now, briefly, I would just like to share with you the Transatlantic Business dialog's potential to facilitate NATO's expansion. I currently serve as an adviser to this TABD, the Transatlantic Business dialog, which is a group of business and government people. As a matter of fact, I will be leaving in a few hours for Rome to attend the government—business TABD conference. That is a unique example of entrepreneurial diplomacy by American and European businesses.

They sought to ferret out concrete barriers to trade and were instrumental in this year's Information Technology Agreement and in the U.S.—E.U. Mutual Recognition Agreement.

In closing, 50 years ago, the Marshall Plan resurrected Europe from the Second World War. That era is long gone. Invigorating the economies of Europe, especially those nations about to enter NATO, requires a business and commercial, not just a government sponsored economic outreach. The more quickly these new NATO members are integrated into the NATO economies, including that of the United States, the sooner they will be meeting fully their contribution to European security and to U.S. security.

Just as NATO expansion brings security, the TABD's equivalent expansion in the dialog that will be going on this week means that NATO economies will be brought in as well to enhance trade and prosperity while serving as a natural agent for helping the new NATO countries modernize their own economies.

NATO's expansion and even the prospect of membership is clearly moving Hungary, Poland, and the Czech Republic in the right direction. But, more importantly, NATO expansion is good for the United States.

Thank you.

[See appendix for supplemental material submitted by Ms. Stern.]

Senator SMITH. Thank you very much, Ms. Stern. We appreciate it.

I now call forward Mr. Daniel Plesch, Director, British American Security Information Council. We welcome you, sir.

STATEMENT OF DANIEL T. PLESCH, DIRECTOR, BRITISH AMERICAN SECURITY INFORMATION COUNCIL, WASHINGTON, DC

Mr. PLESCH. Good morning and thank you, Mr. Chairman, members of the committee. It is an honor to testify before you today on the Council's behalf.

Consideration of the desirability of expanding NATO should begin with the security needs of Europe. There is no conventional military threat to NATO or to Eastern Europe. Nevertheless, thousands of nuclear weapons could, despite President Clinton's assurances, destroy this country in an hour. The risk today is of accident and human error.

We must reduce and eliminate Weapons of Mass Destruction and further reduce the likelihood of any conflict to the East and South of NATO through the aggressive pursuit of arms control and nonproliferation measures.

Unfortunately, NATO enlargement is at best irrelevant to these policy priorities and appears to be slowing them down.

Even before the invention of nuclear arms, the leaders and peoples who fought two world wars realized that a system of military alliances alone always produces war and that these have become increasingly destructive. We had, first, the League of nations and now the United Nations. The first failed and the second is faltering.

This is happening for the same reason as in the 1920's. The great powers are returning to the belief that they can rely on their own military power alone.

We would do well to recall the words of the Atlantic Charter, of Franklin Roosevelt and Winston Churchill, who, in the dark days of August 1941, declared that they believed that all of the nations of the world, for realistic as well as spiritual reasons, must come to the abandonment of the use of force.

They further outlined the need for reductions in armaments leading to the creation of a system of general security.

It is becoming commonplace today to deride disarmament and arms control as ineffective and unverifiable. This is the worst form of defeatism for, if it is impossible to create effective disarmament measures, then in the long run nuclear war will be inevitable.

Fortunately, there is a great tradition of disarmament to be pursued. Ronald Reagan and Mikhail Gorbachev's INF and START treaties name but two.

Today, for the first time in history, there are no significant cross border conflicts in Europe. According to NATO's own assessments, the Russian Army barely exists and will take a generation to rebuild We need to build upon that opportunity with nonmilitary measures.

I would like now to come to a central issue in the nature of the alliance itself, Mr. Chairman. There is, unfortunately, a dangerous illusion at the heart of the pro-enlargement argument. NATO is said to offer a security guarantee. But if one looks at what President Clinton said in a letter to members of the Senate, he explained the Article 5 commitment in this way. Article 5 states that members will consider an attack against one to be an attack against all. It does not define what actions would constitute an "at-

tack" or prejudge what alliance decisions might be made in such circumstances.

Member States, acting in accordance with established constitutional processes, are required to exercise individual and collective judgment over this question. That is a case by case interpretation of Article 5.

Contrast that with the remarks of Secretary Albright in Prague, where she said above all, NATO membership means you will always be able to rely on us.

This weakness and contradiction has long been understood by officials in Europe. During the cold war, no one raised the matter in public except the French. In any case, it was assumed that any war would rapidly become nuclear, in which case the small print of documents would not become relevant.

Extending these commitments today is a very different matter. It is reckless of the administration to talk of guarantees in Eastern Europe but of loopholes when talking to the Congress.

The Hungarian people are soon to be asked to vote on whether they want a security guarantee from NATO. No one has shown them the small print. Bosnia is a critical case. The U.S. was and is reluctant to commit troops. We are led to believe that this reluctance would not exist were Bosnia or any other country to be in NATO. Yet, the answer given by President Clinton to Senator Hutchison and other members indicates in the clearest possible way that the NATO treaty does, indeed, contain an escape clause, permitting another Munich or Sarajevo.

We should recognize that there is not much difficulty between the commitments already given in the Partnership for Peace and the NATO treaty itself.

Mr. Chairman, all the arguments that one nation can put forward for inclusion in NATO can be put forward by its neighbor. We are faced with a chain of commitments leading through Russia to the borders of China. If NATO enlargement continues, we are just embarking on expanding NATO across Eurasia. If the process of enlargement is halted, we will again draw a new dividing line in Europe; that is to say, do we leave out Russia, do we leave out Poland?

The better, more modern approach will be going back to the wise words of Franklin Roosevelt and Winston Churchill to develop our political interest in all encompassing nonmilitary institutions.

For example, the Organization for Security and Cooperation in Europe has to do with just $55 million for its entire operating budget.

Mr. Chairman, I do not wish to take the time of this committee, but if I may, I would close with one final point with respect to nuclear weapons, which I think illustrates many of the key problems at the heart of this enterprise.

The United States rightly spent much time and energy insuring that Belarus and Ukraine became non-nuclear countries. Now, with the prospect of security guarantees to Poland, we are going to bring the Poles and other East Europeans into the NATO nuclear planning process. South Africa and many other countries, other than Belarus and Ukraine, see this as a problem within the Nonproliferation Treaty. This contradiction is, I believe, just one of

many, more detailed points that I trust, I am sure, the committee is looking at.

Thank you for your attention.

[The prepared statement of Mr. Plesch follows:]

PREPARED STATEMENT OF MR. PLESCH

Mr. Chairman, members of the Committee, it is an honor to testify before you today on the Council's behalf and to submit written testimony for the record.

Consideration of the desirability of expanding NATO should begin with the security needs of Europe today. There is no conventional military threat to NATO or to Eastern Europe. Nevertheless, thousands of nuclear weapons could, despite President Clinton's assurances, destroy this country in an hour. The risk today is of accident and human error.

We must reduce and eliminate Weapons of Mass Destruction and further reduce the likelihood of any conflict to the East and South, through the aggressive pursuit of arms control and non-proliferation measures. NATO enlargement is at best irrelevant to these policy requirements it appears to be slowing them down.

There has indeed been a revolution in military, indeed human, affairs brought about by the invention of nuclear weapons. For the first time humanity has the power of self-destruction. This necessitates a change in strategy which has yet to take hold amongst the great powers. This is not unusual, revolutions in thought do not happen quickly. In this case though the challenge to the human mind may be too great. The mass use of violence in war may remain attractive until it is too late. The future can only lie in global cooperation accompanying the global market.

Even before the invention of nuclear arms the leaders and peoples who fought two world wars realized that a system of military alliances always produces war and that these are increasingly destructive. As a result we had first the League of Nations and now the United Nations. The first failed and the second is faltering. This is happening now for the same reason as in the 1920s; the great powers are returning to the belief that they can rely upon their own military power alone.

We would do well to recall the words of the Atlantic Charter of Franklin Roosevelt and Winston Churchill, who, in the desperate days of August 1941 declared that, "they believe that all of the nations of the world, for realistic as well as spiritual reasons must come to the abandonment of the use of force." They further outlined the need for reductions in armaments leading to the creation of a system of general security. It is becoming commonplace to deride disarmament and arms control as ineffective and unverifiable. This is the worst form of defeatism. For if it is impossible to create effective disarmament measures then nuclear war will be inevitable.

Fortunately, there is a great tradition of disarmament to be pursued: Ronald Reagan's and Mikhail Gorbachev's INF and START Treaties.

Not long ago the confrontation with the totalitarian communist regimes of Eastern Europe made progress extremely difficult. Today for the first time in history there are no significant cross border conflicts in Europe.

According to NATO's own assessments, the Russian Army barely exists and would take a generation to rebuild. NATO has conventional military supremacy against any combination of adversaries to the East and South. There is no significant modern defense industrial base we and our allies do not control. In this uniquely favorable setting, we can do no less than those who worked in far more difficult times.

Mr Chairman, there is a dangerous illusion at the heart of the pro-enlargement argument. NATO is said to offer a security guarantee. It does not. President Clinton made this clear in a letter to members of the Senate. President Clinton explained the commitment in Article 5 of the NATO Treaty this way: "Article 5 states that members will consider an attack against one to be an attack against all." It does not define what actions would constitute "an attack" or prejudge what alliance decisions might be made in such circumstances. "Member states acting in accordance with established constitutional processes, are required to exercise individual and collective judgment over this question."

Contrast this case by case interpretation with Secretary Albright in Prague last July 17th. "Above all, it [NATO membership] means you will always be able to rely on us and we will always be able to rely on you ... If there is a threat to the peace and security of this country, we will be bound by a solemn commitment to defeat it together. For this reason, we can be confident such a threat is far less likely to arise."

The weakness of Article 5 of the North Atlantic Treaty has been long understood by officials in Europe. It is often contrasted with the clearer language of the West European Union which states; "If any of the High Contracting Parties should be the

object of an armed attack in Europe .... the other High Contracting Parties will afford the Party so attacked all the military and other aid and assistance in their power." Article 5 WEU Treaty.

The confrontation with the Soviet Union ensured that no one, except the French, raised this matter in public. In any case, it was assumed that any war would rapidly become nuclear in which case documents would not be relevant.

Extending these commitments today is a very different matter. It is reckless of the Administration to talk of guarantees in Eastern Europe but of loopholes when talking to the Congress. The Hungarian people are soon to be asked to vote on whether they want a security guarantee from NATO. No one has shown them the small print.

Bosnia is a critical case. The US was and is reluctant to commit troops. We are lead to believe that this reluctance would not exist were Bosnia or any other country to be in NATO. Yet the answer given by President Clinton to Senator Hutchison indicates in the clearest possible way that the NATO Treaty does indeed contain an escape clause permitting another Munich or Sarajevo. We should recognize that there is not much difference between the commitments already given in PfP and the NATO Treaty itsell

- Mr Chairman, all the arguments that one nation can put forward for inclusion in NATO can also be put forward by its neighbor, which produces a chain of commitments leading through Russia to the borders of China. The Administration is explicit that the door is open to all states in the Partnership for Peace.
- If NATO enlargement continues, we are just embarking on expanding NATO across Eurasia. The Administration is creating a massive new unfunded mandate. Former Secretaries Warren Christopher and William Perry believe that all nations within the Partnerships for Peace should be built up to the same military level as NATO members.
- If the process of enlargement is halted, we will again draw a new dividing line in Europe. That is to say do we leave out Russia or do we leave out Poland?
- The better and more modern approach would be to develop our political interest in a non-military institution. The Organization for Security and Cooperation in Europe has to operate on a budget of just $55 million for its work in mediation, arms control and elections. The creation of a greater pool of skilled personnel for these tasks is an international priority. The OSCE has some advantages for the US because it has the potential to involve it in European economic policy—a long standing and unfulfilled US goal. Certainly the OSCE is out of fashion, but this is because the US has shown little interest in it.

Mr. Chairman; There are additional negative consequences of the enlargement policy.

- We have betrayed our promise to Russia and are needlessly recreating conflict. The diplomatic record has been made clear by those who negotiated the end of the Cold War. The Russians were given commitments by the United States during the negotiations on Germany that NATO would not expand. NATO with Mrs. Thatcher's leadership, issued the "Declaration of Turnberry", in which we offered Russia a "Europe whole and free." There is no intention now of treating Russia as an equal partner, even though its has embraced both democracy and the free market economy. For hundreds of years Russia has been one of the powers of Europe. Despite suffering under absolute monarchy and communism its people played a positive role in European history and helped save Europe from the tyrannies of Napoleon and Hitler. To exclude them now from decision making is a clear return on our part to sphere of influence politics. Russia certainly pursues policies we do not like but so too do other states with whom the United States has good relations such as Japan and France. This is no reason to refuse to treat either these countries or Russia as genuine partners.
- NATO enlargement is likely to increase tensions and misunderstanding between those who join and those who are left out. The increased credit worthiness that membership of the Alliance brings will be more than offset by the drain on capital resources of increased military expenditures and the negative impact on excluded neighbors. The US is already diverting funds for economic assistance into military programs the hundreds of millions of dollars which United States taxpayers are already devoting to improving the armaments of Eastern Europe would be far better spent in building the civil sector or in reducing the tax burden in the United States.
- Military relations are now so dominant that threat and risk reduction strategies have been neglected. The Alliance has no proposals for further reducing armaments in Europe although vast quantities remain. The Conventional Forces in Europe Treaty was an enormous achievement of the Reagan and Bush Adminis-

trations. We need to see a follow-on and more emphasis on preventing weapons proliferation. Much of the flow of illegal small arms onto world markets comes from Eastern Europe. NATO agreed at the Lisbon OSCE meeting to consider reductions in new types of weapons, which should include small arms and new technologies. It has failed to follow through. The alliance and the Partnerships for Peace should have an active program to destroy surplus weapons and shut down the factories supplying rogue nations and groups.

- NATO enlargement is likely to increase tensions and misunderstanding between those who join and those who are left out. The increased credit worthiness that membership of the Alliance brings will be more than offset by the drain on capital resources of increased military expenditures and the negative impact on excluded neighbors. The US is already diverting funds for economic assistance into military programs the hundreds of millions of dollars which United States taxpayers are already devoting to improving the armaments of Eastern Europe would be far better spent in building the civil sector or in reducing the tax burden in the United States.
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- The enlargement of NATO's Nuclear Planning Group is nuclear proliferation. South Africa and other states have pointed out that the expansion of NATO will bring more countries to rely upon nuclear weapons, is in contradiction of the objective of the nuclear Non-Proliferation Treaty. The United States rightly went to enormous effort to de-nuclearize Belarus and Ukraine. But now Belarus and Ukraine are to border a state whose officials will take part in NATO nuclear planning. This contradiction illustrates how misguided the enlargement policy is.

It common to say the train has left the station, we must go on. But this is exactly what was said at the outset of the First World War.

Senator SMITH. Thank you very much, Mr. Plesch. We appreciate your testimony. We are happy to have it considered.

We will now call up Mr. David Acheson. Mr. Acheson looks like a former Secretary of State whose book I recently read, "Present at the Creation." It is an excellent book if you want to understand why American foreign policy is where it is and why we are here.

STATEMENT OF DAVID C. ACHESON, PRESIDENT, THE ATLANTIC COUNCIL OF THE UNITED STATES, WASHINGTON, DC

Mr. ACHESON. I recommend it, Mr. Chairman.

Senator SMITH. I figured you would.

Please proceed.

Mr. ACHESON. I am here to state my views on NATO enlargement, specifically the accession of the Czech Republic, Hungary, and Poland, which I strongly support.

I think we can all see that newly evolved missions of NATO have already assumed great importance in addition to the mission of collective defense. I refer to peacekeeping and peace enforcement and promoting stability in Central Europe, a region which has, for centuries, been fought over and dominated by various great powers.

Central Europe has now chosen to break free of that history through NATO membership, seeking stability by inclusion in the company of Western democracies. NATO has several times in the past sought to provide stability by adding member countries that

had once been threats to the peace but sought to lock in their democratic reforms by association with NATO. I refer to the enlargements of NATO by the additions of Germany, of Greece and Turkey, and of Spain.

When one reflects on how NATO membership has kept the lid on the animosity between Greece and Turkey and how the desire to qualify for NATO membership has done a lot to resolve the quarrels between Hungary and Romania and between Slovakia and Hungary, I think we can find proof of the proposition that NATO can promote stability by inclusion and extension.

So far as peacekeeping and peace enforcement are concerned, it makes all kinds of sense to broaden the base upon which NATO can draw for protecting the peace, not only as a matter of enlarging resources for that purpose but also in order to enhance the interoperability of multinational peacekeeping forces.

Mr. Chairman, it has been a fundamental American policy for 50 years to encourage European integration, chiefly in the economic sphere, as a means of enhancing stability and prosperity in that continent. Mutual dependence has been thought to tighten the bonds of peace, and I believe we can see that this has happened to a very great extent both in the European Union and in NATO.

It stands to reason, therefore, that the inclusion of properly qualified new countries in NATO will extend the network of mutual dependence and tighten the bonds of peace even further. If this is a reasonable hope, then the benefits of admitting the nations invited at the Madrid Summit would appear to greatly outweigh the risks, which seem very modest, always subject to a searching negotiation of the terms of accession so that the new members will be contributors and not merely users of security.

Mr. Chairman, I do not see NATO enlargement as a provocation to Russia. The NATO—Russia Permanent Joint Council has been set up. The Russian representatives are participating in it. Mr. Primakov has agreed to it, and I think they are going to learn a lot about the peacekeeping characteristics and the peaceful characteristics of NATO through participation in that organ.

More important, the Russian brigade in Bosnia under the NATO Supreme Commander is going to learn even more than the diplomats about the real NATO through daily experience from private soldier to general.

I believe it to be an exaggeration when people say that NATO enlargement will energize the demagogues in the Duma. I think one can already see the issue fading in Russia as the public opinion polls indicate. I do not, however, go so far as to say that open ended enlargement of NATO might at some future time energize the demagogues in the Duma. Much is to be learned as the years go by as to whether that problem is disappearing or whether it might return.

In short, Mr. Chairman, I think NATO enlargement well serves the purposes of peace and stability of Europe and is entirely consistent with the historic American policy of encouraging greater cohesion in Europe.

Thank you for giving me the opportunity to testify.

[The prepared statement of Mr. Acheson follows:]

PREPARED STATEMENT OF MR. ACHESON

Mr. Chairman, members of the Committee: My name is David C. Acheson. I am president of the Atlantic Council of the United States, a non-profit, bipartisan policy center in Washington. Since the Council does not take formal institutional positions on legislation, I am here to state my personal views on NATO enlargement, specifically the accession of the Czech Republic, Hungary, and Poland, which I strongly support.

I think we all can see that newly evolved missions of NATO have assumed great importance. In addition to collective defense those missions are peacekeeping, peace enforcement and promoting stability in Central Europe, a region which has for centuries been fought over and dominated by various great powers. Central Europe has chosen to break free of that history through NATO membership, seeking stability by inclusion in the company of western democracies. NATO has several times in the past sought to enhance stability by the inclusion of countries that had once been threats to the peace, but which sought to lock in their democratic reforms by association with NATO. I refer to the previous enlargements of NATO by the addition of Germany, Greece, Turkey, and Spain. When one reflects on how NATO membership has kept a lid on the animosity between Greece and Turkey, and how the desire to qualify for NATO membership has done much to resolve the quarrels between Hungary and Romania and between Slovakia and Hungary, I think we can find proof of the proposition that NATO can promote stability by inclusion.

So far as peace keeping and peace enforcement are concerned it makes all kinds of sense to broaden the base upon which NATO can draw for protecting the peace, not just as a matter of enlarging resources for that purpose, but also in order to enhance the interoperability of multinational peacekeeping forces.

Mr. Chairman, It has been American policy for fifty years to encourage European integration, chiefly in the economic sphere, as a means of enhancing stability and prosperity in that continent. Mutual dependence has been thought to tighten the bonds of peace and I believe we can see that this has paid dividends both in the European Union and in NATO. It stands to reason that the inclusion of property qualified new countries in NATO will further extend the network of mutual dependence and tighten the bonds of peace. If this is a reasonable hope, then the benefits of admitting the nations invited at the Madrid summit, would appear to outweigh the risks which seem very modest, always subject to a searching negotiation to make sure that the new members will be contributors, an not merely users, of security.

Mr. Chairman, I do not see NATO enlargement as a provocation to Russia. The NATO-Russia Permanent Joint Council has been set up an the Russian representatives are participating in it. They are certain to learn a lot about the peaceful character of NATO. More important, the Russian brigade in Bosnia under the NATO Supreme Commander is learning at least as much as the diplomats about the real-life NATO through daily experience, from private soldier to general. I believe it to be an exaggeration when people say that NATO enlargement will energize the demagogues in the Duma. I believe one can already see the issue fading in Russia, as the public opinion polls indicate, though we should watch this carefully as further enlargement is approached.

In short, Mr. Chairman, I think the Madrid tranche of NATO enlargement well serves the purposes of peace and stability in Europe and is entirely consistent with the historic American policy of encouraging greater cohesion in Europe.

Thank you for giving me the opportunity to express my views.

Senator SMITH. Thank you very much, Mr. Acheson, for your testimony and we thank your family, too, for its contribution to a better world.

Mr. ACHESON. I appreciate that very much. We do our best.

Senator SMITH. Thank you.

We will now call up Mr. Adrian Karatnycky. I would simply remind everyone that we have to recess at noon and we have seven more witnesses. So we encourage you to make your comments but to make them as briefly as you can.

STATEMENT OF ADRIAN KARATNYCKY, PRESIDENT, FREEDOM HOUSE, NEW YORK, NEW YORK

Mr. KARATNYCKY. Mr. Chairman, I am delighted for this opportunity. I have three basic points to make. Although I feel that I am part of the second tranche of speakers before this committee, I think that our enthusiasm for NATO enlargement is no less than that of the second tranche of aspirants.

Senator SMITH. As with the second tranche of nations, you are also welcome.

Mr. KARATNYCKY. Thank you. I appreciate that.

I would like to make three basic points—the point of democracy, the point of the internal culture of the NATO alliance with enlargement, and also the effects on the security climate, including on Russia, of the prospects of NATO enlargement.

The first is to say that Freedom House, which as an institution is a nonprofit, nonpartisan institution which surveys the state of political rights and civil liberties around the world, recently produced a report entitled "Nations in Transit: 1997" in which we look at all the countries of East and Central Europe and Central Eurasia and examine the vibrancy of their civil institutions, political liberties, freedom of the press, and the like.

It is the unrelated conclusion, but one that fully corroborates the decision of NATO, that the three countries—the Czech Republic, Hungary, and Poland—rate the highest among the 25 countries that we surveyed in terms of these basic freedoms. These are stable democracies, they are stabilizing, they will make able and reliable partners for the alliance.

The second reason is the cultural reason. As Jan Nowak had indicated, the accession of the three—Poland, Hungary, and the Czech Republic—makes sense because these countries have recently struggled. Millions of people in these countries recently struggled for their freedom. These are the countries that have given us the Polish Solidarity Movement, the Czech Republic Civic Forum, the Democratic Opposition Movements of Hungary—people who put their lives on the line to win their freedom from communist tyranny.

Moreover, NATO's leadership will be dramatically enhanced by the voices and values of such leaders as Hungary's President Arpad Goncz, who was a freedom fighter in 1956 and was imprisoned for this activity, Solidarity Prime Minister Jerzy Buzek, who risked his personal freedom by leading an underground in that country to struggle for the rights that the NATO alliance upholds, and, of course, Vaclav Havel.

The third reason that NATO enlargement makes sense is in the security dimension. As Mr. Acheson has indicated, the very prospect of NATO enlargement has created a new reordering of cooperation among the countries of East and Central Europe. There are the agreements between Poland and Ukraine, Ukraine and Romania, Romania and Hungary, Slovakia and Hungary. All of these trends, as the Romanian Foreign Ministry's Dumitru Ceausu noted, were intended to demonstrate that Romania has no problems with its neighbors and similarly other representatives of the foreign ministries indicate. So NATO enlargement is leading to greater stability in terms of interstate cooperation as, importantly, NATO

enlargement is having a dramatic effect on Russian conduct and, contrary to that, the opponents of NATO enlargement had argued.

Tough love, I would argue, with Russia is working. Russia is realistically responding to the reality of the strategic balance of power in the region.

It was 6 years since the collapse of the Soviet Union, but it was only on May 30, just a month before NATO's Madrid Summit, that Ukraine and Russia agreed to a treaty of friendship that confirmed borders and resolved the potentially incendiary issue of the division of the Black Sea fleet. Russia has indicated that it is entering into stronger relationships and is eager to sign cooperation agreements with the Baltic States.

Moreover, despite the claims of U.S. opponents of NATO enlargement that the enlargement would undermine pro-Western reformers in Russia, the fact is that the advocates of free market ideas and democratic change within Russia are gaining strength in the upper reaches of the Russian Government as the process of NATO enlargement moves along.

In conclusion, I would say that all of the evidence of the last year and all of the trends in Central and Eastern Europe show that democracy and security are being strengthened by NATO's plan to expand.

The arguments that the critics of NATO enlargement have advanced are being daily shattered by the on the ground reality of the new security and political order of Central and Eastern Europe. All that enlargement's critics have going for them is disproved hypotheses and discredited theory.

A NATO enlargement is encouraging democratic practices in the region, peaceful interstate relations and market reforms.

It is insuring that the Atlantic Community's ideals of liberty are on the ascendancy in the region. If this pattern persists and is given further momentum, then it will be possible to agree with the statement of German General Klaus Naumann, who chairs NATO's Military Committee and who recently told a Polish news weekly that, "We have the chance of attaining in Europe the same stability that we had in the period of the Congress of Vienna."

I thank you for the opportunity to testify.

[The prepared statement of Mr. Karatnycky follows:]

PREPARED STATEMENT OF MR. KARATNYCKY

Mr. Chairman, it is a great honor to testify before the Senate Foreign Relations Committee on an issue of vital importance to the security of the American people and of the Euro-Atlantic community—a community united by the values of democracy, freedom, and economic liberty. Freedom House, as you and your colleagues well know is a non-profit non-partisan organization that tracks the state of political rights, civil liberties and economic freedom around the world.

In May, 1997 we produced a major report that analyzes the states of political rights, development of civil society, emergence of free markets, independent media, rule of law. Our findings—published in a book—constitute an inventory of democracy, entitled Nations in Transit 1997 freedom, and economic liberty in Central and Eastern Europe and the New Independent states of the ex-USSR.

Mr. Chairman, as one of the coordinators of that study, I can say without reservation that Freedom House's findings fully corroborate the decisions made by NATO's leaders in their decision to begin accession talks with Poland, Hungary, and the Czech Republic. These three Central and East. European states stand at the top of the heap as the freest and most open countries in the former Soviet space. I have appended Freedom House's ratings of the countries in the region to my written testimony (Appendix 1). These ratings were evaluated by a group of eminent political

scientists and area experts from Princeton University, Columbia University, and Johns Hopkins. Additionally, I would like to turn over to you and your Committee a copy of our 400-page study.

These three NATO aspirant countries have the East Central European region's most vibrant civic institutions, governments and citizens subject to the rule of law, and democratic political processes. In addition, there is a vibrantly free media in Poland and the Czech Republic. Hungary, where privatization of national television and radio still lags behind, has made less progress in terms of its free and independent media.

It also is clear that eight years after the fall of Communism, public attitudes in the three NATO aspirant countries are solidly in favor of democracy, pro-Western in orientation, and pro-American. NATO enlargement will strengthen and deepen these propitious developments. Moreover, by joining NATO, the armed forces of these countries will deepen their respect for democratic civilian control of the military.

Joining NATO, of course, cannot insulate any country completely from internal instability. But it can act as an important factor in stabilizing the already considerable achievements of the new and emerging democracies.

There is a second reason, why the accession of Poland, Hungary, and the Czech Republic into NATO makes sense. The participation of these countries will enrich and strengthen the Atlantic alliance. Millions of citizens in these countries have taken part in the struggle for freedom. These countries have been profoundly changed by the legacy of Poland's Solidarity, the Czech Republic's Civic Forum, and Hungary's democratic opposition movements.

NATO enlargement eastward will ensure that this spirit of deep commitment to democracy will become a part of the shared legacy of the Atlantic Alliance. I would aver that this spiritual and moral dimension is as important as the technical capabilities of these countries militaries to participate in the Alliance's force structures. As significantly, no one should dispute that NATO's leadership will be enhanced by the voices and values of such leaders as Hungary's President Arpad Goncz, who fought for freedom from tyranny in 1956 and participated in the democratic opposition after his release from prison in the 1960s; Poland's new Prime Minister Jerzy Buzek, who risked his personal freedom when he headed the Solidarity trade union underground in the coal-mining region of Silesia in the 1980s; and the Czech Republic's leading fighter for freedom, President Vaclav Havel.

The third reason why NATO enlargement makes sense is the security dimension in Central and Eastern Europe. Even before Congress acts, NATO enlargement already is having a salutary effect on security in the region and on relations between states in the region—including Russia.

Well before the July 8, 1997 NATO meeting in Madrid, the very prospect of NATO's move eastward already has led to some dramatic improvements in the security of Central and Eastern Europe. Indeed, since the NATO allies and especially the U.S. signaled their intent to expand the Atlantic alliance, there has been a flurry of diplomatic activity in Eastern Europe.

Much of this diplomacy has been driven by the desire of Central European countries to join NATO and other Western institutions. Additionally, a number of treaties and agreements between Russia and her neighbors also suggest that the shifting power balance in the region is affecting Russia's behavior in ways that suggest that Moscow is beginning to grudgingly accept its more limited role in the region.

As part of the process of improving the chances for entry into the Atlantic alliance and the European Union, the emerging democracies of Central and Eastern Europe have been moving at a rapid, indeed, dramatic pace to resolve outstanding security and border issues and to resolve questions related to the potentially incendiary problems of minorities residing within their borders.

Mr. Chairman and Members of the Committee, NATO's formal decision to enlarge its membership is already proving to be a landmark development in European history. The very expectation that NATO would move eastward has contributed to dramatic improvements in the security of Central and Eastern Europe.

For the past year, there has been a flurry of diplomatic activity among the countries of East-Central Europe, driven by their desire to join the Alliance and other Western institutions. This diplomacy has resulted in treaties that have resolved longstanding border issues and ethnic disputes that were the source of instability and tension, and that could have led to armed conflict.

In the hope of strengthening their case for entry into the Atlantic Alliance, Hungary and Slovakia have signed and ratified a comprehensive treaty. The treaty establishes mechanisms for dealing with the half-million strong Hungarian minority in Slovakia, and it allows for limited local self-government in southern Slovakia, the area where most of the ethnic Hungarian minority lives. Hungary also has settled

its border issues with Romania through a far-reaching Treaty of Friendship and Cooperation signed in 1996 and ratified by both parliaments by May of 1997.

Meanwhile, under President Emil Constantinescu, Romania has worked with Ukraine to resolve some potentially destabilizing border and minority issues. Despite opposition from the ex-Communists who ruled Romania until this year, the two countries initialed a basic treaty May 3 confirming the inviolability of existing borders and renouncing the threat or use of force. The document also provides for measures to protect the culture and preserve the rights of Ukrainian minorities in Romania and Romanian minorities in Ukraine. As the Romanian Foreign Ministry's Dumitru Ceausu noted, the settlement with Ukraine was achieved quickly "to demonstrate that Romania has no problems with its neighbors"-a precondition for NATO membership.

Poland, meanwhile, has signed a document on Ukrainian-Polish reconciliation that addresses the mutual recriminations stemming from the 1930s and 1940s. In May, the legislatures of Poland and Lithuania deepened cooperation by creating an Inter Parliamentary Assembly designed to strengthen cultural relations and protect minority rights.

Poland, Hungary, and the Czech Republic are playing a also critical role in promoting security in the countries to their East that are not in the first wave of NATO enlargement. The three new prospective members of NATO understand that although the Alliance is the cornerstone of regional security, it cannot solve all the region's problems. Poland, in particular, has taken the lead in promoting regional cooperation through a process known as the meetings of "the Five Presidents." The Five Presidents are those of Poland, Ukraine, Lithuania, Latvia, and Estonia; they will meet regularly to discuss economic cooperation, cultural exchange, and regional security.

New cooperation represents a dramatic change for the better in the political climate. And while the deepening democratic and free-market transformations is a major factor, there is no doubt that it was helped greatly by the understanding that NATO, anchored by the U.S., is the predominant economic and military presence in the region, a force that can intercede when ethnic tension or border disputes threaten peace.

Nor has this positive trend been limited to Central Europe. While Russia remains cool toward NATO expansion, its conduct toward its neighbors is improving. This suggests that as NATO enlargement move forward, Moscow is awakening to the reality that Russia's diminished economic and military power means it will perforce play a more limited role in the region.

In recent months, Russia has sought to improve relations with states it has threatened and bullied in the past. Nearly six years have passed since the collapse of the USSR, but it was only on May 30, a month before NATO's Madrid summit, that Ukraine and Russia agreed to a treaty of friendship that confirmed their borders and resolved the potentially incendiary issue of the division of the Black Sea. Similar progress has occurred in Russia's relations with other neighbors. In late May, Russian Foreign Minister Yevgeny Primakov sent a letter to his Latvian counterpart, Valdis Berkavs, expressing hope that a border agreement between the two countries could be signed in the fall. And on July 3, Russia signed a Treaty on Friendship, Cooperation, and Security with Azerbaijan that provides protections for the territorial integrity of both countries.

NATO's enlargement has not led to the radicalization of moderate forces within the Russian establishment-*vide* the recent 2 to 1, vote in the Federation Council (Russia's upper legislative house) which rejected the lifting of embargoes against Iraq and Libya. Nor has NATO enlargement caused Russian leaders to abandon their plans to radically scale back the size of their armed forces.

Despite claims by U.S. opponents of NATO enlargement that it would undermine proWestern reformers, in fact, advocates of free-market ideas and democratic change are gaining in strength within the upper reaches of the Russian government, as demonstrated by the growing power of the reformist First Deputy Prime Ministers Boris Nemtsov and Anatoly Chubias. Many key hardliners, meanwhile, are being eased out of office.

Clearly, setbacks cannot be ruled out. No one can guarantee that Russia's democracy will not falter or that some reckless demagogue may not seize power in some East European country now on the path toward democracy and the free market. But most signs point to a continuation of the progress already witnessed in the region. Particularly, if NATO's new members continue pursuing widely supported policies of taking the economic, political, and security steps needed to link Eastern Europe to the West.

In conclusion, all the evidence of the last year and all the trends in Central and Eastern Europe show that democracy and security are being strengthened by

NATO's plan to expand. With the arguments of NATO enlargement's critics being daily shattered by the on-the-ground reality of the new security and political order of Central and Eastern Europe, all that enlargement's critics have going for them is disproved hypotheses and discredited theory.

NATO enlargement is encouraging democratic practice, peaceful inter-state relations, and market reforms. It is ensuring that the Atlantic community's ideals of liberty are on the ascendant. If this pattern persists and is given further momentum, then it will be possible to agree with the statement of German General Klaus Naumann, chairman of NATO's Military Council, who recently told Poland's Wprost news weekly that "We have the chance of attaining in Europe the same stability that we had in the period of the Congress of Vienna."

Mr. Chairman, as a non-profit, non partisan organization that unites liberals, moderates, and conservatives, Democrats and Republicans, and representatives of business, labor and the academic community, Freedom House does not take positions on specific legislation. Nevertheless, Mr. Chairman, I hope that this testimony will contribute in a small way to a better understanding by the American people and their elected representatives that the preponderance of the facts demonstrates the wisdom of an enlarged NATO in safeguarding Europe's security and deepening its democratic culture.

I thank you and the Committee for the opportunity to share these views.

Table 1

Rankings and Classifications
East Central Europe and NIS

	DEMOCRACY RANKINGS			ECONOMY RANKINGS	
	DEMOCRACY	ECONOMY		DEMOCRACY	ECONOMY
CONSOLIDATED DEMOCRACIES			**CONSOLIDATED MARKET ECONOMIES**		
Czech Republic	1.38	1.88	Hungary	1.44	1.63
Hungary	1.44	1.63	Czech Rep.	1.38	1.88
Poland	1.44	2.00	Poland	1.44	2.00
Slovenia	1.88	2.38	Estonia	2.06	2.13
Estonia	2.06	2.13	Slovenia	1.88	2.38
Lithuania	2.06	2.50	Lithuania	2.06	2.50
Latvia	2.06	2.50	Latvia	2.06	2.50
TRANSITIONAL GOVERNMENTS			**TRANSITIONAL ECONOMIES**		
↑ Russia	3.75	3.50	Slovakia	3.81	3.38
Moldova	3.81	4.00	Russia	3.75	3.50
↓ Slovakia	3.81	3.38	Kyrgyzstan	4.75	3.75
↑ Bulgaria	3.81	5.38	Croatia	4.25	3.88
↑ Romania	3.88	4.63	↑ Moldova	3.81	4.00
Ukraine	3.88	4.25	Albania	4.50	4.00
Macedonia	3.88	4.50	Armenia	4.75	4.00
↓ Croatia	4.25	3.88	Georgia	4.75	4.13
↓ Albania	4.50	4.00	↑ Ukraine	3.88	4.25
↓ Armenia	4.75	4.00	Kazakhstan	5.25	4.38
Kyrgyzstan	4.75	3.75	↓ Macedonia	3.88	4.50
↑ Georgia	4.75	4.13	Romania	3.88	4.63
Kazakhstan	5.25	4.38	Azerbaijan	5.44	5.13
Azerbaijan	5.44	5.13	↓ Bulgaria	3.81	5.38
CONSOLIDATED AUTOCRACIES			**CONSOLIDATED STATIST ECONOMIES**		
↓ Belarus	5.88	6.00	↓ Belarus	5.88	6.00
Tajikistan	6.00	6.13	Tajikistan	6.00	6.13
Uzbekistan	6.44	6.25	Uzbekistan	6.44	6.25
Turkmenistan	6.94	6.38	Turkmenistan	6.94	6.38

Senator SMITH. Thank you very much, Mr. Karatnycky. I appreciate your testimony.

I now call Admiral Jack Shanahan, Director of the Center for Defense Information. We welcome you, Admiral.

STATEMENT OF ADMIRAL JACK SHANAHAN, USN (RET.), DIRECTOR, CENTER FOR DEFENSE INFORMATION, WASHINGTON, DC

Admiral SHANAHAN. Thank you, Senator.

Mr. Chairman, I am grateful to you and the other distinguished members of this committee for granting me the opportunity to speak on NATO expansion.

In 1969, Mr. Chairman, I was in country in Vietnam, engaged in a real war where Americans were fighting for their very lives. In 1970, I was assigned to the U.S. Mission to NATO in Brussels.

Mr. Chairman, it is difficult to imagine the culture shock, some of which remains with me to this very day, of moving from Vietnam to the never-never land of NATO, and mingling with some 3,000 mindless bureaucrats and diplomats whose main mission in life was to avoid taking any position disruptive of a serene lifestyle. 500 people could have done the job better.

The prevailing attitude of most members of the alliance was that they were safely tucked under the U.S. nuclear umbrella and that the Warsaw Pact was not a major concern. As a result, our allies did not consistently meet their NATO commitments in terms of defense spending. Their prepositioned war reserves of food, ammunition, fuel, et cetera, were well below NATO's standards. Interoperability was a joke. They were not ready then and they are not ready now. As we integrate East European militaries into the alliance, this condition will worsen, placing greater demands on the U.S. military to shoulder the burden.

Even as we speak, our allies are making significant reductions in their military spending and in their force structures.

With that background, Mr. Chairman—and I am sure you sense some bias on my part—I am here to express my very real concern on the issue of NATO expansion. That concern has to do with the need to maintain our bilateral relations with Russia, which are more important to the long-term security and economic interests of the United States and the American people and which far outweigh the fuzzy goals of NATO expansion.

We could well be driving Russian foreign policy in a direction decidedly not to our liking. There are many issues out there on which Russian cooperation is essential. I have in mind nuclear weapons stockpile reductions, nuclear nonproliferation, environmental pollution, conventional arms control and sales, access to new oil resources, strategic relationships in the Middle East and the Far East and the success or failure of a series of treaties either signed or on the table.

Thus, I oppose NATO expansion on the grounds that we are sacrificing our long-term relations with Russia on the altar of an ill-conceived plan to haphazardly expand an outmoded military alliance, ill conceived for domestic political purposes, ill conceived as a legacy for one man, and ill conceived since we are not clear on why, how, when, and where to expand.

It is haphazard because we don't know how many countries will eventually join. There is no clear definition of NATO's new mission and there is no clear idea of the real costs.

I hope, therefore, that the Senate, in its infinite wisdom, will delay the process of allowing time for an informed debate on both sides of the Atlantic. As George Kennan observed, expanding NATO would be the most fateful error of American policy in the entire post cold war era.

If this be true—and I believe it is—sir, we need to be cautious and proceed with deliberate speed.

Thank you, Mr. Chairman, and I yield the balance of my time.

[The prepared statement of Admiral Shanahan follows:]

PREPARED STATEMENT OF ADMIRAL SHANAHAN

Mr. Chairman, Senator Biden, I am grateful to you and the other distinguished members of this Committee for granting me the opportunity to speak on NATO expansion.

In 1969, Mr. Chairman, I was in country in Vietnam, engaged in a real war where Americans were fighting for their very lives. In 1970, I was assigned to the U.S. Mission to NATO in Brussels. Mr. Chairman, it is difficult to imagine the shock, some of which remains with me to this very day, of moving from Vietnam to the never-never land of NATO, and mingling with some 3,000 mindless bureaucrats and diplomats whose main mission in life was to avoid taking any position disruptive of a serene lifestyle. Five hundred people could have done their jobs better.

The prevailing attitude of most members of the alliance was that they were safely tucked under the U.S. nuclear umbrella, and that the Warsaw Pact was not a major concern. As a result, our allies did not consistently meet their NATO commitments in terms of defense spending. Their pre-positioned war reserves of food, ammunition, fuel, etc. were well below NATO standards. Interoperability was a joke. They were not ready then, they are not ready now, and as we integrate East European militaries into the alliance this condition will worsen, placing greater demands on the U.S. military to shoulder the burden. Even as we speak, our allies are making significant reductions in military spending and in their force structures.

With that background, Mr. Chairman, and I am sure you sense bias on my part; I am here to express my very real concern on the issue of NATO expansion. That concern has to do with the need to maintain our bilateral relations with Russia, which are more important to the long term security and economic interests of the U.S. and the American people and which far outweigh the fuzzy goals of NATO expansion.

We could well be driving Russian foreign policy in a direction decidedly not to our liking. There are many issues out there on which Russian cooperation is essential. I have in mind nuclear weapons stockpile reductions, nuclear non-proliferation, environmental pollution, conventional arms control and sales, access to new oil resources, strategic relationships in the Middle East and the Far East, and the success or failure of a series of treaties, either signed or on the table.

Thus, I oppose NATO expansion on the grounds that we are sacrificing our long term relations with Russia on the altar of an ill-conceived plan to haphazardly expand an outmoded military alliance—ill-conceived for domestic political purposes, ill-conceived as a legacy for one man, and ill-conceived since we are not clear on why, how, when, and where to expand.

It is haphazard because we don't know how many countries will eventually join, there is no clear definition of NATO's new mission, and no clear idea of the costs.

I hope the Senate in its infinite wisdom will delay the process to allow time for an informed debate on both sides of the Atlantic. As George Kennan observed, "Expanding NATO would be the most fateful error of American policy in the entire post-cold war era." If that be true, and I believe it is, then, Sir, we need to be cautious and proceed with deliberate speed.

Mr. Chairman, let me thank you once again for this opportunity. I will be pleased to answer any questions you or any other members of the committee might have.

Senator SMITH. Thank you, Admiral. We appreciate your views, your perspective, and for contributing to this very important debate.

Thank you, sir.

We will now call Charles Ciccolella to the witness table.

Mr. Ciccolella is the Assistant Director of the American Legion. We welcome you.

STATEMENT OF CHARLES S. CICCOLELLA, ASSISTANT DIRECTOR, NATIONAL SECURITY AND FOREIGN RELATIONS DIVISION, AMERICAN LEGION, WASHINGTON, DC

Mr. CICCOLELLA. Thank you, Mr. Chairman. Thank you for the opportunity to present the American Legion's testimony in support of NATO expansion.

The American Legion has long recognized that the security of the United States is tied to and depends on a stable Europe. Ours, after all, is an organization founded by veterans of World War I and dedicated to insuring that America should always be militarily prepared. No one knows better than veterans that America's security is tied to the security of Europe.

Thousands of Americans fought and died in World War I and World War II. Hundreds of thousands of others served during the cold war and also endured many risks. If this century has provided Americans and American veterans one lesson, it is that continued engagement in Europe is a vital national security interest of the United States.

Mr. Chairman, in the years since the demise of the Soviet Union and the end of the cold war, the American Legion has come to believe that we now have an unprecedented opportunity to help shape a more stable Europe through the integration of the Central and Eastern European nations with West European nations and by the reduction of old ethnic disputes and military rivalries.

That is why the American Legion wholeheartedly endorsed the U.S. sponsored initiative, Partnership for Peace. That initiative has provided Central and Eastern European nations an opportunity for political and military cooperation. It has encouraged them to transition to democratic, free market societies.

Now it is time for America to take the next step. The American Legion has taken that lead.

As early as 1995, delegates to our National Conventions have repeatedly adopted and approved resolutions which encourage these nations to continue participating in the Partnership for Peace initiative and to consider applying for NATO membership on a case by case basis.

Enlarging NATO is consistent with the American Legion's principles of U.S. foreign policy, in particular the concept that we advocate called "democratic activism." In this case, democratic activism means that the American Legion supports the democratic right of these nations to join in the NATO alliance if they meet the qualifications. This goes to the heart of Senator Kerry's question. It is too soon to tell or to discuss and prejudice the outcome of the debate on the Baltic nations.

The American Legion supports the right of those nations to apply for membership in NATO if they meet the qualifications.

NATO today must respond to new challenges and threats. The American Legion is convinced that the best way to address these new threats is to expand on the gains which were made at the ex-

pense of so many American service men and service women who served during two World Wars and the cold war.

NATO enlargement is, in our view, the best way to help prevent the possibly of another war in Europe.

This year at the Madrid Summit in July, three States were formally invited to join NATO. It is probably no accident that these three—Poland, Hungary, and the Czech Republic—physically lie in an area which has often been called the "geopolitical no-man's land" of Europe.

The American Legion believes that when these three countries join NATO, the so-called "no man's land" will become a more stable region.

We are also well aware of the criticisms which have been lodged against this initiative, that the costs involved in enlarging NATO will be significantly higher, or that the United States may become involved in entangling alliances which are not in our interests, or that the relationship between Russia and the United States could be jeopardized, possibly propelling Russia to a resurgent nationalism.

The American Legion knows that expanding the alliance represents a major commitment by the United States and the other members of NATO. It will not be easy and it will not be cheap. It will take many years for the new NATO members to become fully integrated into the alliance or for their militaries to be able to operate effectively as an integral part of NATO forces.

Expanding the alliance does, in fact, entail new security commitments and we believe that these must be the same commitments, backed up by military force, if necessary, which apply to all other members. We recognize, too, that Russia's interests must be considered, but we believe Russia should have no veto and certainly no decisionmaking authority with regard to NATO's actions.

Mr. Chairman, the 3 million members of the American Legion believe that the accession of these 3 States to the NATO alliance represents a major step forward for the security of Europe as well as the security of America. Enlarging NATO will enhance the alliance by making it stronger.

Contrary to what some witnesses have proposed, we are already seeing a more constructive relationship developing between the alliance and its former adversary. It is also reaffirming America's pivotal leadership role in the collective security apparatus of Europe.

Most important of all, the American Legion believes that enlarging NATO will help prevent American soldiers having to fight another war in Europe.

Mr. Chairman, this is a foreign policy initiative that makes sense.

That concludes my testimony.

[The prepared statement of Mr. Ciccolella follows:]

PREPARED STATEMENT OF MR. CICCOLELLA

Mr. Chairman and members of the committee, The American Legion appreciates the opportunity to present testimony in support of NATO enlargement. The American Legion has long recognized the security of the United States depends upon a stable and secure Europe. In 1919, battle tired World War I veterans founded The

American Legion to ensure the proper care of returning veterans and to ensure that America would never again be militarily unprepared.

Unfortunately, the Legion's call for military preparedness following World War I, through the concepts of Selective Service and Universal Military Training, were largely unheeded. Sadly, America's unwillingness to ensure a stable Europe after World War I resulted in American service members, once again, fighting and dying in foreign lands. The impulses which guide this organization's values regarding the security of Europe, are the first hand experiences of Legionnaires who helped liberate Europe and served to protect NATO members during and after World War II.

If this century has provided American veterans one lesson, it is that engagement in Europe, whether through the Marshall Plan or by forward-deployed military forces is a vital national security issue for the United States. Since the end of the Cold War, The American Legion believes the United States is faced with an unprecedented opportunity to help shape a more stable Europe through the integration of former Soviet Bloc nations with western Europe and the reduction of ethnic disputes and military rivalries.

In 1994, The American Legion wholeheartedly endorsed the U.S.-sponsored PARTNERSHIP FOR PEACE (PFP) Initiative. The American Legion believes the PFP initiative has provided a sound framework for both political and military cooperation, as well as crisis management in humanitarian assistance and peacekeeping efforts. In April 1996, the Ambassador from the Republic of Slovakia, Dr. Branislav Lichardus, and Colonel George Buskirk, from the Indiana Army National Guard, spoke to The American Legion on their relationship as a result of the Partnership for Peace initiative. It was clear to Legionnaires that such Partnership For Peace relationships have forged strong links among U.S. and NATO forces and their new democratic partners from Eastern and Central Europe. The Partnership for Peace Initiative has also helped provide many former Soviet Bloc countries political, economic and military encouragement in their efforts to become more democratic, free market nations.

As early as 1995, The American Legion commissioned an Ad Hoc Group to study the issue of NATO enlargement. The study group first reported favorably on the continuing effectiveness of the NATO Alliance and reaffirmed that U.S. membership in NATO continues to serve the vital interest of the United States. In addition, the study concluded that expanding the NATO Alliance was consistent with The American Legion's principles of U.S. Foreign Policy, particularly the concept of "Democratic Activism." This concept supports the democratic right of Central and Eastern European nations to apply for membership into the NATO Alliance.

As a result of the study group's efforts, delegates to The American Legion's National Convention repeatedly approved and adopted resolutions encouraging the Central and Eastern European nations continuing participation in the Partnership For Peace Initiative and their applications for NATO membership. However, The American Legion believes applications should only be favorably considered on an individual basis. Each candidate should also accept and conform with the principles, policies and procedures adopted by all standing members of the NATO Alliance.

Last year, three Central European nations were identified as leading candidates for membership into NATO. At the Madrid NATO Summit in July of 1997, these candidates were formally invited to join the Alliance. It is probably no accident that these three—Poland, Hungary, and the Czech Republic, physically lie in an area identified as the "geopolitical no-man's land of Europe." The American Legion believes that when these three countries—Poland, Hungary, and the Czech Republic—are accepted for membership by the United States and the other 15 Members of NATO, this so-called "no man's land" will be replaced by a more stable region and result in closer political, economic and military ties with the West.

The American Legion fully supports expanding the NATO Alliance with the addition of Poland, Hungary and the Czech Republic. The American Legion believes history has demonstrated the need to pursue the inclusion of these countries. Securing the stability of Central Europe by expanding NATO to these three candidates is in the best interest of the United States. The American Legion believes the best way to address the new threats of the Post Cold War environment is to expand on the gains achieved during the Cold War. NATO enlargement appears to be the best alternative to ensure stability in Europe.

Critics of NATO enlargement assert the costs involved in enlarging the Alliance will be significantly higher than current administration estimates. While various budget estimates differ, these estimates share underlying assumptions that the United States should be required to fund its share (some 40%) of the interoperablility or direct enlargement costs. These interoperability costs, which total about 10 billion dollars over a 10-year period (approximately 200 million dollars a year for the United States), are roughly one-third of the total NATO enlarge-

ment estimates. It is The American Legion's understanding that the two other major categories of costs, modernization and power projection, will be funded by the current and new NATO members. For example, the military modernization expense for the new members will be born by those nations themselves, while the costs for enhancing each NATO nation's power projection capabilities are to be born collectively by the current members of the Alliance.

In summary, it is our understanding that three NATO dollars will be spent for each U.S. dollar committed to fund NATO Enlargement. The American Legion believes this is an equitable distribution. Both the Secretary of Defense and the Secretary of State have estimated the direct enlargement costs may actually be less than originally estimated. According to both the Departments of State and Defense, further investigation reveals that Poland, Hungary and the Czech Republic have better developed infrastructures to support their military integration into NATO than original estimates.

Thus, the relatively small U.S. contribution to fund NATO expansion appears to be a fair price for the expected return of stability and security in Europe. The American Legion National Commander, Anthony Jordan, recently returned from a mission to NATO Headquarters in Brussels, as well as Poland, Hungary and the Czech Republic. During an interview, Commander Jordan was questioned about the costs of expanding NATO. Commander Jordan noted that "this is not a cost issue, this is a peace issue." Simply put, protecting American lives from future hostilities in Europe is well worth the monetary costs.

Expanding the alliance will also entail new security commitments and possible risks. The American Legion is fully aware of the dangers of America becoming involved in new entangling alliances. This is an important concern because the same security guarantees which protect current NATO members must be extended to new members. This means that Poland, Hungary and the Czech Republic must be defended in the same way as all others nations in the Alliance. What critics ignore is the force structure contributions of these new members. After all, each new member will be contributing its own military forces and will be shouldering responsibility for its share of the collective defense of Europe.

The American Legion is convinced that Poland, Hungary and the Czech Republic will take their security commitments seriously. During National Commander Jordan's recent NATO tour, he also witnessed several military live-fire exercises and visited with Polish, Hungarian and Czech forces. Commander Jordan concluded these three nations are fully prepared now to contribute immediately to NATO. Commander Jordan also noted that each of these nation's military personnel truly want to join NATO to actively contribute to the collective security of Europe.

Some critics have argued that enlarging NATO could seriously jeopardize U.S.-Russian relations and perhaps lead Russia towards a resurgent in nationalism. In addition, some believe NATO enlargement would encourage Russia to abrogate its responsibilities with regards to various treaties and arms control agreements. While no one can rule out such possibilities, The American Legion believes NATO's relationship with Russia must evolve from one oriented at confronting and containing the former Soviet Union to one focused on a stabilized Central and Eastern Europe. Mr. Chairman, the Cold War is over and working with the former Soviet Union to resolve our differences is essential to the success of the NATO enlargement initiative.

The question our Legionnaires have raised, however, is whether the United States is better off in any of these scenarios with an expanded NATO or with the current NATO. The membership of The American Legion has concluded that the United States is better off as a member of an expanded alliance. Like the United States and current NATO members, the people of Poland, Hungary and the Czech Republic want security and stability in Europe. As National Commander Jordan stated, "it will be good for the United States to have more allies in NATO (because) it gives us another shield, so to speak, from possible threats to our national security interests."

The American Legion believes the accession of these new candidates to the NATO Alliance will promote the national security interests of the United States. Enhancing the NATO collective security alliance will mean a more stable, secure and democratic Europe. United States' support for NATO enlargement also reaffirms our pivotal leadership role in Europe. Most important of all, The American Legion believes that when NATO is enlarged, there will be much less chance that American soldiers will be called upon to fight another war in Europe.

Mr. Chairman, The American Legion applauds your leadership and the leadership of the Senate Foreign Relations Committee for conducting full and thorough hearings on the implications of expanding NATO with the entry of Poland, Hungary, the Czech Republic and possibly later on, other invited nations. The American Legion

is pleased that Congress and the administration have addressed this issue in a bipartisan approach and believes it is the right course in addressing and resolving the concerns of the American people with regard to this major foreign policy initiative. The American Legion urges this committee to report NATO enlargement favorably to the full Senate so it may provide its advice and consent to the addition of these states to the NATO Alliance in a prompt and timely manner.

Mr. Chairman, this concludes my testimony. Thank you.

SEVENTY-NINTH NATIONAL CONVENTION

OF

THE AMERICAN LEGION

ORLANDO, FLORIDA

SEPTEMBER 2, 3, 4, 1997

RESOLUTION NO.:	102
SUBJECT:	POLICY ON NATO EXPANSION
Origin:	Maryland
Submitted By:	Foreign Relations

WHEREAS, The American Legion has long recognized that European security and preservation of the NATO Alliance are critical to America's vital national security interests; and

WHEREAS, The North Atlantic Treaty Organization of 1949 anticipated the addition of member states which has included Greece and Turkey in 1952, the Federal Republic of Germany in 1955 and Spain in 1982; and

WHEREAS, The American Legion wholeheartedly supported the 1994 U.S.-sponsored initiative known as the Partnership for Peace (PFP) Program, including the concept of extending membership in NATO to Central and Eastern European nations on a case by case basis consistent with their commitments and participation in the PFP; and

WHEREAS, The American Legion believes that expanding NATO will: 1) make a stronger alliance, 2) protect against another European war, 3) defend against old European ethnic and border disputes, and 4) help to build an undivided Europe; and

WHEREAS, On April 22, 1997, the Senate created a bipartisan NATO Observer Group to work cooperatively with the Administration throughout the NATO Enlargement process; and

WHEREAS, Russia will be consulted on NATO Alliance issues but will have no veto authority or ability to delay entry into the Alliance for any country; and

WHEREAS, On May 27, 1997 NATO and Russia signed a "Founding Act" to create a more constructive relationship between the alliance and its former adversary; and

WHEREAS, At the Madrid NATO Summit meeting in July 1997, the members of the North Atlantic Treaty Organization extended invitations to Poland, Hungary and the Czech Republic to join the Alliance and formal accession talks are now underway with those states; and

WHEREAS, The first nations which received invitations to join NATO will not be the last and the Partnership For Peace Program will be enhanced for those nations not initially invited into the Alliance and; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Orlando, Florida, September 2, 3, 4, 1997, That The American Legion urges the President to continue to consult fully with the Congress throughout the process of NATO Expansion; and, be it further

RESOLVED, That The American Legion urges the Senate to conduct full and thorough hearings on the proposals to expand NATO with the entry of Poland, Hungary and the Czech Republic and at a later time other invited nations, and to resolve the issues and concerns which will address the implications of expanding the North Atlantic Treaty Organization in a bipartisan manner; and, be it finally

RESOLVED, That following this public debate, The American Legion urges the United States Senate to provide its advice and consent to the addition of these states to the NATO Alliance in a prompt and timely manner.

Senator SMITH. Thank you, Mr. Ciccolella. We appreciate it.

We now call forward Mr. David Harris, Executive Director of the American Jewish Committee. Mr. Harris, welcome, and please go forward.

STATEMENT OF DAVID A. HARRIS, EXECUTIVE DIRECTOR, AMERICAN JEWISH COMMITTEE, NEW YORK, NEW YORK

Mr. HARRIS. Good morning, Mr. Chairman.

It is an honor to appear before the committee this morning to discuss with you why the American Jewish Committee supports the expansion of NATO.

The American Jewish Committee, Mr. Chairman, was founded in 1906 in response to a series of pogroms carried out by Czarist officials against Jews in Russia and elsewhere in Eastern Europe. In the 91 years since our founding, we have seen the horrible consequences produced by instability in Central and Eastern Europe. It is precisely because we carry with us the memory of those horrors and because we believe that America is best served by an active and vigorous foreign policy that the American Jewish Committee became the first Jewish organization in this country to publicly come out in support of NATO enlargement.

We are convinced, Mr. Chairman, that opportunity in life is temporary, not permanent. It is either seized or it is lost. The opportunity presented by an expanded NATO is one that should not, must not, be lost, for an expanded NATO means greater stability and security for Central Europe, a region that has already been the cockpit for two World Wars that brought such horror to the world.

Mr. Chairman, I have spent my professional and academic life involved with affairs in Russia and the surrounding region. I have lived and worked in the Soviet Union. I am convinced that to leave Europe divided at its old cold war boundaries, to ignore the lands to the East, to have NATO members turn their collective backs on Central Europe would be to ignore the lessons of history, the dangers to European and Western security that lurk there.

From the Balkans to the Caucasus, more Europeans have died violently in this region in the past 5 years than in the previous 45. As Vaclav Havel, the distinguished President of the Czech Republic, said, "Just as it is impossible for one-half of a room to be forever warm and the other half cold, it is equally unthinkable that two different Europes should forever exist next to each other without detriment to both."

In addition, Mr. Chairman, retaining the North Atlantic Alliance in its cold war configuration would have meant continuing an historic injustice—the abandonment by the democratic West of the small nations of Central Europe. Let me remind us all that it happened in 1938 at Munich; it happened in 1945 at Yalta; and the West watched from the sidelines as Soviet power squashed fledg-

ling and promising democratic movements in Hungary in 1956, in Czechoslovakia in 1968, and in Poland in 1981.

An expanded NATO not only strengthens democracy in those nations embraced by the alliance at Madrid, but it encourages the other nations in the region to accelerate their own democratic and market reforms as well as resolving long-simmering disputes.

The 1994 Poland-Lithuania agreement on good neighborly relations and the 1996 Hungary-Romania bilateral friendship treaty are but two examples of this conflict resolution. Moreover, Mr. Chairman, integration in the Western Alliance offers a real safeguard for the rights of Jews and other minority communities, historically the target of national, religious, or ethnic hatreds in too many places.

Throughout its history, NATO has been a collective defense pact only. Russian reaction to NATO's decision to extend membership to three former Soviet Bloc States has been far more restrained than many have suggested. Indeed, just as was the case prior to the introduction of NATO forces in the former Yugoslavia, opponents of NATO expansion have invoked supposed Russian opposition to any display of Western power largely in order to boost their own case against using it.

The Founding Act signed by Russia and NATO in May does give Russia a voice in alliance affairs immediately, while those countries currently being invited will not have a seat at the table for at least 2 years.

Mr. Chairman, I would like to add a word, if I may, as well about Senator Kerry's probing questions. It would be premature to become too specific today about the scope of a second or even a third tranche of NATO expansion. But it is, I believe, very important to keep alive NATO's openness, as demonstrated in Madrid, to further ways of expansion. To do otherwise would be to dash the hopes of tens of millions of Europeans, from the Balkans to the Baltics, that their future would not under any circumstance include membership in NATO and, therefore, to permit the risk of a recreation of European spheres of influence, a profoundly destabilizing step that could have unintended, indeed unforeseeable, consequences.

At the very same time, though, the United States and NATO must make the Founding Act with Russia work both in letter and in spirit to ease Russia's historical fear of encirclement. This requires ongoing, careful, nurturing attention both to Russian—NATO and Russian—U.S. ties and to attend to those many areas of cooperation both current and potential while periodically reminding Moscow that the new NATO of today is not an alliance directed against it.

Last, we should not look at NATO expansion as a zero—sum game where expansion means forfeiting our ties with Russia. That is simply wrong-headed. It is not the American intention, it is not NATO's intention, and it certainly ought not to be the Russian intention as it moves toward institutionalizing its democratic and market reforms.

With the implosion of the Warsaw Pact and the Soviet Union, Europe is poised at one of those infrequent moments of historical definition where choices are clear and alternatives stark. We respectfully urge the U.S. Senate to grasp the significance of this mo-

ment, the chance to solidify the democratic ideal, and to enhance European and Western security.

The history of our century teaches, or ought to teach, that American leadership is indispensable in building an undivided, democratic, and peaceful Europe, that leadership embodied today in the drive to NATO expansion continues a proud tradition and, therefore, that we are pleased to support it.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Harris follows:]

PREPARED STATEMENT OF MR. HARRIS

Mr. Chairman, it is an honor to appear before the Committee to discuss with you why the American Jewish Committee supports the expansion of NATO. The American Jewish Committee was founded in 1906 in response to a series of brutal pogroms carried out by Czarist officials against Russian Jews. In the ninety-one years since our founding we have seen the horrible consequences produced by instability in Central and Eastern Europe. It is because we carry with us the memory of those horrors, and because we believe that America is best served by an active and vigorous foreign policy, that the American Jewish Committee was the first Jewish organization in the United States to publicly come out in favor of NATO enlargement following the historic Madrid Summit.

On June 26, we observed that "An enlarged NATO will mean greater security and stability and also hasten the political and economic integration of Europe." This view was confirmed to us just last month when the AJC participated in a fact-finding visit to the three proposed new member countries—the Czech Republic, Hungary and Poland -organized by the Departments of State and Defense. This mission toured military facilities in the three countries and met with senior defense and military officials. It only confirmed our judgment that an enlarged NATO is good for the stability and security of the newly freed peoples of the region, is good for European security and integration, and is good for the United States.

We are convinced that opportunity is temporary, not permanent. Either it is seized or it is lost. The opportunity presented by an expanded NATO is one that should not be lost. An expanded NATO means greater stability and security for Central Europe, a region that was the cockpit for the two world wars that brought such horror to the world—and to the Jewish people.

Mr. Chairman, I have spent my professional and academic life involved with affairs in Russia and the surrounding region. I lived in the Soviet Union. I was National Coordinator of the historic Freedom Sunday for Soviet Jewry. I am convinced that to leave Europe divided at its old Cold War boundaries, to ignore the lands to the east, to have NATO members turn their collective backs on Central Europe, would be to ignore the dangers to European—and Western—security that lurk there. From the Balkans the Caucasus, more Europeans have died violently in this region in the last five years than in the previous 45. As Vaclav Havel, the distinguished president of the Czech Republic, noted: "Just as it is impossible for one-half a room to be forever warm and the other half cold, it is equally unthinkable that two different Europes should forever exist next to each other without detriment to both—and it is the stabler and more prosperous one that would pay the higher price."

In addition, retaining the North Atlantic alliance in its Cold War configuration would have meant continuing an historic injustice—the abandonment by the democratic West of the small nations of Central Europe. It happened in 1938 at Munich and 1945 at Yalta, and the West watched from the sidelines as Soviet power squashed fledgling democratic movements in Hungary in 1956, Czechoslovakia in 1968, and Poland in 1981.

An expanded NATO not only strengthens democracy in those nations embraced by the alliance at Madrid but encourages the other nations in the region to accelerate democratic and economic reforms, as well as resolve long-simmering disputes. The 1994 Poland-Lithuania agreement on good neighborly relations and military cooperation, that established a basis for friendly bilateral relations, and the 1996 Hungary-Romania bilateral friendship treaty, that extends mutual recognition of the rights of national minorities, are just two examples. Moreover, integration in the Western alliance offers a real safeguard for the rights of Jews and other minority communities, historically the target of national, religious or ethnic hatreds in too many places.

Further, an expanded and strengthened NATO insures that sufficient military force and supporting infrastructure are in place in Southern Europe and along the Mediterranean littoral if need should arise for power projection by the Western democracies into neighboring regions in Eurasia.

NATO throughout its 50-year history has been a collective defense pact only. Russian reaction to NATO's decision to extend membership to three former Soviet bloc states has been far more restrained than many had suggested. Indeed, just as was the case prior to the introduction of NATO forces in the former Yugoslavia, opponents of NATO expansion have invoked supposed Russian opposition to any display of Western power largely in order to bolster their own case against using it. The founding act signed by Russia and NATO in May gives Russia a voice in alliance affairs immediately, while the countries being invited now will not have a seat at the table for at least two years.

With the implosion of the Warsaw Pact and the Soviet Union, Europe is poised at one of those infrequent moments of historical definition, when choices are clear and alternatives stark. We respectfully urge the United State Senate to grasp the significance of this moment, the chance to solidify the democratic ideal and enhance European—and Western—security, and support the proposed enlargement of NATO.

The history of our century teaches that American leadership is indispensable in building an undivided, democratic, and peaceful Europe. That leadership, embodied today in the drive to NATO expansion, continues a proud tradition. The American Jewish Committee believes that, while the cost of NATO expansion will not be negligible, the cost of failure to assure European stability and security would be far higher. We therefore urge the Committee to support the Administration in its steady, incremental broadening of the Western Alliance.

Senator SMITH. Thank you, Mr. Harris. We appreciate your testimony very much.

We are now pleased to call Mr. John T. Joyce, President of the International Union of Bricklayers and Allied Craftworkers to the witness table. We welcome you, sir.

STATEMENT OF JOHN T. JOYCE, PRESIDENT, INTERNATIONAL UNION OF BRICKLAYERS AND ALLIED CRAFTWORKERS, WASHINGTON, DC

Mr. JOYCE. Thank you, Mr. Chairman. I appreciate the opportunity to summarize the written remarks that I have presented to the committee supporting the expansion of NATO at this point.

I think it is obvious to most people the fact that the labor movement in the United States, both directly and through our society more generally, made an enormous investment in waging and winning the cold war because we recognized the profound threat that Soviet communism posed to democracy and to free trade unions.

Our experience working with trade unions in Central and Eastern Europe and not so incidentally with trade unions elsewhere tells us that the advances that have taken place in democracy in Central and Eastern Europe, such as they are, are fragile and that the dynamics that began with the collapse of the Soviet Union are very uncertain as to their outcome.

I think too many people are dangerously sanguine on that particular point.

It would, indeed, be a tragic waste of the investment that we have made as a society. It would be a tragic waste in terms of wasting that money itself and in the consequences that could relatively easily flow from it.

Expansion of NATO is certainly a necessary part of the effort that is required at this point. It is, of course, necessary to also address the broader social, political, and economic issues that exist here, just as the Marshall Plan addressed those areas in the period

immediately after the Second World War and assured the initial success of NATO.

We, therefore, urge the committee's support for expansion of NATO. We express the hope that ratification will be not only bipartisan but overwhelming. We think it would be indeed unfortunate if at this time elements within Russia should erroneously begin to perceive signals that it would be possible to forestall the further expansion of NATO to those countries that meet the membership requirements of NATO that have been established.

It would be extremely unfortunate if we saw a reemergence of the Sonnenfeldt doctrine that held that the primacy of Russia in terms of its sphere of influence in that area had to be the dominating factor in our foreign policy.

Because we were able to resist that doctrine, we were successful in the cold war. It would be a shame if, at this juncture, we allowed that doctrine to reemerge and, therefore, make it possible to lose the peace.

Thank you very much, Mr. Chairman.

[The prepared statement of Mr. Joyce follows:]

PREPARED STATEMENT OF MR. JOYCE

When Lech Walesa, then the leader of the new independent trade union movement of Poland, met for the first time with a representative of the American trade union movement his first question was "What about the Sonnenfeldt doctrine?"

The Sonnenfeldt doctrine was the notion that the interests of the United States would best be served by maintaining or helping to maintain a stable relationship between the Soviet Union and its East European satellites. Furthermore, it said we should do nothing to disturb the stability of that relationship. The widespread view, the dominant view in the liberal and conservative communities, was that the Soviet system was here to stay.

The American trade union movement rejected that notion and despite the protestations of two successive secretaries of state, one Democrat and one Republican, we continued to support the Solidarity trade union of Poland when it was forced to go underground in 1981. We were explicitly urged not to set up a fund to aid the Polish workers of Solidarity because we were "meddling in very, very delicate waters", and we might upset relations there. Whole theories and policies were based on the Sonnenfeldt Doctrine. And people were miseducated for a generation.

But all the people of Central and Eastern Europe, not having been persuaded by the Sonnenfeldt doctrine, simply made a shambles of what was a staple of American foreign policy for years and years and years. Although more sophisticated analysts mistook workers underground for the dead and buried, the workers of Poland proved to be the vanguard of the revolution against communism.

The trade union approach to foreign policy always understood that when the workers of Eastern Europe finally spoke for themselves they would have it as their aim to establish democracy. Now that so many of our assumptions have been proven true, three of those nations are candidates to join NATO, the alliance of democracies.

The American trade union movement, along with our society, made an enormous investment in waging and winning the cold war. It would be a tragedy if we dissipated that investment by failing to take the next logical step necessary to advance the cause of democracy. Given the fragile nature of progress to date, modest expenditures on democracy building, are the least we can do to honor the sacrifices of blood and treasure already made.

Vaclav Havei, the President of the Czech Republic has said "the alliance should urgently remind itself that it is first and foremost an instrument of democracy intended to defend mutually held and created political and spiritual values. It must see itself as not as a pact of nations against a more or less obvious enemy, but as a guarantor of Euro-American civilization and thus as a pillar of global security."

His view reminds us of NATO's roots. In the preamble to its original charter the parties to the North Atlantic Treaty stated that "they are determined to safeguard the freedom, common heritage and civilization of their peoples, founded on principles of democracy, individual liberty and the rule of law". And Article 2 further

states that "the parties will contribute toward the further development of peaceful and friendly international relations by strengthening their free institutions, by bringing about a better understanding of the principles upon which these institutions are founded, and by promoting the conditions of stability and well-being. They will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them."

Some of those who oppose NATO enlargement, act as if democracy is a modular technology which needs no more than the appropriate plug to ensure peace and stability. More accurately, democracy is like a flowering plant which requires the proper nurturing and nutrients to assure growth and survival. It would be foolish to believe that the collapse of communism means that there are no longer threats to the values of freedom and democracy we share.

The dangers of our day come not from the current government in Moscow, but from local conflicts and ancient hatreds stoked by opportunistic nationalists and as the role of NATO in Bosnia has demonstrated, NATO is the only international institution capable of confronting and conquering such threats.

We delude ourselves and risk the failure of this endeavor if we treat the enlargement of the alliance as no more than the sharing of military hardware. Instead as President Havel has suggested "NATO expansion should be perceived as a continuous process, in which the nations of Central and Eastern Europe mature toward the meaning, values and goals of the enlarged and revived alliance."

Just as De Tocqueville noted the unique set of American institutions that assured the success of our American democracy, it is essential that we assist the emerging democracies of, Central and Eastern Europe to build enduring institutions of democracy and civil society in their own countries. The hatred that has poisoned what was once Yugoslavia is not unique to that country among all in Europe.

And as the founders of NATO indicated in their original charter, the avoidance of economic conflict is also essential to stability. Security, I am saying, is no longer just a military term. We need to recognize that the salient issues of military consequence are a necessary, but not a sufficient aspect of an updated approach to security questions.

The new democracies need both a strong elected government, with a military responsive to civilian authority and a strong private sector comprised of business, farmers, professionals and unions which all add to the defusion of power to the citizens in society. An economy or a government run by the same old bureaucrats in market or democratic dress will assure future inequity, demagoguery and the sort of instability that could spill over borders. Preemptive measures against these risks could in the end save the lives of American troops.

The lessons of the Marshall Plan should not be lost on us. Those efforts were essential to a successful NATO in an earlier era. We ignore these issues only at our peril.

To recognize that such problems are part of our responsibility is not the easiest path to take. But if we ignore the full nature of the challenges before us we will insure a far, far more difficult set of tasks will come when the failure to build the necessary civil society, the democratic and economic basis for long term stability, catches up with us.

So I support the enlargement of NATO, but I urge Congress to concurrently support that expansion with the requisite assistance for the development of pluralist democracy that has been the essential to the success NATO has known to date.

In the late 1990's, as in 1949, the parties will best "contribute toward the further development of peaceful and friendly international relations by strengthening their free institutions, by bringing about a better understanding of the principles upon which these institutions are founded, and by promoting the conditions of stability and well being" through the promotion of the principles of democracy.

Senator SMITH. Thank you very much, Mr. Joyce. We appreciate your testimony.

Colonel Herb Harmon is next. We welcome you, sir and invite your testimony.

STATEMENT OF COLONEL HERBERT N. HARMON, USMCR, NATIONAL PRESIDENT, RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES, WASHINGTON, DC

Colonel HARMON. Thank you, Mr. Chairman.

It is a privilege to be here today representing the nearly 100,000 members of the Reserve Officers Association to let you know our position on the issue of NATO enlargement.

Our association was established 75 years ago at the behest of General of the Armies John J. Pershing by commissioned officer veterans of World War I, known at that time as "the Great War." ROA's founders were concerned about what they perceived as our Nation's drift into unilateral disarmament and isolationism. They believed that a strong military was the best defense against the threat of future wars.

In 1950, President Harry S. Truman, a founding member of ROA Chapter 1 in Independence Missouri, signed our Congressional charter. That charter set forth our association's object and purpose—to support and promote the development and execution of "a military policy for the United States that will provide adequate national security."

Mr. Chairman, our object and purpose remain unchanged and our association continues to speak out on those issues that affect our military policy and national defense. NATO enlargement is very much within our purview.

This past July, at our annual National Convention in Kansas City, our general membership approved a resolution in support of NATO enlargement. This resolution recognizes the North Atlantic Treaty Organization as the most successful defensive alliance in history, one that has survived 50 years of unparalleled international tensions which, absent its existence, could have led to a Third World war.

One great measure of NATO's success is the strategic relationship that we have been able to achieve in the post cold war world with Russia and the other, now independent, nations of the former Soviet Union. This strategic relationship is based upon mutual cooperation, dialog, confidence building, crisis prevention, and the Partnership for Peace with the nations of Central and Eastern Europe.

This relationship recognizes the need for stability and mutual security among all of the nations of the North Atlantic region and fosters emerging trends toward closer integration within Europe.

We believe that, over time, the essential defensive nature of the alliance will become clear to all parties and, with it, the realization that NATO threatens no one. NATO is and will remain a purely defensive alliance whose fundamental purpose is to preserve peace in the Euro-Atlantic area and to provide security to its members.

I have just returned from Europe where I had the opportunity to visit with numerous military and civilian officials from Hungary, the Czech Republic, and Poland, as well as NATO officials and the military officers from the European Command. I was able to meet with embassy officials, visit with Hungarian Air Force pilots, witness military training in the Czech Republic, and receive briefings from officers of the Polish General Staff.

In all of these encounters, I came away with a strong sense of the growing confidence of these now independent nations in the processes and institutions of democratic government as well as their sense of themselves as partners in the greater European community.

To me, NATO enlargement means growing democracy.

Studies on NATO enlargement indicate that it will contribute to enhanced stability and security for all countries in the Euro—Atlantic area by encouraging and supporting democratic reforms, including civilian and democratic control over the military.

It will foster patterns and habits of cooperation, consultation, and consensus building that characterize relations among present members of the alliance. Enlargement will promote good neighborly relations in the whole Euro—Atlantic area and increase transparency in defense planning and military budgets, and, thus, confidence among States. It will reinforce the tendency toward integration and cooperation in Europe and strengthen NATO's abilities to contribute to European and international security and to support peacekeeping activities in cooperation with the U.N.

Finally, it will strengthen and broaden the Transatlantic partnership.

The Reserve Officers Association of the United States strongly urges you to support NATO enlargement consistent with the United States policy. NATO enlargement is the logical consequence and fruit of the success that NATO has enjoyed since it was established in April, 1949. Enlargement is both the reward and the process that will further enable and secure the blessings of life, liberty, and the pursuit of happiness to NATO members and to provide increased stability to all peoples of the world.

Thank you, Mr. Chairman.

[The prepared statement of Colonel Harmon follows:]

PREPARED STATEMENT COLONEL HARMON

Mister Chairman and Members of the Committee, it is a privilege to be here this morning representing the nearly 100,000 members of the Reserve Officer's Association, to discuss ROA's position on the issue of NATO enlargement.

Our association was established 75 years ago at the behest of General of the Armies John J. Pershing by commissioned officer veterans of the World War I, what was called then "the Great War." RONs founders were concerned about what they perceived as our nation's drift into unilateral disarmament and isolationism. They believed that a strong military was the best defense against the threat of future wars.

In 1950, President Harry S Truman, a founding member of ROA Chapter 1 in Independence Missouri, signed our congressional charter. That charter set forth our association's object and purpose—to support and promote the development and execution of "a military policy for the United States that will provide adequate national security. . . ." Mister Chairman, our object and purpose remain unchanged, and our association continues to speak out on those issues that affect our military policy and national defense. NATO enlargement is very much within our purview, and for many of the same reasons that led General Pershing and his fellow veterans of the Great War to found ROA in 1922.

This past July, at our annual National Convention in Kansas City, our general membership approved a resolution in support of NATO enlargement. This resolution (ROA Resolution No. 97-10) recognizes the North Atlantic Treaty Organization as the most successful defensive alliance in history, one that has survived 50 years of unparalleled international tensions, which absent its existence, could have led to a third world war.

One great measure of NATO's success is the strategic relationship that we have been able to achieve in the post-Cold War world with Russia and the other, now independent nations of the former Soviet Union. This strategic relationship is based upon mutual cooperation, dialogue, confidence building, crisis prevention, and the Partnership for Peace with the nations of Central and Eastern Europe. This relationship recognizes the need for stability and mutual security among all of the nations of the North Atlantic region, and fosters emerging trends toward closer integration within Europe. We believe that over time the essential, defensive nature of the alliance will become clear to all parties, and with it the realization that NATO

threatens no one. NATO is, and will remain, a purely defensive alliance whose fundamental purpose is to preserve peace in the Euro-Atlantic area and to provide security to its members.

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Studies on NATO enlargement indicate that it will contribute to enhanced stability and security for all countries in the Euro-Atlantic area by encouraging and supporting democratic reforms, including civilian and democratic control over the military. It will foster patterns and habits of cooperation, consultation, and consensus building that characterize relations among present members of the alliance. Enlargement will promote good-neighborly relations in the whole Euro-Atlantic area, and increase transparency in defense planning and military budgets and, thus, confidence among states. It will reinforce the tendency toward integration and cooperation in Europe, and strengthen NATO's ability to contribute to, European and international security and to support peacekeeping activities in cooperation with the UN. Finally, it will strengthen and broaden the transatlantic partnership.

The Reserve Officers Association of the United States strongly urges you to support NATO enlargement consistent with United States policy. NATO enlargement is the logical consequence and fruit of the success that NATO has enjoyed since its establishment in April 1949. Enlargement is both the reward and the process that will further enable and secure the blessings of life, liberty, and the pursuit of happiness to NATO members, and provide increased stability to all peoples.

Senator SMITH. Thank you, Colonel and the Reserve Officers Association also for participating in this hearing.

Colonel HARMON. Thank you very much.

Senator SMITH. We will call our final witness, Dr. Alvin Rubinstein of the Political Science Department of the University of Pennsylvania. We welcome you, Doctor.

STATEMENT OF DR. ALVIN Z. RUBINSTEIN, POLITICAL SCIENCE DEPARTMENT, UNIVERSITY OF PENNSYLVANIA, PHILADELPHIA, PENNSYLVANIA

Dr. RUBINSTEIN. It is a pleasure to be here and I very much appreciate the honor of appearing before the committee. I will try not to be more than my 5 minutes.

I will limit my comments on the shortcomings of NATO enlargement to several interrelated issues that have been largely overlooked in the hearing so far: First, the U.S. national interest in Europe; second, the German question; and, finally, the effect of enlargement on U.S. policy and options in East Asia.

America's vital interests on the European continent have been to prevent any hostile power from dominating the European land mass. Three times in this century the United States expended enormous efforts to defeat an aggressive power's quest for control of Europe. Twice the enemy was Germany, once the Soviet Union.

Today, the U.S. led NATO alliance is the dominant military force on the continent. Strategically, conditions in Europe are conducive to a Pax Americana that is affordable, supportable, and credible. There is in place a structure of power different from any that existed in previous epochs. The United States is the preeminent power and seeks only to promote a durable peace. No European country has any prospect of supplanting its position.

NATO anchors Germany in a U.S.-dominated security system, helps deepen the historic Franco-German reconciliation, and buys valuable time to advance West European integration.

A secure strategic environment is predicated on stable relationships, and in NATO this means maintaining the present equilibrium of forces among the inter-dependent actors.

Any introduction of new elements must affect the structure of power and the cohesion that have heretofore shaped the behavior of the alliance. Certainly no alliance has strengthened itself by embracing weak, dependent, resource poor new members, none of whom is in danger of attack.

But utopian engineering is apt to trigger troublesome consequences with respect to Germany. Germany is already the most powerful country in Western Europe, a dominant member of the European Union, and commercially and financially the most influential actor in Central and Eastern Europe.

NATO enlargement is a geostrategic gift that places Germany once again at the center of Europe. Far from resolving the old question of disproportionate German power in Europe, as was suggested here a few days ago, NATO enlargement stirs up unpleasant historical memories.

One result may be rekindled uneasiness between Germany and France and between Germany and Russia. Another may be delayed European integration as France and Britain reassess the implications of Germany's newly enhanced status.

Any geopolitical development, however well intentioned, that transforms Germany from an ordinary nation-state into a strategic hub radiating political and military, as well as economic, influence across much of Europe will pose problems for America's presently unchallenged dominance.

Finally, there is an essential connection between the increased commitments the United States would make toward Europe through NATO enlargement and its ability to act effectively in a variety of volatile situations in East Asia.

Whereas in Europe, political systems are stable, defense expenditures are declining, and territorial and ethnic irredentism marginalized, in East Asia very different trends prevail. Uncertainty in Asia means increased defense costs. How much of America's resources will need to be committed there? How extensive a power projection capability is required, and what will public sentiment support over the longer term?

In light of these indeterminate variables in East Asia, prudence would suggest the United States not assume unnecessary responsibilities in Europe. Also, it is not true that U.S. credibility would suffer if NATO enlargement were rejected or were postponed for 5 to 10 years to allow prospective members to demonstrate that they do, in fact, meet the criteria for membership laid out in the original Partnership for Peace proposal. It is not the U.S. long-standing commitment to NATO that is being debated. The only issue is the enlargement of NATO.

America's credibility is not being called into doubt, only President Clinton's judgment. No country will end its alliance with the United States as a consequence of the Senate's vote on enlargement. NATO will not wither away.

Nor does the honor of the United States require that the Senate support a policy which the President cannot demonstrate is in the national interest. On the contrary, the honor and integrity of the democratic process require that Senators vote not for or against the President but for whatever policy they judge to be in the national interest.

Thank you, Mr. Chairman.

[The prepared statement of Dr. Rubinstein follows:]

PREPARED STATEMENT OF DR. RUBINSTEIN

The end of the Cold War and the collapse of the Soviet Union presented Europe with a unique opportunity to create an improved system of security that would preserve and deepen the peace that it has enjoyed since 1945. In the post-Cold War era, Europe seeks stability and security within a broad framework of growing integration and cooperation—a studied contrast to the 1945 to 1990 period when the continent was divided into two hostile, ideologically, militarily, and politically antithetical blocs. The question is how to proceed. The nascent European Union (EU) having proved too weak to provide effective leadership, the responsibility for uniting and protecting Europe in the next century, for want of a seemingly better alternative, has devolved upon NATO.

The Central and East European countries believe that NATO and the EU are integrally connected, that membership in the former one will assure admission to the other. In June 1993, the EU spoke favorably albeit vaguely, of membership for the Czech Republic, Poland, Hungary, and Slovakia (the so-called Visegrad Four, an appellation that was soon discarded, since none of the group wanted to be tied to any of the others). But the impetus that energized NATO and its prospective hopefuls came not from the EU but the U.S.; the catalyst was not Europe is concern about its security, but U.S. domestic politics.

CLINTON AND PARTNERSHIP FOR PEACE

The fall of 1993 was a difficult time for Bill Clinton. The new President was rebuffed by Congress in his exhaustive attempt to have a national health plan passed; criticized for mishandling U.S. involvement in a flawed U.N. exercise in nation-building in Somalia and for equivocating on Bosnia; beset by groups and governments concerned over the constitutional challenge to Yeltsin and the ominous rise of a truculent ultra-nationalistic Russian Right; and urged by supporters to avail himself of a "peace dividend" by reducing America's defense costs in Europe.

Using a time-tested ploy, his advisers crafted a foreign policy initiative to enhance the President's sagging domestic prestige. At a NATO summit meeting in Brussels on 10-11 January 1994 President Clinton praised NATO and signaled his determination to strengthen it and extend its protective umbrella. He recalled a comment made by Walter Lippmann three days after the treaty had been signed in Washington: "The pact will be remembered long after the conditions that have provoked it are no longer the main business of mankind. For the treaty recognizes and proclaims a community of interest which is much older than the conflict with the Soviet Union, and come what may, will survive it."[1] More important, it was at this meeting that Clinton proclaimed the Partnership for Peace (PfP) proposal, which held out the prospect of NATO membership for the countries of Central and Eastern Europe, and the republics of the FSU, including Russia. Nevertheless, the timing and criteria for admission were deliberately left uncertain.

As initially envisaged, PfP was an invitation to prospective applicants to work with NATO for "transparency in national defense planning and budgeting processes;" "ensuring democratic control of defense forces;" developing closer military ties with NATO "in order to undertake [joint] missions in the field of peacekeeping, search and rescue, humanitarian operations, and others as may subsequently be agreed;" and fostering the training of "armed forces that are better able to operate with those of NATO's."[2] However, before the end of the year, enlargement completely overshadowed this menu of low level cooperation in essentially military activities. PfP's purely military goals of participation, cooperation, confidence-building, and interoperability of forces were superseded by NATO enlargement's political con-

[1] William J. Clinton,"Partnership for Peace: Building a New Security for the 21st Century," *U.S. Department of State Dispatch Supplement* 5 (January 1994), 5.

[2] "Partnership for Peace: Framework Document," NATO Press Release Vl-l (1994) 2.

siderations and inherently contradictory strategic purposes, that is, fostering security, promoting democracy, and dealing with Russia.

CLINTON EXPANDS U.S. ROLE IN EUROPE

With its abrupt embrace of NATO enlargement, the Clinton administration upped the ante of NATO's role in post-Cold War Europe, and it did so without benefit of any serious consultation with Congress or attempt to explain the implications of its policy to the American people. Following the Republican Party's control of both Houses of Congress as a result of the November 1994 mid-term Congressional elections, the administration adopted an even more activist stance in Europe to demonstrate its "toughness" in the face of Russia's opposition to the new U.S. policy. The ideological stimulus was supplied by strong advocates such as Richard Holbrook (at the time, ambassador to Germany and the President's trouble shooter in Bosnia) and Madeleine Albright (then ambassador to the U.N.), think-tanks such as RAND and the Brookings Institution, and a few prominent members of Congress such as Senator Richard Lugar and Senator Sam Nunn. On 21 November 1994, then Secretary of State Warren Christopher made clear the irrevocable course on which the administration had embarked: "NATO is and will remain the centerpiece of America's commitment to European security. But now our challenge is to extend the zone of security and stability that the Alliance has provided—to extend it across the continent to the east."[3]

This expression of intent largely dispelled the fog of ambivalence that had enveloped U.S. policy. Whereas President Clinton himself had stated that NATO expansion "will not depend upon the appearance of a new threat in Europe," his principal adviser on Russian affairs and close friend, Deputy Secretary of State Strobe Talbott, cautioned that the expansion of NATO would be determined by "the overall security environment in Europe."[4] However, once the President determined to press ahead with NATO enlargement, all equivocating interpretations disappeared. European allies were reassured, as were countries seeking NATO membership, and domestic groups anxious over Washington's conflicting views.

In August 1995, Strobe Talbott, who had initially reacted coolly to enlargement because of its adverse consequences for U.S. relations with Russia, gave (or was assigned the task of giving) an official response to the public criticisms made by a blue ribbon group of retired diplomats and military leaders. He argued that NATO enlargement should be undertaken for three basic reasons. First, collective defense. Though acknowledging that "the end of Soviet communism, the dissolution of the Warsaw Pact, and the breakup of the USSR have eliminated the threat that NATO was created to counter during the cold war," he nonetheless maintained that "new threats may arise that would require NATO to protect the members and to deter attack." The possible threat he saw, though nowhere on the horizon, was Russia. Second, promotion of democracy. Admission to NATO would provide the countries of Central Europe and the former Soviet Union "with additional incentives to strengthen their democratic and legal institutions, ensure civilian command of their armed forces, liberalize their economies, and respect human rights, including the rights of minorities." Third, regional peace and stability. In return for admission to NATO, new members would be expected "to resolve disputes peacefully and contribute to peacekeeping operations."[5] (Note: Talbott never explained why these incentives were to be applicable to countries in Central and Eastern Europe but not to Russia as well.)

From the beginning, Clinton's policy on NATO enlargement was driven by domestic considerations. His announcement that he wanted the first group of countries admitted in 1999 on "NATO's 50th anniversary and ten years after the fall of the Berlin Wall" was made in Detroit in the final two weeks of a bitterly waged campaign for reelection. It was made to attract maximum support from the Central and East European ethnic groups who were crucial to the electoral outcome in the Mid-Western part of the United States. Again, as in late 1993, there was no discussion, no consultation with Congress, and no explanation to the country of its implications.

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[3] Warren Christopher, "NATO: Extending Stability in Europe," U.S. Department of State Dispatch, 5, 48 (28 November 1994), 790.

[4] Zbigniew Brzezinski, "A Plan for Europe," *Foreign Affairs,* 74,1 (January/February 1995), 28.

[5] Strobe Talbott, "Why NATO Should Grow," *The New York Review of Books* (10 August 1995), 27. According to Michael McGwire, who offers a trenchant critique of the official rationale for NATO's expansion, Talbott's article reminded him "of those in the Communist Party house organ Kommunist, where the losers in an internal Soviet debate were required to publicly recant by expounding the official party line." Michael McGwire, "Russia and Security in Europe," in *Five Years After the Fall: The Role of the Outside World in the Transformation of the Former USSR,* edited by Karen Dawisha (Armonk, N.Y.: M.E. Sharpe, forthcoming).

Soon after his reelection, Clinton obtained NATO's approval on 10 December 1996 for the timing of the first tranche: the NATO communique called for the convening of a Summit meeting in Madrid on 8-9 July 1997, one aim of which was "inviting one or more of the countries which have expressed interest in joining the Alliance to begin accession negotiations." Accordingly, most observers concluded NATO enlargement a done deal.

Perhaps so. But serious questions remain, and these may undergo close scrutiny by the U.S. Senate, which has the constitutional responsibility for reviewing the utility, feasibility, and costs of new treaty obligations. In the meanwhile, criticism is growing from a variety of leading figures as to whether NATO enlargement is in the national interest of the United States or any other member of the Alliance, or even the new invitees. Among the prominent Americans who have doubts are former Senator Sam Nunn, General John Galvin, who served as supreme allied commander in Europe, Jack Matlock, ambassador to the Soviet Union during the Gorbachev era, and policy advisers and arms control negotiators Paul Nitze and Jonathan Dean. Criticism focuses mainly on questions of security in Europe; the Russian Factor; Costs; the German Question; and the future of democratization in Central and Eastern Europe.

THE SECURITY ENVIRONMENT IN EUROPE

A January 1997 editorial in the prominent U.S. defense journal *Aviation Week & Space Technology,* which has close ties to the Department of Defense and the military-industrial community, derided as "breathtakingly complacent" the view that NATO's "imperial drive to bring former Soviet client states into the fold" is consistent with its remaining "a defensive alliance of likeminded states," and held that "plunging ahead with enlargement is likely to result in a riskier world, not a safer one."[6]

A careful look at the security environment in Europe that NATO enlargers seek to remake reveals a Europe at peace and no power threatening a major war. For the first time in this century—indeed, in Europe's history—a European peace can be assured by the long-term security commitment of a non-European power, the United States. Such a commitment is far more likely to be sustained for a minimalist NATO that does not require unnecessary increases in expenditures by an American electorate that has already been shouldering heavy defense burdens for Western Europe's defense for almost six decades. From a geostrategic perspective, the dominant force on the European continent is the U.S.-led NATO alliance. It securely anchors a democratic Germany to the rest of Western Europe and no other power or coalition of powers poses any threat to its present hegemonic security community or security outreach.

Eastward, stretching from Estonia to Bulgaria, a vast borderland has emerged from the collapse of the Soviet imperial system. It contains nine newly independent former Soviet satellites and three former Soviet imperial possessions. Together, they constitute an extensive buffer zone between Germany and Russia, the prime disrupters of Europe's peace since 1870. Far to the east lies Russia itself, a severely weakened empire shorn of its protective perimeters from the Baltic Sea to the Black Sea, and from Transcaucasia across Central Asia to China; bordered by eight of the fourteen weak and vulnerable Soviet republics that acquired instant independence when the Soviet Union was dissolved on 25 December 1991; marginalized as a great power; and uneasy over the potential of Political Islam. What is more, the Russian government presides over a society in disarray, a demoralized people, and a deteriorating, quasi-anarchical economy and political system.[7]

As in any alliance, so in NATO, threat is determined principally by the dominant power(s) who bear responsibility for the security of all the alliance members. Time and again, U.S. leaders have stated that there is not now any threat to the security of NATO or the countries of Central and Eastern Europe or the Baltic states; Russia is not considered a threat. Thus, the case for NATO enlargement is not being made on grounds of any "clear and present danger" to prospective members. Assuredly, enhanced security and peace are extremely important, yet on this count alone, NATO enlargement would not seem necessary. After all, there is in place a structure of power that distinguishes the present strategic environment from that which has existed over centuries.

First, there is a functional hegemon, the United States, which is not located in Europe, which does not covet territory, and which seeks only to institutionalize the

[6] "Back Off Expansion," *Aviation Week & Space Technology,* January 6, 1997, 70.

[7] Elaboration of the line of argument herein developed is set forth in Alvin Z. Rubinstein, "The U.S. Stake in Russia," Orbis, Vol. 41, No.1 (Winter 1997), 31-32.

conditions for a long peace. Second, among the major European powers, no country has any prospect of overturning the present benign strategic situation and supplanting the U.S. position and role. Third, all the countries of Europe—large and small, powerful and weak, secure and vulnerable—can have a say in their future and in the creation of a viable and lasting security architecture in which to shelter in the decades ahead.

Why, then, the avidity of the states of Central and Eastern Europe and the Baltic area to join NATO? Scholars of learning theory in international relations argue "that balance of threat theory does not explain alliance choices," that states often opt for neutrality rather than alliances, depending on the experiences of their leaders. In this body of literature, there is support for the proposition "that small powers do have real freedom of action in world politics and are not puppets following the whims of great powers," hence the very different behavior before and after World War II of Sweden, The Netherlands, Poland, Czechoslovakia, Finland, Yugoslavia, and so on.[8] However, the data on why nations chose as they did are so diverse and open to various interpretations that we are reduced to assuming only that multiple explanations are possible. And in this process, historical memory and historical experience are crucial determinants.

In the late 1990s, most of the leaders, key elites, and electorates of prospective NATO members have had their political images and formative political years shaped by the experience of living under repressive Communist and Soviet rule from 1944-1945 on. The rush to join NATO is, in one sense, a continued flight from the shadow of Muscovite power and repression. This is understandable, but irrelevant to the strategic conditions in which they live today.

The Cold War, though dangerous, did not lead to actual war, but it did leave the peoples of the former Soviet empire in Central and Eastern Europe and the Baltic region with a scarred psyche and a deep-rooted suspicion of Russia that motivate their search for security guarantees and economic concessions from Western Europe and the United States. NATO enlargers, frozen in a Cold War mind set, place great emphasis on that period of U.S.-Soviet rivalry and extrapolate from it into the future. By so doing, they convey the impression that Russia, not Germany, was the principal catalyst of the great wars of the twentieth century that deranged Europe's peace and societal cohesion and that drew the United States into the continent's turbulent affairs.

THE RUSSIAN FACTOR

Especially noteworthy in questioning the wisdom of an enlarged NATO has been George F. Kennan, the Dean of Russian specialists in the United States. It was Kennan's article, "The Sources of Soviet Conduct, published in early 1947 and arguably the most influential essay in the history of U.S. diplomacy, that served as the intellectual basis for the Containment Doctrine that shaped U.S. foreign policy during the 45-years of Cold War rivalry with the former Soviet union (FSU). His opposition today to NATO enlargement has galvanized ex-diplomats, journalists, academics, and policy analysts to express their deep concerns.

In an article in *The New York Times* in early February 1997, Kennan deplored not just President Clinton's peremptory decision but its timing and avoidance of substantive explanation. "Bluntly stated," wrote Kennan, "expanding NATO would be the most fateful error of American policy in the entire post-Cold War era:

Such a decision may be expected to inflame the nationalistic, anti-Western and militaristic tendencies in Russian opinion; to have an adverse effect on the development of Russian democracy; to restore the atmosphere of the cold war to East-West relations, and to impel Russian foreign policy in directions decidedly not to our liking.[9]

In light of Kennan's experience and wisdom regarding Russian affairs, and considering the hopeful possibilities engendered by the changed political and security environment of the post-Cold War era, it is incumbent on us to provide a persuasive answer to his query, "should East-West relations become centered on the question of who would be allied with whom and, by implication, against whom in some fanciful, totally unforeseen and most improbable future military conflict?"

Kennan's concern that NATO enlargement will complicate further efforts to proceed with nuclear downsizing is shared by Fred C. Ikle, Undersecretary of defense for Policy in the Reagan Administration. In testimony before the House Committee on National Security on 17 July 1997 Ikle acknowledged the dangers inherent in "loose nukes" and weapons grade fissionable material scattered throughout Russia,

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[8] Dan Reiter, *Crucible of Beliefs: Learning. Alliances, and World Wars* (Ithaca: Cornell University Press, 1996), 214-215.

[9] George F. Kennan, "A Fateful Error," *The New York Times,* February 5, 1997, A23.

and the possibility of theft of plutonium and enriched uranium. But he preferred to emphasize a different aspect of the problem, namely, his fear that in managing NATO enlargement Washington will be diverted from pressing ahead on the much higher priority nuclear issues: "There is only so much time in high level meetings to cover multiple agendas. The nuclear issues that require Russian action are so important, so overarching, that we must focus on them all our leverage and influence with Moscow, all the 'carrots and sticks' that we can command for this continuing negotiation with the Russian authorities." [10]

As it is, NATO enlargement has already had chilling effects on Russian-American relations. It has reopened a psychological and political divide, which will not easily or soon be bridged, the establishment of the Russia-NATO Permanent Council, to the contrary notwithstanding. This ceremonial Paris trumpery, which followed Moscow's accession on 27 May 1997 to the Russian-NATO Founding Act, will do little to allay Russian concern that the West is essentially anti-Russian. Any expansion to the east by a powerful military alliance, regardless of its peaceful pronouncements, can hardly be viewed as other than a potential threat. In January 1997, Mikhail Gorbachev, whose desire to see Russia a part of the "European home" and integrated into the Western-dominated international economic order cannot be doubted, made this point, lamenting the risk that enlargement places on all the breakthroughs to date in Russia's relations with the West. [11] The spillover from the enlargement issue has affected crucial arms control issues. START II may eventually be ratified by the Duma, but the character and degree of cooperation needed to assure full and expedious compliance is in doubt. START III is problematic. Moreover, all signed arms control treaties, nuclear and nonnuclear, will probably become more difficult to negotiate, implement, and sustain. Professor Michael Mandelbaum of Johns Hopkins University has been in the forefront of those who are deeply skeptical. Dismissive of NATO enlargement, his position is that the arms control agreements concluded during the 1987 to 1993 period have, taken as a whole, created a common security that reduces "the possibility of great power conflict" and provides all European countries with solid confidence in the future stability and security in the region. Thus, beginning in 1987, the Intermediate Range Nuclear Forces (INF) agreement, followed by a combination of confidence building measures (CBMs), lower levels of conventional armaments through the Conventional Forces in Europe (CFE) accord, and strategic arms reduction treaties (START I and START II), drastically altered the threshold of threat: "a country bent on overturning the European status quo could not hope to mount a successful attack without extensive preparations, which would be readily detected and would plainly violate signed treaties." [12] Even if Russia turned hostile, the probability is strong that this would result in the reimposition of "a sharp line of division in Europe" much farther to the east and to the unmistakable detriment of Russia's situation. [13] According to Raymond Garthoff, a retired diplomat and member of The Brookings Institution, whatever eventuates, the very process of enlargement cannot help but leave a residue of suspicion and divisiveness; it "has already made a mockery of the policy of the Bush and early Clinton administrations to create a post-Cold war partnership with Russia stretching from Vladivostok to Vancouver, and it is even undermining the conception of a Europe stretching from the Atlantic to the Urals celebrated at the Paris Summit of 1990 marking the end of the Cold War." [14]

Without doubt, the nuclear issue with its attendant security implications, broadly conceived, is the central concern of most opponents to enlargement. Thomas Friedman, the diplomatic correspondent to *The New York Times,* for one, says that the United States would be much better off if President Clinton, Secretary of Defense William Cohen, and Secretary of State Madeleine Albright spent "as much time on the threat that does exist—Russia's massive nuclear arsenal—as they have on the threat that doesn't exist—a Russian invasion of Poland." [15] His commentaries repeatedly return to the theme that in the interests of peace and stability NATO

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[10] Statement by the Honorable Fred C. Ikle before the Committee on National Security, U.S. House of Representatives, Washington, D.C., July 17, 1997.

[11] Mikhail Gorbachev, "Expanding NATO Won't Bring More Peace on Earth," *The New York Times,* January 17, 1997.

[12] Michael Mandelbaum, *The Dawn of Peace in Europe* (New York: The Twentieth Century Fund, 1996), 102-103; 105.

[13] ibid., 144.

[14] Raymond L. Garthoff, "Western Efforts to Shape Post-Soviet Behavior," in Karen Dawisha(ed.), *The International Dimension of Post-Communist Transitions in Russia and the New States of Eurasia* (Armonk, N.Y.: M.E. Sharpe, 1997), 30.

[15] Thomas L. Friedman, "It's Unclear," *The New York Times,* June 2, 1997, A 15.

should remain unchanged, both as to membership and focus—its primary aim being to deter nuclear war in Europe.

In sum, critics of NATO enlargement do not believe that any threat to the prevailing structure of power that serves the NATO community exists, and it is difficult to imagine any strategic principle or concern so mighty as to justify jeopardizing the future of this irenic environment. As Senator John Warner of Virginia observed to Secretary of State Albright, "I come from the school if it's not broken, why try and fix it?" [16]

THE COST CALCULUS

President Clinton said NATO enlargement was not without cost or risk. In a report to Congress on 24 February 1997 he held that the costs would be modest, averaging no more than $150 million to $200 million a year for the first ten years, basing his estimate on an in-house State Department study. But even staunch NATO-boosters are uneasy with this minimalist figure. Several years ago, the highly respected Rand Corporation, known for its close ties to the Pentagon, calculated the cost at $3-5 billion per year over a ten year period, with the U.S. share being $1-$1.2 billion annually. The congressional Budget Office posits costs greater than Rand's by a factor of two or three, depending upon the assumptions used. [17]

Clearly, no one knows what enlargement will really cost, but the Clinton Administration's estimates contravene experience. one need look no further than the Bosnian operation for evidence. In late November 1995, when the administration undertook to commit ground forces to Bosnia, it estimated the cost to the United States of helping to enforce the cease-fire at $1-1.2 billion for the year 1996. In fact, the cost to the United States was almost $4 billion; and by late 1997, about $7 billion. Notwithstanding Secretary of State Albright's assurance to a Senate committee that "NATO enlargement is not a scholarship program," [18] that is precisely what it is likely to resemble: long-term government guaranteed loans to enable recipients to pay for costly goods and services with a promise of eventual repayment. Prospective members would thus be forced to purchase weapons they cannot afford and do not need, but which they must acquire as the entry fee for membership in the NATO club. As two journalists noted, the only winners would be U.S. arms merchants for which enlargement would be the boon of the decade. [19]

Senators John Warner (Va) and Kay Bailey Hutchison (Texas) found the administration's cost estimates "troubling because of its assumptions about burden sharing, or how much of the total cost of NATO enlargement will be borne by our European allies. According to the administration, the United States will pay just 15 percent or so of the direct enlargement costs. Other members will pay 50 percent, and the new members 35 percent." But they note that French President Jacques Chirac has said that France will not increase its spending. [20] Indeed, Chirac, angered by Washington's rejection of Romania and Slovenia for membership in the first round that included Poland, the Czech Republic, and Hungary, is not alone in viewing the unilaterally accelerated process of enlargement as Clinton's payback to supportive domestic constituencies. And he has declared that new members "must pay their own way. France does not intend to raise its contributions to NATO because of the cost of enlargement." [21] Representative Barney Frank, a Democrat from Boston, seized on Chirac's statement to offer amendments (rejected, for the time being) to reduce defense spending at home, unless our European allies show a willingness to assume their fair share of the burden. [22] Ronald Steel, a distinguished historian and frequent contributor to leading print media, observes that the Clinton Administration keeps assuring us "that the rich West Europeans will cough up the money for their continental brethren, even though those same burghers have been vigorously cutting

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[16] Quoted in R.W. Apple, Jr., "Road to Approval is Rocky, And Gamble is Perilous," *The New York Times,* May 15, 1997, A 18.

[17] A useful starting point for moving into the thicket of direct and indirect (hidden) costs of NATO enlargement is: U.S. General Accounting Office: Report to Congressional Requesters, *NATO Enlargement: Cost Estimates Developed To Date Are Notional* (August 1997, Washington, D.C.). GAO/NSIAD-97-209.

[18] As quoted in Allison Mitchell, "Clinton Girding for Stiff debate on NATO Issue," *The New York Times,* June 29, 1997, A 6.

[19] See Jeff Gerth and Tim Weiner, "Arms Makers See A Bonanza In Selling NATO Expansion," *The New York Times,* June 29, 1997, 1; 8.

[20] John Warner and Kay Bailey Hutchison, "The Missing NATO Debate," *Washington Post,* July 24, 1997.

[21] Elizabeth Neuffer and Brian McGrory, "Leaders Sign 2 Security Agreements," *Boston Globe,* July 10, 1997, A 16.

[22] Chris Black, "Frank Pushes For Sharing of NATO Costs," *Boston Globe,* July 22, 1997, A 6.

their own defense budgets."[23] Even the consistently pro-enlargement *Wall Street Journal* has, on occasion, acknowledged that "questions about how much defense NATO will offer its new members, the cost, and who will provide troops and pay the tab" must be dealt with.[24] Somewhere along the road to the "Great Debate" in the U.S. Senate over NATO enlargement deals are going to be made—and the compromises will have to be transparently mutual in character. In the Senate, the devil may well lie in the accounting process.

THE GERMAN QUESTION

Already the most powerful country in Western Europe and the dominant member in the EU, Germany is still far from attaining maximum economic strength and influence, in part because of the unexpectedly large and continuing drain on resources by the former East Germany. However, within a decade or so, it should hold the position of unmistakable economic-industrial strength that it held on the eve of the First and Second World Wars. Inevitably, NATO enlargement will not only reinforce Germany's claim to European leadership but also place Central and Eastern Europe securely under its economic and political influence; it will mean Germany's de facto colonization of the area. The positions of France and Great Britain will correspondingly diminish, with unforeseen and damaging consequences for European integration.

Recall that twice in a generation Germany unleashed catastrophic "civil wars" in the heartland of Western civilization. Today, however, Germany is a key EU partner and in the forefront of Western Europe's integration. As long as it remains a nonnuclear weapons power and a member of NATO, Europe's prospects for a long peace are bright. But much depends on U.S. leadership in NATO, which helps deepen the Franco-German reconciliation; gives time for strengthening the institutional bonds that are being forged to bind the West European states together; provides the nations of Central and Eastern Europe and the Baltic region with a chance for independent democratic development; and reassures Russia against another German threat materializing. Under present circumstances, a minimal U.S. military presence in NATO is itself sufficient to allay West European—and Russian—anxieties about the German phoenix, and to deter threats to the independence of most non-NATO nations situated between Germany and Russia.

In the future, an increasingly powerful Germany will naturally seek a political role commensurate with its economic influence. Already indicative of the sea change in Germany's outlook is its growing assertiveness in foreign policy that may be dated from mid December 1991 and the Yugoslav succession crisis. The key move, which came less than two weeks before the USSR's implosion, was the German government's announced intention to extend diplomatic recognition to Croatia and Slovenia, notwithstanding the requests for patience from Washington, Paris, and London, and the U.N. secretary-general. Confronted with German Foreign Minister Hans Dietrich Genscher's determination to go his own way, Britain and France sheepishly followed suit: so much for the EU's collective decision making. Genscher revealed a nationalistic outlook that some observers find worrisome.[25] It was manifested not just in the Yugoslav crisis where traditional German interests in the Balkans were highlighted, but also in the EU where Genscher pressed for the German language to be accorded the same status as English and French; in the Far East, where he offered to mediate the knotty territorial dispute between Russia and Japan; and in Eastern Europe where German investment and trade have increased noticeably.

In all probability, Germany would be the biggest beneficiary of NATO enlargement. Its political and military elites see enlargement as the answer to Germany's complex Eastern Problem, which has three facets: the vulnerability of its borders to unwanted migrations from Eastern Europe and the countries of the former Soviet Union; the psychological feeling that Germans have of continuing "to live at a frontline, albeit one which is characterized by open borders and major imbalances in wealth, stability and political culture"; and the aversion to again being squeezed between two adversarial blocs and the sense that Germany should take "its natural geographic place, which is in the center of Europe, not at an artificial borderline

[23] Ronald Steel, "Eastern Exposure," *The New Republic,* July 14 & 21, 1997, 27.

[24] Carla Anne Robbins, "Devil Is In Details of NATO Expansion," *Wall Street Journal,* August 9, 1996, A 6.

[25] For example, Jacob Heilbrunn,"Germany's New Right," *Foreign Affairs,* Vol. 75, No.6 (November-December 1996), 80-98.

of European subregions."[26] The Bundeswehr likes the prospect of a cushioning security zone that would redefine the political boundaries of Europe in such a way that the Russians are kept out, the French pacified by symbolic involvement in East European matters, and the Americans enthusiastic over the idea of spreading democracy to new areas. It has entered into defense cooperation agreements with all the former Warsaw Pact members, and hopes that enlargement will result in the establishment of a new NATO command for Central and Eastern Europe, headed by a German. In addition, powerful economic interests in investment, banking, and trade reinforce Bonn's welcoming attitude. Indeed, no debate on the issue was deemed necessary by the Bundestag. Instead, a consensus has gradually emerged among the ruling Christian Democratic Union (CDU) (in coalition with the Free Democratic Party), the opposition social Democratic Party, and even part of the "Green" Party, to the effect that Germany should pursue its necessary and legitimate national interests in the East, preferably within the framework of NATO enlargement.

At the same time, Bonn is unsparing in its courtship of Moscow, seeking by political gestures, diplomatic visits, and economic carrots to allay Russian concerns over NATO enlargement; and it continually reassures the Central and East Europeans and the Balts of its support for their eventual accession to NATO and the EU, thereby enhancing its position as their champion in West European council.

But NATO enlargement will make Germany a more difficult alliance partner. It will intensify tensions arising out of competing national interests and residual national fears. With growing prominence on the continent, Germany's aspect has become more "German" and less "European," especially in the East. Klaus Kinkel, who succeeded Genscher in early 1992 as foreign minister, stirred up a hornet's nest when he demanded that the Czech Republic apologize and make restitution for the expulsion of the two to three million Sudeten Germans in 1945.[27] Federal Minister of Finance Theo Waigel went even further, calling on the Czechs to recognize "the *Heimstrecht* —the right of return—of the Sudeten Germans... [and] to confess the crime."[28] More than two generations later, the furor over what happened in the Sudetenland has exposed raw historical memories.[29] Alarmed at the consequences of escalating claims and counterclaims, on 21 January 1997 in Prague, the German and Czech governments signed a declaration of reconciliation containing reciprocal expressions of regret Germany apologizing for "the suffering and injustice" and the policies of violence inflicted by Nazi Germany on the Czech people, and the Czech Republic deploring the "great injustice and suffering" caused innocent people by the 1945 expulsion of more than two million ethnic Germans.[30]

Even so empathetic and astute an observer of German policy as Timothy Garton Ash evinces a touch of anxiety over signs that nationalism rather than Europeanism is beginning to characterize Germany's approach to the countries of Central and Eastern Europe. At the heart of his uneasiness is Germany's dichotomous approach to Western and Eastern Europe. He cites approvingly Elizabeth Wiskemann's writing in 1956 that if German-Slav relationships are to flourish in the future, it "would call for exquisite tact . . . : the very same German who worked very well with the French or Italian or Benelux representatives in the West might find it traditionally too difficult to keep his manners as good in the East."[31] In the twentieth century, the German record in Poland, the Czech Republic, and Russia, in particular, has been a sad one. Germany is now a democracy and certainly very different from what it was. Still, Ash wonders if it will be able to resist the temptations that come with supremacy, not excluding territorial revisionism. After all, in the past, he notes, "if strong states were next to weak states which had territory they coveted, and to

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[26] Reinhardt Rummel, "The German Debate on International Security Institutions," in Marco Carnovale (ed.), *European Security and International Institutions After the Cold War* (New York: St. Martin's Press, 1995), 187.

[27] Alan Cowell, "Memories of Wartime Brutalities Revive Czech German Animosity," *The New York Times,* 9 February 1996 1, A12; and Hans Koning, "German Irredenta," *The Atlantic Monthly,* Vol. 278, No. 1 (July 1996), 30-33.

[28] "Waigel, Stroiber Take a Hard Line on the German-Czech Reconciliation at Meeting of Sudeten German Expellees," quoted in *The Week in Germany,* 31 May 1996, 1. Also, see "World War Wound Reopens in Bonn: Expulsions by Czechs a Hot Issue," *International Herald Tribune,* 28 May 1996, 5.

[29] For an informative account, see Timothy W. Ryback, "Dateline Sudetenland: Hostages to History," *Foreign Policy,* No. 105 (Winter 1996-97), 162-178.

[30] Alan Cowell, "A German-Czech Pact on Wartime Abuses," *The New York Times,* 11 December 1996; and Craig R. Whitney, "Germans and Czechs Try to Heal Hatreds of the Nazi Era," *The New York Times,* 22 January 1997, A3.

[31] Timothy Garton Ash, *In Europe's Name: Germany and the Divided Continent* (New York: Random House, 1993), 403.

which they could construct some historical claim, they sooner or later took it."[32] While not believing that history repeats itself, he foresees inevitable tensions, which will require Germany to act with considerable delicacy and "exceptional self-restraint." After forty-five years of steadily working to widen the bounds of German power the Germans must now cultivate "the new habit of not fully exerting the power they had. More dramatically still: they had the particular task of helping the consolidation of other democratic state-nations in territories where Germans had until quite recently lived and ruled."[33] Although his magisterial work, *In Europe's Name,* predated the issue of NATO enlargement, in it Ash suggested that before Central and Eastern Europe could be integrated with Western Europe and admitted to the European Union the individual countries of the area ought first go through a nation building process, "consolidating the state-nation," essential for becoming "secure, liberal, democratic states."[34] His mood of cautious skepticism about the future of Germany and its relations with Central and Eastern Europe is one that the countries of the region would be well to consider carefully, as they rush to be embraced by NATO.

CENTRAL AND EASTERN EUROPE AT A CROSSROADS

Throughout this century, the countries of Central and Eastern Europe and the Baltic region have been door mats for aggressive great powers, repeatedly trampled on and viewed as marginal, expendable assets. Historically, this vast area of multiple ethnolinguistic, cultural groups, of indefensible borders, and of meager natural resources, served as a magnet for invaders and occupiers, in particular, Germanic and Slavic states. Two significant political processes shaped the struggles of the victimized peoples of "the borderlands:" first, their resistance, yet inevitable "incorporation into one or another of the bureaucratic empires closing in on them, and second, the rivalry of the Great Powers for domination over the contested zones between them."[35] During their protracted period of weakness, subjugation, and vulnerability, these diverse peoples failed in their efforts to play off the competing imperial powers on their flanks, and ultimately they became vassals of one or another great power.

Viewed from a broad perspective, which includes the largely disappointing experiences of the new nations of Africa and the Middle East since decolonization, the history of the peoples and nations of borderlands teaches unequivocal lessons: develop strong internal politics and economies or risk conquest and dominion by expansionist powers or powerful neighbors; cooperate with similarly vulnerable neighbors or fall prey to foreign penetration and influence; neglect internal transformation to pursue marginal gains of dubious durability at the expense of equally vulnerable neighbors and the consequences will be satellitization in some form.

The invitees—(Poland, the Czech Republic, Hungary)—believe that their security, stability, and long term prosperity lie in joining NATO, and that this will eventually result also in admission to the European Union. Are these assumptions the best ones, politically and geoeconomically, to drive policy?

One relevant observation from the Cold War experience is that great powers are more willing to supply swords than plowshares: contrast the apparent eagerness of NATO countries to sell weapons to enable prospective members to contribute militarily to collective defense and new out-of-area missions with the reluctance of the EU to open its markets to non-member states, and its very tough bargaining in trade negotiations, as the Poles and others have discovered. George Soros sums it up well: "The problems of Central and Eastern Europe require political integration and economic prosperity, not the extension of military alliances. The countries of the region need political, moral, and economic assurance that they are indeed part of the West and the world of open societies. To give them armies and military alliances instead misconstrues the threat. In fact, the expansion of NATO can easily turn into a self-fulfilling prophesy, generating the very dangers against which it is meant to defend."[36]

Moreover, whereas the timetable for admission of new NATO members is politically driven, compliance with the military criteria that applicants were to have met under the Partnership for Peace program having been waived or modified, the conditions for full membership in the EU are as tough as ever, and there are no signs in the EU's Parliament of plans to add new members. Indeed, it is on this very issue

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[32] ibid., 406.
[33] ibid., 407-408.
[34] ibid.
[35] Alfred J. Rieber, "Struggle Over the Borderlands," in S. Frederick Starr (ed.), *The Legacy of History in Russia and the New States of Eurasia* (Armonk, NY: M.E. Sharpe, 1994), 66.
[36] George Soros, "Can Europe Work?", Foreign Affairs, Vol. 75, No. 5 (September-October 1996), 12.

that Thomas Friedman, diplomatic correspondent for *The New York Times,* castigates EU members:

> What threatens them right now are all those new East European free-market democracies, whose factories and farmers want to export to Western Europe at prices that will undercut the West Europeans and whose workers all flock to Western Europe for jobs which would drive down wages. Russian missiles and Russian tanks are a nebulous and distant danger to Western Europe. But Polish hams and Polish workers are a clear and present danger. So NATO expansion is the bone EU members throw the East Europeans instead of letting them into the European common market, which is what the East Europeans really want and need.[37]

Given the benign strategic environment of post-Cold War Europe , in Central and Eastern Europe and the Baltic region security should, first and foremost, be a matter of nation building. This is the period to foster internal cohesion, develop democratic institutions and processes, promote modernization, and strengthen regional cooperation. Though governing marginal lands that are militarily insignificant and burdened with a deplorable Soviet legacy of environmental degradation and an aging infrastructure, today's leaderships have yet another chance. Their predecessors, when confronted with choices, opted for parochial politics and strategic myopia. To paraphrase what the Englishman Harold Beglie (1871-1929) once said about Christianity, it is not that democratization and development were tried and found difficult, but that they were found difficult and not tried.

The conflict between the Germanic and Slavic peoples is part of the "ancient" history of Europe. It has been overtaken by new strategic-military realities: nuclear weapons that preclude another invasion by a massive land army bent on conquest; a Germany firmly anchored in alliance with the United States and integration with Western Europe; and a Russia in sharp decline. Although the countries of Central and Eastern Europe cannot change their geography, they can adapt in a more positive fashion than heretofore and concentrate on transforming themselves into liberal, democratic societies where the rule of law, protection for minorities, the supremacy of civilian authority, and eco-political pluralism are nurtured. Each of the countries has a Russian problem which should be put in perspective and normalized as quickly as possible: dwelling on the past, with its injustices and victimization, is no way to build for the future. In this respect, the experience of France and Germany shows the redemptive and generative power of political reconciliation and economic integration, and should be emulated. Why should Poland not extend itself to do as much with Lithuania, the Czech Republic, or Ukraine; or the Czech Republic not follow suit with Hungary, Slovakia, and Poland; or Hungary not reconcile with Romania, Slovenia, Ukraine, and Slovakia? None of them can hope to accomplish anything meaningful alone; and none are economic "tigers" who need only the reassuring protection of NATO membership. They lag in economic and political reforms, run high budget deficits that demand greater fiscal and monetary discipline, and they must do far more to encourage innovative entrepreneurial elites and attract foreign investment.

True, some self-help steps have been taken, but hardly enough. Thus, in December 1992, Poland, the Czech Republic, Hungary, and Slovakia established the Central European Free Trade Agreement (CEFTA). Slovenia became a member on 1 January 1996. CEFTA's ambitious objectives included the elimination of restrictions on the automotive, electrical, and textiles industries. To date, progress has been erratic. Slovenian-Italian relations, long conflictual, show signs of functional cooperation in trade and transportation.[38] The free trade agricultural agreement signed by the prime ministers of Estonia, Latvia, and Lithuania in June 1996 and put into effect on 1 January 1997 is another promising, though timid, measure; timid, because it is hedged with clauses that allow for protectionist barriers. Time will show if the Baltic states have the political will to make their free trade area work. Poland could be a trading and transportation hub for all of north-central Europe, but this requires that its government commit at least as much energy and diplomatic assets to developing joint ventures with Lithuania, Ukraine, and the Czech Republic as it uses to court France and Germany in order to gain entry to NATO.

OBSERVATIONS

The thesis advanced in this paper leans toward the position that NATO enlargement is not necessary to advance the goal of all European security, and that a

[37] Thomas L. Friedman, "NATO or Tomato?", *The New York Times,* 22 January 1997, A21.
[38] "Slovenia: Bridge in Europe," *The Economist,* 11 January 1997, 49.

minimalist NATO, for geostrategic and political reasons previously developed, may be the right policy, at the right time, for the right reasons.

Hardly had the elation everywhere in Europe over the collapse of the USSR and the end of the Cold War subsided than a group of American analysts began hawking the need for a Greater NATO. Prominent among those who made the intellectual case for NATO's expansion were Richard Kugler, Ronald D. Asmus, and F. Stephen Larrabee, members of RAND, a think tank with close ties to the Pentagon. So effective have the NATO enlargers been that there was little discussion in the U.S. Senate issues until the ratification debate began in earnest in late 1997. Starting in 1993, when the case for keeping NATO in the post-Cold War era was popularized by the catchy phrase "use it or lose it," the enlargers have pressed for an all-inclusive NATO, but one that excludes Russia. They know that nothing could undermine NATO enlargement in the Congress more than its inclusion. Shades of the pre-Marshall Plan days!

But a close, comprehensive relationship with Moscow is a necessary U.S. and, I believe, Western priority because, however straitened its circumstances and diminished its power, Russia remains a nuclear superpower. Only the United States is equipped to deal effectively with Russia on a range of critical nuclear issues.

NATO enlargers maintain that despite Russia's opposition to enlargement, there is nothing it can do to stop the process. But this misses an important point: the question is not what the Russians can do, but rather what they might not do. Russia's cooperation against nuclear smuggling, indiscriminate arms sales, violations of the nuclear nonproliferation treaty, illegal immigration, drug trafficking, and terrorism is crucial, if European security is to be meaningful and enhanced.

Today the Central and East European countries face momentous choices—and dilemmas. They all want security, democratization, and development. But which goal should take priority? In face of the concrete realities of contemporary Europe, which is the most important to the transformation and future well-being of these long repressed and exploited societies? Some urge incorporation into NATO, arguing that only in this way can these countries prevent historic ethnic tensions from turning violent, as they did in Yugoslavia. Some see and abhor a power vacuum in the region. Thus, Henry Kissinger urges NATO's expansion to forestall the creation of "a gray area in Eastern Europe between Germany and Russia, potentially tempting historic Russian drives to create political and strategic vacuums around its periphery."[39]

At a minimum, such strategizing from a NATO-centric perspective will result in subordinating democratization and development in Central and Eastern Europe. As Michael Mandelbaum has observed, "NATO is not an effective instrument for promoting either free markets or democracy." No alliance, it needs be stressed, has ever succeeded in advancing such goals. NATO is "a military alliance, an association of some sovereign states directed against others. The 'other' in this case is Russia."[40] There is still time, if the will exists, to reexamine all possibilities. small countries who aspire to be bishops but more often find themselves mere pawns might want to consider Cassius's warning:

> Men at some time are masters of their fates: The fault, dear Brutus, is not in our stars, But in ourselves, that we are underlings.
>
> Julius Caesar
> Act 1, Scene 2

Senator SMITH. Thank you, Doctor, for your contribution and all of you who contributed, we thank you.

This committee hearing is adjourned.

[Whereupon, at 12:15 p.m., the committee adjourned.]

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[39] Henry A. Kissinger, "Beware: A Threat Abroad," *Newsweek,* 17 June 1996, 4.

[40] Michael Mandelbaum, "Preserving the New Peace: The Case Against NATO Expansion," *Foreign Affairs,* Vol. 74, No. 3 (May/June 1995), 9-10.

APPENDIX

APPENDIX 1

HEARING OF OCTOBER 7, 1997

OCTOBER 3, 1997

MEMORANDUM

TO: Members, Committee on Foreign Relations

THROUGH: James W. Nance and Edwin K. Hall

FROM: Steve Biegun, Beth Wilson, and Mike Haltzel

SUBJECT: Hearing on the Strategic Rationale for NATO Enlargement

On Tuesday, October 7, 1997 at 10:00 a.m., the Committee on Foreign Relations will hold a hearing on the Strategic Rationale for NATO Enlargement.

Senator Helms will preside.

OVERVIEW

The Foreign Relations Committee has scheduled a series of six hearings this fall to examine all elements of NATO enlargement. (One or two additional hearings will be scheduled early next year after the treaty is formally transmitted to the Senate). The first two hearings will provide an overview of the arguments for and against NATO enlargement with Administration and private witnesses. Subsequent hearings will address costs, benefits and burden sharing; the qualifications of Poland, Hungary and the Czech Republic for NATO membership; the NATO-Russia relationship; and public views. This memo, prepared with the assistance of Paul Gallis from the Congressional Research Service, includes an overview of the aforementioned topics. Memos with more detailed analysis will be provided for the later hearings.

NATO: FROM COLD WAR TO ENLARGEMENT

Cold War

NATO was established on August 24, 1949, with the entry into force of the Washington Treaty, as an alliance of mutual defense among democratic and market oriented governments in North America and Western Europe. Original members included the United States, Canada, and ten European countries emerging from the destruction of World War II (Great Britain, France, Belgium, the Netherlands, Portugal, Denmark, Norway, Luxembourg, Iceland and Italy). NATO has been central to peace and stability in Europe for almost fifty years, and serves as the principal vehicle through which the United States maintains its relationship and manifests its influence with its European allies.

During the Cold War NATO served as a bulwark against the threat of the Soviet Union and its Warsaw Pact satellites. The U.S. strategic nuclear guarantee served as a deterrent to Soviet aggression, and U.S. conventional forces stationed in Europe, reaching over 300,000 at their peak, were evidence that the United States would meet its commitment to collective defense under Article 5 of the Washington Treaty (the part of the Washington Treaty which obligates NATO members to come to each other's defense). The collapse of communism demonstrated NATO's success in fending off the massive, external threat posed by the Soviet Union. But NATO continues to fulfill a second role equally important as the defense against com-

munism. After two World Wars in the first half of the century into which the United States was inevitably drawn, the close relationship among NATO members allowed countries to lay aside historical grievances and develop democratic traditions and market economies to the enormous benefit of themselves, their neighbors and the United States.

To date, the alliance has been enlarged on three separate occasions—to include Greece and Turkey in 1952, the Federal Republic of Germany in 1955, and Spain in 1982. A process has been set in motion to expand the membership of NATO yet again to include several Central and Eastern European nations that emerged from Soviet domination with the collapse of communism. Changes under consideration in NATO extend beyond the question of adding new members. The current enlargement debate, to include Poland, Hungary and the Czech Republic as full members of NATO, is occurring at the same time as an important debate over NATO's mission in post-Cold War Europe.

New Missions

The Soviet Union's collapse in 1991 and the current disarray of the Russian military have, in the view of NATO, largely eliminated any immediate, conventional threat to Western Europe and the United States. In 1991, as the Soviet Union teetered on the verge of collapse, NATO members agreed to a new alliance purpose in a document known as the Strategic Concept. The Strategic Concept reiterates the importance of collective defense, but it notes that, with the emergence of independent democratic states in Central Europe, "the political division of Europe that was the source of the military confrontation of the Cold War period has... been overcome." The allies agreed, even before the now evident decline of Russia, that risks to security were from "instabilities that may arise from the serious economic, social and political difficulties, including ethnic rivalries and territorial disputes" in Europe. Proliferation of weapons of mass destruction, disrupted access to vital resources, and terrorism are also noted.

While NATO's core mission remains collective defense, the Strategic Concept outlines a leaner approach to security for the post-Cold War environment. Militarily, the allies agreed to move away from a positional forward defense and develop forces to counter "diverse and multi-directional risks." Such forces would "require enhanced flexibility and mobility and an assured capability for augmentation when necessary.... This ability to build up by reinforcement, by mobilizing reserves, or by reconstituting forces, must be in proportion to potential threats...." The themes of risks rather than threats, and lighter forces capable of rapid reinforcement and reconstitution have been central elements in Administration efforts to develop a strategic rationale for enlargement.

As an inevitable follow-on to the Strategic Concept, the risks to peace in post-Cold War Europe that have replaced the Soviet threat have given rise to consideration of new missions for NATO, such as peacekeeping and crisis management. However, differences are evident over such issues as whether to expand NATO's purpose beyond collective defense, how to bring stability to Bosnia, and whether the European allies possess the will and capacity to accomplish such new missions themselves, with limited U.S. involvement. The debate over new missions will also affect burden sharing in the alliance, perhaps more so than that of expansion itself.

Critics point out that consideration of new missions for NATO will be problematic for the alliance. While NATO has been relatively successful in maintaining consensus for the narrow mission of the territorial defense of its members, consensus on peacekeeping or crisis prevention will be quite complicated. Proposals under consideration that would tie such deployments to the approval of the United Nations or the Organization for Security and Cooperation in Europe (OSCE) could subject NATO decisions to the consensus of self-interested motives of undemocratic nations that have membership in those organizations. Finally, because the United States is the leading military power in NATO and has force projection capabilities far superior to most of the allies, the costs associated with a peacekeeping oriented mandate will inevitably fall disproportionately upon the United States military.

Enlargement

Administration officials have cited a range of U.S. interests that enlargement could serve: strengthening states that share a belief in democracy; development of free-market economies open to U.S. investment and trade; securing allies willing to share cooperative efforts in an array of global issues; and preserving a Europe free of domination by any one power. Critics have been concerned that enlargement might isolate and antagonize Russia, that it may financially overburden the allies in a time of shrinking defense budgets, and that it may create new political divisions in Europe. Some also believed that admitting new members with weak mili-

taries and recently developed democratic practices might dilute the military capability and political like-mindedness of the alliance, and deflect the alliance from its core mission of collective defense. Concern has also arisen over whether arrangements agreed to allay Moscow's concerns have given Russian leaders a role in NATO decision making.

While some allies initially expressed hesitation over enlargement, NATO members preliminarily endorsed the expansion of the alliance at a January 1994, NATO summit. On balance, the allies believe that enlargement, coupled with later expansion of the European Union (EU) and the continued engagement of the United States, will enhance stability on the continent. In Madrid, on July 8, 1997, the allies unanimously agreed to invite Poland, Hungary and the Czech Republic to begin accession talks. The allies pledged to leave the door open to future candidates, but did not commit themselves to a date for additional enlargement or to particular countries for consideration.

KEY ISSUES

Strategic Rationale

The Administration continues to describe collective defense as the core of the alliance, but believes that NATO has other, closely related, purposes as well. At a Senate Armed Services Committee hearing in April 1997, Secretary Albright was asked to explain who the alliance is defending against. She responded:

> The threat is basically...the instability within the region which has in fact created two world wars. But there is also the possibility of an outside threat. There is a possibility of threats from various parts outside the region, to the south, we have to guard against. And, on the off chance that in fact Russia does not turn out the way we are hoping it will and its current leadership wants, NATO is there.

Central Europe for centuries has been a region of instability. Supporters of enlargement believe that admitting qualified new members is a means not only to secure gains from the end of the Cold War, but an historic opportunity to develop a community of states that embraces democracy and free markets and sets aside enduring ethnic and border tensions that have caused conflict. In addition, in this view, enlargement sends a clear signal to Russia that while the era of intimidation of its neighbors is at an end, the opportunity is at hand for Moscow to seek cooperation with its European neighbors and the United States to bring stability to the entire continent.

Critics of enlargement tend to believe that a reformed Russia, still controlling a nuclear arsenal, is the key foreign policy interest for the United States and its allies. Enlargement, in this view, will humiliate Russia by taking from its orbit a region that it believes is within its historic sphere of influence, and serve as an inducement to nationalists to overturn Russian reformers' efforts to work constructively with the West in such areas as arms control and conflict prevention. In addition, they believe that Central Europe's experiment with democracy may be but a brief moment in centuries of turbulence, and that western publics are not prepared to guarantee the security of such a region when scarce resources might be utilized for domestic needs rather than for defense.

The Candidate States

Poland, Hungary and the Czech Republic have suffered repeated divisions and subjugation by empires to their east and west during the last several centuries. With the collapse of the Soviet empire in Central and Eastern Europe, these countries restored sovereign, democratic governments for the first time since the aftermath of World War II. The impetus for NATO enlargement, which first gained momentum in 1993, was largely driven by the concern of anti-communist Eastern European leaders such as President Lech Walesa of Poland and President Vaclav Havel of the Czech Republic, who feared that Russia would seek to reassert influence over former Soviet satellite states. It is the hopes of the leaders of Poland, Hungary and the Czech Republic that NATO membership will provide a stable security environment as their countries and others in the region deepen their drive toward democracy and market economies on the Western periphery of a Russia whose future is far from certain.

Public opinion in Poland and Hungary favors entry into NATO, in Poland overwhelmingly and in Hungary strongly. In the Czech Republic, polls show a narrower margin of support on the issue of enlargement. The governments and parliaments of all three candidate states support NATO membership as a means to enhance stability. Due to their concern over the return of an aggressive Russia, they view the

Article 5 commitment as the principal, but mostly unstated, reason for joining the alliance.

Poland, Hungary and the Czech Republic have each held several elections judged free and fair since regaining its independence. Each has made progress in privatizing its economy and is experiencing economic growth. The three candidate states have accepted NATO's requirement of assuming the necessary military responsibilities should they enter the alliance. Each now enjoys civilian control of the military, although each remains encumbered, to differing degrees, with armed forces top heavy with officers and only partially trained in NATO doctrine and practices. They are at different stages of modernizing and restructuring their armed forces, and each has outlined plans to ensure that defense expenditures are sufficient to meet the obligations of NATO membership.

Each candidate state is a member of a range of European institutions, including the OSCE and the Council of Europe. The European Union is considering the three countries (and others) as possible candidates for membership, to be formally named at an EU summit in December 1997. NATO and the EU have both required candidate states to settle border and ethnic disputes to qualify for membership. To this end, Poland, Hungary and the Czech Republic have signed agreements with neighboring states, and the leading political parties in each of the three countries have given strong evidence of dedication to the settlement of ethnic and border disputes.

Costs, Benefits, and Burden Sharing

In a February 1997, "Report to Congress on the Enlargement of NATO: Rationale, Benefits, Costs, and Implications", the Department of Defense outlined its analysis of the costs of enlargement. (NATO is drafting its own cost study of enlargement, which is due to be completed in December 1997). The Pentagon study is premised upon the collapse of the Russian threat, the need for fulfilling the defense requirements of the Strategic Concept, and the potential contribution of the candidate states to NATO's new missions.

The Administration estimates that 12 years (1997–2009) would elapse before the three states might fully contribute to collective defense. The estimated total cost (combined U.S., fifteen NATO allies and three candidate states) of enlargement will be $27–35 billion. The study assumes that current members would deploy no substantial forces on the territory of new members, but it does note that NATO defense costs would be appreciably higher in the event of a renewed Russian threat—with or without enlargement.

Focus on this issue should include three distinct points. The first point is the cost of accepting three new members into the alliance. According to the Pentagon estimates, the cost of NATO enlargement will be divided among the United States (15%), the new members (35%), and the other existing members of NATO (50%). The dollar amount from the United States for this purpose is estimated at $150–$200 million per year from 1999–2009.

The second category of expense, the cost to the new members to meet the military requirements of NATO membership, is estimated at $10–13 billion over twelve years—an amount that Poland, Hungary and the Czech Republic have publicly committed to meet. All three countries have stable democratic governments, and economic reforms have progressed to a degree that NATO defense expenditures can reasonably be met. Poland's economic growth rate this year is running at 5.5 percent, with Hungary and the Czech Republic not far behind.

The third category of expense, the cost for existing alliance members to meet obligations to pay a fair share of the cost of NATO obligations as agreed in the Strategic Concept, is estimated at $4.5–$5.5 billion. This represents commitments already made but not yet achieved by the allies. In fact, European defense budgets are shrinking and it is this latter category of cost sharing that must be met by the Europeans if NATO membership is to remain beneficial to U.S. interests.

Assumptions of the threat to NATO and what constitutes an "adequate" defense have driven estimates in the two other enlargement cost studies of note, offered by the RAND Corporation (a national security think tank) and the Congressional Budget Office (CBO). Both of these studies examine escalating threat scenarios, coupled to the cost of correspondingly increased defense postures. RAND's total cost estimates for NATO enlargement range from $10 billion to $110 billion over 10–15 years. The low end of the RAND study's estimate assumes a minimal threat, with new members bearing the costs of military modernization; the high-end estimate assumes a substantial forward deployment of current members' forces on new members' territory coupled with a resurgent Russian threat.

CBO assessed enlargement costs under five possible scenarios, ranging from assisting a new member engaged in a border skirmish or a conflict with a regional power, to the permanent stationing of the forces of current member states on the

territory of new members to prepare for a broader conflict with Russia as the adversary. According to CBO, over 15 years the estimated range of total costs would be $60 to $125 billion, with the total U.S. share ranging from $4.8 to $18.9 billion.

Allied governments do not agree with the cost of enlargement as defined by the Administration (or the two private studies). Due to their differing assumptions about threats and required responses, and in view of their publics' desire for declining defense budgets, most NATO allies think the cost of NATO enlargement should be far less. French President Chirac has said: "We have adopted a very simple position: Enlargement must not cost anything in net terms" because there is no threat. "In reality, NATO is a peacekeeping body, a crisis management system, and accordingly can afford much lighter resources to cover enlargement." The former British Ambassador to the United States has said that the Administration report assumes a greater threat than warranted, and that U.S. officials are "using arguments about enlargement to leverage a better performance [from allies] on [NATO] force goals." Both of these remarks, which are representative of thinking in several allied capitals, raise questions about the future capabilities of NATO and the willingness of current allies to devote resources sufficient to meet their military obligations.

While defense burden sharing inside NATO remains unequal, the American-led NATO alliance provides the best forum for the United States to press the European democracies to continue to meet their obligations, not only for European defense but, even more importantly, for the global defense of mutual interests. It is no coincidence that the integrated, well-trained forces of the U.S. and its European allies formed the spearhead of the successful attack against Iraq during the Persian Gulf War. This was a direct result of cooperation among members of NATO.

Maintaining the abilities of NATO to respond to future crises will be a vital U.S. interest if the Europeans can be pressed to share the burden. Without NATO, the global defense burden of the U.S. would likely increase. The ability of the allies to coordinate with U.S. forces in a military crisis would be reduced and the net result would probably be more instances where the United States is forced to either "go it alone" or stay out of conflicts that could have the potential, as was the case in the first half of the century, ultimately to bring the U.S. in anyway.

NATO-Russia Relations

Many allies, particularly Germany, France, and Italy, were initially concerned that enlargement would jeopardize improved relations with Russia and inspire a nationalist backlash injurious to western interests. In this view, an angry Russia would cause instability and tension in Central Europe. To avoid such a development, NATO endorsed an effort to reach agreement with Moscow over a forum for consultation.

NATO and Russia formalized consultative procedures in a document called the Founding Act, which was signed on May 27, 1997. The Founding Act established a Permanent Joint Council (PJC) for NATO-Russia consultations. Secretary Albright has said that the Council is a "forum for consultation, cooperation, and—where possible—joint action. It will not have the power to dilute, delay, or block NATO decisions, nor will it supplant NATO's North Atlantic Council" (SASC hearings, April 1997). Russia has "a voice but not a veto," and appropriate issues for discussion include proliferation, the safekeeping of nuclear arsenals, and coordination of responses to "humanitarian crises and threats to peace."

The NATO-Russia relationship has been strained by three years of strident Russian opposition to NATO enlargement. In the assessment of many observers, Russian objections are primarily aimed at achieving maximum assurance that NATO will pose no future threat to Russia. Others conclude that Russia is simply irreconcilably opposed to NATO enlargement, or that Russian leaders are using the issue, without concern for the consequences, to outmaneuver nationalistic political opponents at home.

Specifically, the Russian government is seeking assurance that NATO enlargement will not lead to the deployment of NATO conventional infrastructure or nuclear weapons directed at Russia. On the question of conventional capabilities, NATO has resisted any permanent constraints that would lead new members in Central and Eastern Europe to be less secure than other members of the alliance. Nonetheless, NATO formally declared on March 14, 1997, that "in the current and foreseeable security environment the alliance will carry out its collective defense and other missions by ensuring the necessary interoperability, integration, and capability for reinforcement rather than by additional permanent stationing of substantial combat forces." In the case of the latter point, related to the deployment of nuclear weapons, NATO stated on December 10, 1996 that its members have "no intention, no plan, and no reason" to deploy nuclear weapons in new member states.

Aside from the official statements of intent by NATO on conventional and nuclear deployments in new member states, two treaties offer assurances to both Russia and NATO on these issues: the Conventional Armed Forces in Europe Treaty (CFE) and the START II Treaty. The premise of the CFE Treaty, which was ratified by the Senate in 1991, is that conventional armaments reductions would create a more balanced and stable military situation in Europe. It establishes regional and national limits on certain categories of military equipment, including tanks, artillery, armored fighting vehicles, fixed-wing aircraft, and attack helicopters among the members of NATO and former members of the Warsaw Pact (as well as their successor states). The adaptation of the CFE Treaty is currently under negotiation in order to make it relevant to the post-Cold War security environment in Europe.

An emotional element of the Russian complaint about an increased conventional threat as NATO enlarges is that NATO will then be on Russian borders. An enlarged NATO may indeed approach the borders of Ukraine and Belarus, but these are not Russian territory. The small piece of Russian territory that an enlarged NATO would border, Kaliningrad, has questionable strategic value to Russia and is not contiguous with the rest of Russia. A better example of the relationship envisioned by NATO between new members and Russia can be found between Russia and Norway. Norway, an original NATO member, has shared a border with Russia (and before that the Soviet Union) without threatening Russia. In fact, Norway has no foreign forces on its territory, it has no nuclear weapons on its territory, it has no substantial, forward-deployed conventional forces, and it maintains good relations with Russia. (It even provides foreign aid to Russia).

The avenue for Russia to receive legally binding assurance against a nuclear threat is the START II Treaty, which was ratified by the Senate in 1995 and is pending approval in the Russian Duma. This arms control agreement requires the United States and Russia to reduce nuclear weapons holdings to 3,000–3,500 warheads each. The Clinton administration has committed to begin negotiations on a START III Treaty, with further reductions to a range of 2,000–2,500 each, if Russia approves the START II Treaty. While a START III Treaty is far from a forgone conclusion—with many complicated issues dividing the two sides and an internal U.S. debate over how low the United States can take its level of strategic nuclear weapons and retain effective deterrence—it is through these negotiations that the Russian government can gain increased assurances and security from the nuclear holdings of NATO members.

Proponents of the NATO-Russian Founding Act see this measure as a definitive symbol of NATO's desire to work with, not against Russia. It addresses a widely held view—including among potential members of NATO in Central Europe—that isolating Russia would undermine European security. The Founding Act establishes a forum for Russia to have a voice in European security, and it has allowed Russia to save face as NATO almost inevitably enlarges.

Critics, however, contend that the NATO-Russia Founding Act provides Russia with a status inside NATO in advance of Central European states seeking membership. Furthermore, Russia's status has been achieved through a political agreement among NATO members while Central European states are required to gain the approval of member states through ratification. On a separate matter, critics point out that because difficult decisions at NATO are not made by casting votes or using vetoes, but rather through a careful process of building consensus, the "voice but not a veto" construct actually gives the Russian government equal footing with members of the alliance on virtually any subject considered in the Permanent Joint Council. Finally, critics assert that while a NATO-Russia dialogue has some appeal in the abstract, when held up against the concrete, contemporary challenges of European security, the ability to reach a common approach between NATO and Russia on issues such as Bosnia will be problematic if not impossible.

Bosnia

The long war in Bosnia ended when the United States brokered the 1995 Dayton Accord to establish a multi-ethnic, non-partitioned state. The NATO-led Stabilization Force (SFOR) oversees and enforces military aspects of the accord, which the parties themselves have in large part successfully implemented. Implementation of non-military provisions that would consolidate peace and political stability has been less successful. National Security Advisor Berger said September 23, 1997, that Bosnia will "remain a source of dangerous instability in Europe" unless the international community remains engaged after the end of the SFOR mandate on June 30, 1998. Secretary of defense William Cohen, in an October 1–2, 1997, meeting with his NATO counterparts, stated that no final decision had been made about a post-SFOR force in Bosnia. States contributing to SFOR also differ on whether the NATO force should become more engaged in missions such as capturing war crimi-

nals in Bosnia. Many European governments maintain an "in together, out together" policy: if U.S. forces leave, theirs will depart as well. The United States supplies 31% of the forces for SFOR, Britain 19.3%, France 9.1%, and Germany 7.3%. Germany has absorbed 300,000 refugees from the former Yugoslavia, at a cost of $2.5 billion a year.

Bosnia may affect the debate over NATO enlargement because western engagement there is seen as a test of the Europeans' willingness to share the burden of bringing stability to their own continent. In this view, France, for example, demands an enhanced leadership role for Europeans in the alliance, but at the same time the Europeans refuse to commit to ensuring stability in Bosnia without a U.S. ground presence and leadership. Some European officials counter that the United States cannot be resolute in guaranteeing the security of Poland, the Czech Republic, and Hungary if it lacks the resolve to bring peace to Bosnia, which is clearly causing instability in neighboring regions. In these officials' view, if a key new mission of an enlarged NATO is crisis management, then Bosnia is a crucial test that the alliance can not fail and still hope to retain its vitality.

TIMETABLE FOR ENLARGEMENT

Accession negotiations with the three candidate states began in September 1997, and NATO intends to sign a protocol for amendment of the Washington Treaty to admit Poland, Hungary and the Czech Republic at a December 15–16, 1997, meeting of NATO foreign ministers. The Administration expects to transmit the protocol to the Senate in January 1998. If the member states approve the protocols, the alliance wishes to admit the three states in April 1999 on NATO's 50th anniversary.

MEETING THE CHALLENGES OF A POST-COLD WAR WORLD: NATO ENLARGEMENT AND U.S.-RUSSIA RELATIONS

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LETTER OF TRANSMITTAL

May 13, 1997.

The Hon. JESSE HELMS,
Chairman, Committee on Foreign Relations,
Washington, DC.

DEAR MR. CHAIRMAN. During the week of March 23, I traveled to Europe to learn more about the process of the enlargement of the North Atlantic Treaty Organization and its likely effect upon our relations with the Russian Federation. This report is based upon an extensive series of meetings held during that trip and background reports by several agencies of the U.S. Government, including the Department of State, the United States Information Agency, the Department of Defense, and the Congressional Research Service of the Library of Congress.

The trip immediately followed the U.S.-Russia summit meeting in Helsinki, Finland and took me first to Moscow, and then to the capitals of the four countries named in the 1996 "NATO Enlargement Facilitation Act"—Poland, the Czech Republic, Hungary, and Slovenia.

In traveling to these five countries, I was accompanied by Dr. Michael Haltzel, Professional Staff Member of the Foreign Relations Committee, and Commander Sean Fogarty of the U.S. Navy. Our group was given invaluable assistance by the Embassies of the United States in Moscow, Warsaw, Prague, Budapest, and Ljubljana.

Mr. Chairman, for political, economic, strategic, and cultural reasons, Europe remains an area of vital interest to the United States and, therefore, stability on the continent is fundamental to the well-being of our country. The often painful history of the twentieth century has demonstrated that the United States must play a leading role in organizing the security of Europe. From World War I at the beginning of this century to Bosnia and Herzegovina in the mid-1990's, without American leadership the countries of Europe have proven unable to resolve their differences peacefully.

Over the last decade, the end of the cold war and the collapse of Communism have completely altered the face of Europe. Newly independent states in Central and Eastern Europe are striving to create and solidify political democracy and free markets. For most of these countries it is a difficult process, which, if not put into a larger framework, could spin out of control.

It is in this context that the enlargement of NATO must be seen. During the cold war, NATO provided the security umbrella under which former enemies in Western Europe were able to cooperate and build highly successful societies. The enlargement of the alliance can now serve to move the zone of stability eastward to

Central Europe, thereby preventing a 1930's—type renationalization of that historically volatile region. For the United States this translates into investing today in a modernized, enlarged NATO in order to avoid, once again, having to spill incalculably more blood and expend more resources to settle conflict tomorrow.

NATO enlargement will reach a crucial stage on July 8–9, 1997 in Madrid, Spain when the alliance is expected to extend an invitation to membership to one or more candidate countries. In order for enlargement to proceed, however, both our current NATO allies and the candidate countries invited to join in Madrid, must agree to shoulder their fair share of financial costs and all mutual obligations. My discussions with Central European leaders convinced me that this basic message needs to be driven home.

The failure of our current and future allies to pull their weight would surely cause support for NATO in the United States to wane. America's 50-year-long commitment to the alliance has been predicated upon equitable division of burdens. The clear and understandable tendency among the American people and some of its leaders to look inward is growing. I believe, however, that this isolationist impulse is dangerous, and it is up to the President and the Congress to persuade Americans that we must continue to engage Europe.

Russia, also undergoing a comprehensive and difficult transition from totalitarianism to free-market democracy, will continue to be one of the major players in determining whether Europe remains secure. It is essential, therefore, that enlarging NATO be accompanied by a broader and deeper relationship with Russia. Some observers doubt that simultaneously achieving both goals is possible. I disagree.

This report reflects my strong belief that NATO enlargement need not adversely affect U.S. relations with Russia. From Communist leader Zyuganov, to liberal leader Yavlinsky, to nationalist leader General Lebed', no Russian politician with whom I met believed that NATO enlargement posed a security threat to Russia. Rather, their opposition to enlargement reflected a deeper psychological problem of coming to grips with the loss of empire and a fear of Moscow's being marginalized in the changed world of the 21st century.

There is much that we can do to allay their misgivings. By stabilizing Central and Eastern Europe, NATO enlargement can induce Moscow to reorient its political and economic policies westward toward Europe and the United States. Moreover, before Madrid, NATO and Russia may reach agreement on a charter that will outline mechanisms for enhanced consultation and cooperation, without adversely affecting the ability of NATO to function as the world's most powerful, defensive military alliance. Finally, through intensified trade, investment, and technical assistance the United States and Western Europe can help Russia overcome the real threats to her security—crime, corruption, environmental degradation, and loosely guarded nuclear, chemical, and biological weapons and material.

Security does not come cheaply, and maintaining NATO is not inexpensive. American taxpayers deserve to understand the benefits of their continuing to support the alliance now that its mission

has broadened to projecting security rather than the old cold war task of confronting a single aggressive enemy.

I know that you agree on the importance of these issues, and I look forward to working with you to ensure that the U.S. Senate and the American people are fully informed as the process of NATO enlargement continues.

Sincerely,

JOSEPH R. BIDEN, JR.,
Ranking Member.

I. Policy Recommendations

1. *Initiate a national debate on NATO enlargement.*—No foreign policy, no matter how well formulated, can be sustained without the informed consent of the American people. Therefore, a national debate should be launched to explore the costs, obligations, and benefits to the United States of NATO enlargement. To begin that debate, the Senate Committee on Foreign Relations should hold a series of comprehensive hearings on NATO enlargement and relations with Russia in both the Subcommittee on European Affairs and the Full Committee.

2. *Immediately engage European alliance partners on funding NATO enlargement.*—Before the U.S. Senate votes on enlargement in 1998, there must be a clear understanding with our NATO Allies of how the costs will be shared. Therefore, the U.S. Government should without delay engage our European NATO partners to urge them to agree to shouldering, with Canada, the 50 percent of the direct costs of NATO enlargement and the costs of power projection enhancements called for by the administration in the February 1997 Pentagon study.

3. *Support the invitation to admission to NATO of four countries at Madrid.*—The U.S. Government should without delay announce its support for the invitation to admission to NATO at the July 8–9, 1997 summit in Madrid of Poland, the Czech Republic, Hungary, and Slovenia, a move which will extend the zone of stability into Central and Eastern Europe. The declaration of support should remind the four countries of their responsibility to shoulder part of the costs of enlargement.

4. *Undertake a program to strengthen cooperation with those countries not invited at Madrid.*—The U.S. Government should without delay reiterate that NATO enlargement is not a single event, but a process. There will be additional rounds of enlargement, and no country should be automatically excluded if it meets the membership criteria. In that connection, the United States should present a program to NATO to strengthen political and military cooperation with candidate countries not invited to join the alliance at Madrid. This program could include an enhanced Partnership for Peace, intensive participation through the new Atlantic Partnership Council, or regional initiatives.

5. *Immediately engage NATO partners on Bosnia.*—The U.S. Government should redouble its efforts to convince our European NATO partners, particularly the United Kingdom and France, to continue to maintain ground forces in Bosnia and Herzegovina after July 1, 1998, to be augmented by U.S. air, naval, communications, and intelligence support, with a U.S. rapid reaction force in "over-the-horizon" proximity.

6. *Refocus and strengthen U.S. engagement with Russia.*—After 5 years of providing technical assistance to Russia it is time to shift our focus: to projects to encourage trade and investment and to grassroots partnerships designed to help create a civil society. In this regard, the administration's proposal labeled the "Partnership for Freedom," provides a good conceptual framework, so long as viable Russian institutions for partnerships and investment can be identified.

7. *Ensure continued support for the Nunn-Lugar Cooperative Threat Reduction Program.*—The Cooperative Threat Reduction Program, commonly known as the "Nunn-Lugar Program," is a joint effort with Russia, Ukraine, Belarus, and Kazakstan to dismantle the Soviet war machine. By providing the authority and financing to destroy production capabilities, delivery vehicles, and weapons and materials of mass destruction, the program has reduced the threats to the United States and its allies and friends from nuclear, chemical, and biological weapons. Because nuclear, chemical, and biological stockpiles still remain in the states of the former Soviet Union, however, sabotage, theft, and unlawful exports remain serious problems. The "Nunn-Lugar Program" should continue to be supported by the Congress.

8. *Maintain support for Radio Free Europe/Radio Liberty.*—Radio Free Europe/Radio Liberty, now headquartered in Prague, remains an important instrument in advancing the fundamental U.S. foreign policy objective in Central and Eastern Europe and Russia: the consolidation of democracy. Although a free press is beginning to take root in the region, RFE/RL still has a dual function: to keep honest those who would seek to silence the press, and to provide a model of how independent media should operate in a free society. This function is not one conceived in the abstract. The people of Central and Eastern Europe and Russia continue to turn to RFE/RL because it is often perceived as the most unbiased available source of news. U.S. Government support for the radios must be maintained.

II. Observations

For political, economic, and security reasons the maintenance of stability in Europe remains a fundamental component of United States foreign policy. In order to guarantee that stability, a continued American military presence in Europe is essential. Yet with the collapse of Communism in most of Europe, many Americans have begun to question the continued need for the North Atlantic Treaty Organization (NATO). For that reason alone, the United States must be profoundly concerned that the security structures of the last 50 years be adapted to meet the challenges of the 21st century. Important elements in that process involve redefining the alliance's mission and increasing NATO's membership to reflect the dramatic changes that have occurred in Central Europe since 1989.

Contrary to fears expressed in some quarters, NATO enlargement need not adversely affect U.S. relations with Russia over the long term. Rather, it and the proposed NATO-Russia Charter can be important steps in definitively shaping a new European security

structure, thereby helping to persuade Moscow to orient its foreign political and economic policies westward toward Europe and the United States. Over time, Moscow can come to realize that the enlargement of NATO will move the zone of stability eastward to Central Europe, thereby preventing a 1930's-type renationalization of that historically volatile region.

In order for enlargement to proceed, however, both our current NATO allies and the candidate countries invited to join at the Madrid summit on July 8–9, 1997 must agree to shoulder their fair share of financial costs and all mutual obligations. This agreement is the *sine qua non* of the continued viability of NATO.

Although few Russians like NATO enlargement, policymakers in Moscow have accepted it as a *fait accompli.* Moreover, no Russian leader whom I met on my trip—from Communist leader Zyuganov, to liberal leader Yavlinsky, to nationalist leader General Lebed'—believed that NATO enlargement constitutes a security threat to Russia. Nearly all politicians and experts whom I met understood the non-aggressiveness implicit in NATO's "three no's"—the alliance's declarations of having no reason, intention, or plan in the current and foreseeable security environment permanently to station nuclear weapons or substantial combat forces of current members on the territory of new members.

Rather, the Kremlin's opposition to enlargement is largely a psychological question connected with the loss of empire, wounded pride, and—most importantly—an uncertainty about Russia's place in the world of the 21st century. As part of this uncertainty, most Russian leaders are worried about being marginalized, and as a result they are eager to move forward with its bilateral relationship with the United States.

Although China or even Iran are occasionally mentioned in the press and in Moscow as potential alternatives to a Western orientation, except for tactical cooperation like arms sales to China, or broad declarations of increased Sino-Russian cooperation, these options are recognized by nearly everyone in the Russian policy community as not being substitutes for improved relations with the West.

In a sense the Helsinki Summit may have marked a watershed in Russian foreign policy in that it forced the Russians to confront the fact that they are no longer the Soviet Union, a superpower. For the last 5 years they have focused almost entirely on pressing domestic matters, without adequately paying attention to the fundamental changes in Central Europe and the need for long-term stability there. Closer to home, Russia is still struggling to come to terms with an independent Ukraine that has its own independent foreign policy. Russian Foreign Minister Evgenii Primakov has a vision of a tighter Confederation of Independent States (CIS), but in practice Moscow has carried out a clumsy policy, even toward Belarus. In that regard, one might say that the debates of the 1840's and 1850's between the Slavophiles and Westernizers are still going on. Unfortunately until now the current Westernizers have seemed unsure how to achieve their goal, since they have no firm grasp as to how Russia is going to interact with the international economy. The recent addition of the young and sophisticated Anatolii Chubais and Boris Nemtsov as First Deputy Chair-

men of Yeltsin's government augurs well for better comprehension of the West in general and of NATO enlargement in particular.

Symptomatic of Russia's uneven progress toward Western-style democracy is the increasing corruption of the news media, especially the electronic media. Grigorii Yavlinsky, leader of the Yabloko Party in the State Duma, told me that every television channel is now propagandizing for someone. Therefore, he said, the U.S.-run Radio Liberty is essential for Russians who want to get unbiased news.

Despite the heated rhetoric, several political figures in Moscow acknowledged to me that Russia's biggest problems are homegrown domestic ones. These include widespread corruption, violent crime, insufficient legal infrastructure for foreign investment, environmental degradation, and loosely guarded nuclear, chemical, and biological weapons and material.

The United States should continue to engage Russia politically and militarily by means of the NATO-Russia Charter, which is currently being negotiated. Whatever institutional arrangements emerge, they must, of course, not adversely affect the ability of NATO to function as the world's most powerful, defensive military alliance. President Clinton's dictum, "a voice but not a veto," must be strictly observed.

Moreover, arms control agreements with Russia must be ratified and expanded. Of especial importance is getting the State Duma to ratify the START II Treaty and then, together with the United States, to move on to further reductions in START III. The Treaty on Conventional Armed Forces in Europe (CFE) must also be adapted to reflect the changed environment.

In addition, it is vitally important that the United States continue its economic engagement with Russia, not through massive infusions of money, which Moscow, especially if it cleans up its corruption, does not need, but more through broadened investment and trade, expanded grassroots partnerships, and some targeted technical assistance. Significantly, not a single senior official in Warsaw, Prague, Budapest, or Ljubljana whom I met wanted to isolate Russia from the West.

The central, and compelling rationale for enlarging NATO is that adding selected new members would extend the zone of stability to Central Europe. NATO was the umbrella that permitted the postwar rapprochement between France and Germany, that reintegrated Italy and Spain back into Europe, and that has kept the feud between Greece and Turkey from escalating to warfare. The question for today is not "enlarge NATO or remain the same." The *status quo* is simply not an option. If there were to be no NATO enlargement, the countries between Germany and Russia would inevitably seek other means to protect themselves, and a potentially destabilizing renationalization of Central Europe would likely result.

Enlargement must be accompanied by a redefinition of NATO's mission. The alliance's primary mission as outlined in Article 5 of the Washington Treaty of April 4, 1949 remains the same: treating an attack on one member as an attack on all and responding through the use of armed force if necessary. In addition, in the current post-cold war situation, non-Article 5 missions like peacekeep-

ing operations, sometimes in cooperation with non-NATO powers have become possible. The cooperative SFOR effort in Bosnia and Herzegovina with Russia and several other non-NATO countries is one example.

The candidates for membership in NATO must understand and accept the obligations of membership. One of these is assuming the financial burden of modernizing their armed forces and making them interoperable with those of NATO members. Other obligations are military, such as agreeing to come to the aid of Allies, as described in Article 5; allowing basing of NATO troops on their territory, if necessary; and allowing overflights of NATO aircraft, if necessary.

The February 1997 Pentagon study on NATO proposed a distribution of direct costs of enlargement whereby 50 percent would be assumed by current non-U.S. members (i.e. Western Europe and Canada), 35 percent by the new members, and 15 percent by the United States. Calculating these ratios begins with the estimate that about 40 percent of direct enlargement enhancements could be nationally funded, and 60 percent common funded.

The expected U.S. contribution of $150–200 million per year for 10 years, although a small fraction of the total defense budget, is nonetheless not trivial, given current domestic demands to balance the U.S. Federal budget. These costs are also likely understated. Prospective new NATO members must keep that basic political fact of life in mind, lest they get the erroneous impression that their accession to the alliance would be a painless, free ride. In spite of the undeniable strains that meeting NATO enlargement costs will put on Central European countries who are still in transition from command to free-market economies, the candidate countries must make the financial means available if they expect current members to ratify their accession to membership. As I told one Polish military official, "if you want to fly first class, you have to buy a first class ticket."

The 50 percent share of direct enlargement costs allocated to the Western European NATO partners and Canada may, in fact, be politically more difficult than the 35 percent allocated to the new members. Moreover, current non-U.S. NATO members are called upon to pay for power projection enhancements, which the United States made in the 1980's. The Pentagon study calculates the cost for these enhancements to be in the $8–10 billion range.

Further complicating matters is the fact that the 11 European NATO members who are also members of the European Union are currently engaged in painful budget cutting in order to meet the Maastricht convergence criteria for Economic and Monetary Union (EMU) on January 1, 1999. Nonetheless, for NATO to remain a vibrant organization with the United States continuing to play a lead role, the non-U.S. members must assume their fair share of direct enlargement costs.

I fear that a coincidence of events in the late spring of 1998 may make Senate ratification of NATO enlargement problematical. Just when the Senate is likely to be voting on amending the Washington Treaty to accept new members, American ground forces will be completing their withdrawal from Bosnia and Herzegovina. As it now stands, European NATO allies will follow suit, insisting on "in

together, out together," despite a U.S. offer to make air, naval, communications, and intelligence assets available to a European-led follow-on force, with an American Rapid Reaction Force on standby alert "over the horizon" in Hungary or Italy.

U.S. Senators, mindful of the repeated calls by some European NATO members, led by France, for more European leadership in the alliance and a sturdier "European pillar" within NATO, may see in the European refusal to maintain troops in Bosnia evidence of inequitable burden-sharing or, worse still, may question the worth of NATO altogether. Hence, I believe that our European NATO partners, especially France and the United Kingdom, should reconsider their unwillingness to lead a post-SFOR ground force in Bosnia after mid-1998.

International organizations other than NATO also have meaningful security components and should be encouraged to intensify their efforts. The Organization for Security and Cooperation in Europe (OSCE), which during the past few years has undertaken conflict-prevention, crisis management, and electoral missions in Nagorno-Karabakh, Abkhazia, Chechnya, Bosnia, and Albania, will likely continue to grow in importance. The United States is playing an increasingly important role in the OSCE.

The European Union (EU) plays a profound role in stabilizing the continent. With a combined gross domestic product that is larger than that of the United States, the 15 members of the EU are forming "an ever closer union" with greater political and economic integration. The EU's immense economic clout has made it vital to the development of Central and Eastern Europe, and it is therefore virtually inconceivable that even a non-NATO EU member state would be the object of aggression.

The EU hopes some day to create a common foreign and security policy, and in the recent past France concentrated on giving the EU an independent military dimension through the Western European Union (WEU). After the Gulf War, which revealed how far the U.S. was ahead of Europe in military technology, and with NATO's endorsement of a European security and defense identity within the alliance, which would allow European members to carry out contingency operations under the political control and strategic direction of the WEU, Paris reconsidered and now intends to re-enter NATO's integrated command. Its demand, however, for European control of the Southern Command in Naples—a step rejected by the United States—is complicating the issue.

There is, though, a sub-surface tension between NATO and the EU. From the early 1990's the EU firmly proclaimed that NATO enlargement had to precede EU expansion (the accession of Austria, Finland, and Sweden excepted). Some observers have feared that the EU has used NATO enlargement as a pretext for postponing the admission of qualified Central and Eastern European countries. Now that NATO has set a 1999 date for completion of its first round of enlargement, the EU should move ahead with its own expansion. The year 2002 has been cited as a target date. When I raised this issue in the four Central European capitals that I visited, it elicited emotional responses.

Public opinion polls in Poland, the Czech Republic, Hungary, and Slovenia reveal that, to a greater or lesser degree, the citizenries

are unclear about the mutual military obligations that NATO membership entails. With these data in mind, I urged the four national governments to quickly embark upon public education campaigns so that invitations to join NATO in Madrid in July will not catch their populations off guard and unaware of the action their governments are proposing.

The process of NATO enlargement must not lead to the drawing of new lines through Europe. In order to prevent such a development, NATO must make unmistakably clear that the first round of enlargement is not the last, but rather the beginning of an ongoing process. Moreover, NATO should conclude agreements to strengthen and deepen ties with candidate countries that do not receive invitations at Madrid, in preparation for their joining the alliance at a future date.

All four Central European countries that I visited—Poland, the Czech Republic, Hungary, and Slovenia—appear to have fulfilled the basic criteria for NATO membership: political democracy, free-market economy, civilian control of the military, peaceful relations with neighbors, and a commitment to NATO principles and trans-Atlantic security. Their progress in committing resources for enhancing their military preparedness and in achieving Interoperability with NATO, however, varies considerably. Status reports for the four countries, which follow, illustrate these differences.

III. Status Reports on Leading Candidate Countries

A. Poland

Poland might be described as a divided society united only in its overwhelming desire to become a NATO member. Polling done by the United States Information Agency (USIA) shows public support in Poland for NATO membership at about 90 percent, the highest of any country in Central or Eastern Europe. In addition, only in Poland and Albania do majorities support sending their troops to defend another NATO country. Poland was the only country polled in 1996 in which a majority favored allowing regular, routine overflights by NATO aircraft, and with Albania was the only one to favor (by 52 percent to 38 percent) the stationing of NATO troops on its soil, and was the only one with a majority (67 percent—up from 45 percent in 1995) favoring regular, routine exercises by NATO forces on its territory.

Currently Poland is spending 2.3 percent of its GDP on defense, a percentage which will almost certainly have to rise to meet the demands of modernization and Interoperability. Yet this funding may be difficult to produce. When asked by USIA whether they would favor increasing the percentage of the national budget spent on the military rather than, for example, on education and health care, only 16 percent of Poles agreed, while 74 percent opposed. This result is not surprising, given the hardships most Poles endured in the transition from a command to a market economy. Despite the existence of a well worked out Polish plan to fund military modernization and NATO Interoperability, my discussions in Warsaw revealed misconceptions about how much aid was likely to be forthcoming from the United States.

Foreign observers give credit to the current administration of President Aleksander Kwasniewski for having greatly improved Polish-Jewish relations after a period of insensitivity under former President Lech Walesa. A Law on the Status of the Jewish Faith was waiting Presidential signature at the time of my visit. It was to give surviving Jewish communities the right to ask for communal property back.

Four issues will likely be central to the fall 1997 Polish Parliamentary elections: first, abortion and the role of the Catholic Church in society—the Church seems unsure of its role, and the parish priests are the key players; second, protection for the agricultural sector, which still employs 35 percent of the work force, more than in any other industrialized country; third, privatization of the big state industries like energy, steel, copper, coal, energy, and the banks; and fourth, coming to terms with the past—whether or how to deal with individuals who were members of, or cooperated with, the Communist secret police before 1989.

If the conservative-nationalist Solidarity Electoral Action (AWS) coalition wins a majority in the Parliament this fall, there will almost certainly be friction between Parliament and the President on domestic affairs. It is important to note, however, that the foreign policy views of the leftist and rightist blocs are nearly identical.

Poland has made a successful transition to a free-market economy. Since 1993, Poland has had one of the highest growth rates in Europe, with annual growth of 5 percent to 7 percent. The sweeping economic reforms implemented in 1989 have paid off, and the private sector today accounts for almost 70 percent of economic output. Small and medium-scale privatization has proved successful, but the privatization of large enterprises is proving difficult. A mass privatization voucher plan has spread ownership of more than four hundred enterprises broadly among the population.

Most of the Polish officer corps was trained in Moscow during the days of the Warsaw Pact, and some Communist patterns of thinking remain. During the last 16 months, though, the Polish military has undergone huge change. The General Staff, paramount until Kwasniewski's election, has been included in and subordinated to the Ministry of Defense. A land force command has been created. Overall, the military has been downsized to 220,000 men, a drop of 50 percent since the days of the Warsaw Pact, and the intention is to reduce the size of the army further to 180,000 over the next 5 years. Plans call for 50 percent of the armed forces to be professionals. The Polish cabinet has introduced legislation on reducing mandatory military service from 18 to 12 months. The army has reorganized itself from a regimental to a brigade structure in order to participate in NATO and has redeployed away from its western border into four military districts.

On March 10, 1997, the Kwasniewski government replaced Chief of Staff General Tadeusz Wilecki, who had stubbornly refused to acknowledge civilian control of the military, with General Henryk Szumski. A few days before my arrival, several Wilecki subordinates such as the commander of the Warsaw district and some deputy chiefs of the General Staff were relieved of their commands, although they remain active duty officers. General Wilecki could con-

ceivably come back to a powerful position in some function, but it seems unlikely.

The new Polish military structure is an amalgam of NATO and Polish forms. The quality of life for Polish soldiers has gone down, but nearly all of the military wants to join NATO. It will take five to 10 years to develop true civilian military expertise, including members of Parliament who can adequately supervise the uniformed military. Presently, for example, there is only one Parliamentary staffer working on military affairs.

While not a direct cost of joining NATO, procurement of new military equipment will be the most costly aspect of upgrading the Polish armed forces. The four main items for procurement are a multi-role fighter aircraft; anti-tank missiles and avionics, both for the Polish-made Huzar helicopter; and radio equipment (this contract already has been let to the French firm Thompson).

Poland may have to procure additional new equipment after it joins NATO and is assigned a role in the common defense of the alliance. The civilian defense ministry has taken over the procurement function from military officials, but questions remain about the openness of the bidding process. Equipment modernization is estimated by the defense ministry to cost $7.76 billion over 15 years, equal to an additional 20 percent of defense spending.

As for the direct costs of enlargement, Polish political leaders are unanimous in their commitment to assume this burden. According to the recent study by the Euro-Atlantic Association, the costs of achieving Interoperability for Poland will be about $1.26 billion over 15 years, and the total cost of Polish membership in NATO will be $1.5 billion over 15 years (adding in Poland's share of NATO's common budgets). This cost, about $100 million per year, represents about 4 percent of the defense budget.

Polish officials recognize the importance of Interoperability to their candidacy, and they have undertaken a number of technical steps to achieve this. These include English-language training for liaison officers so they can communicate with Allied units, mapping software that converts Polish symbols to NATO standard symbols so plans can be shared, and secure phones so Polish officers can speak with NATO officers. To date, 3,540 officers have been rated proficient in a Western language—2,730 of those in English—and plans call for achieving the necessary level of language skill among the officer corps by 1999.

Poland has adapted its regulations, planning and command procedures to meet NATO standards, and it is decentralizing its command structure. Documents pertaining to NATO military procedures are being translated. An Identification Friend or Foe (IFF) system compatible with NATO's is in place, and efforts continue to reorganize the air traffic control system. Poland is focusing first on core units that would participate in NATO out-of-area missions and need to be interoperable shortly after Poland joins NATO. There are plans to extend an interoperable capability to other units over time.

The air and naval forces are the most advanced in Interoperability, with 95 percent of those having "fast-alert" communications capability with NATO. The army, while only 45 percent interoperable in this manner, should reach 100 percent by 2002. In addition,

the Polish battalion with the SFOR mission in Bosnia is implementing NATO procedures through first-hand cooperation with the alliance.

In January 1997, Poland reported that of the 20 Interoperability Objectives Poland accepted in 1995 a total of six had been completed, 11 had been partially completed, and three had not yet been started. New Interoperability Objectives are being negotiated and should be agreed upon by May 1997.

Future plans for achieving Interoperability will certainly include command exercises at the corps level, operational and tactical training, tactical exercises, and computer-simulation exercises. Other changes, like integration into the NATO command structure and upgrading some military infrastructure, will have to wait until Poland actually joins NATO—this because the alliance must draw up plans for the defense of Poland and because Poland does not yet have access to classified NATO documents. The recent Pentagon study states that initial levels of Interoperability need not be achieved until 2001 because of the current benign threat environment.

Active Polish participation in NATO/Partnership for Peace (PFP) exercises has allowed mid-level officers the chance to familiarize themselves with NATO procedure, improve language skills, and build contacts with future allies' officers. Poland hosted the first PFP exercise and in 1996 took part in 18 exercises. In 1997, Warsaw plans to join in 26 NATO/PFP exercises and in 24 "In the Spirit of PFP" exercises.

Polish officials see their country as playing a role in reaching out to Eastern European countries like Ukraine and the Baltic states, helping to integrate those countries into a united Europe. Poland's relations with all its neighbors are good (though they maintain contacts with opponents of the neo-dictatorship in Belarus and raise human rights concerns with the ruling Lukashenka regime). Warsaw is an advocate of early NATO membership for the Baltic states, especially Lithuania, with whom it is developing a joint peacekeeping battalion, which is expected to be ready in 1998.

Polish military cooperation with the Federal Republic of Germany, its large and powerful neighbor to the west, is extensive, second only to that with the United States.

The Polish Sejm, or lower house of Parliament, must approve NATO membership by a simple majority. No opposition is foreseen. A proposal by some government politicians to hold a referendum has drawn criticism as an unnecessary measure.

Despite Poland's progress toward NATO membership, there is a pervasive fear that something will go wrong in the end. Interior Minister Siemiatkowski (the functional counterpart to the American FBI Director) recently stated that Polish counterintelligence had uncovered a KGB plot to subvert Poland's candidacy before the Madrid summit, and there is concern that NATO's efforts to placate Russia over enlargement will somehow result in Poland's becoming a second-class member of NATO. The abortive French plan for an April 1997 five-power summit to discuss European security was strongly opposed by Poland, which saw it as another Yalta deciding Polish security by outside powers, i.e. Warsaw's ultimate nightmare.

B. The Czech Republic

The Czech Republic is widely considered to be an early candidate for NATO membership, having been so designated by Congress in the 1996 NATO Enlargement Facilitation Act. The country's split from Slovakia in 1993 was peaceful, and its potential invitation is not expected to be linked to Slovakia's increasingly poor prospects for early NATO membership.

Prague sees NATO as the guarantor of European security. Czech governmental leaders have consistently expressed a priority interest in early entry into NATO and a stated willingness to bear the burdens and responsibilities involved in such membership.

By most accounts, the Czech Republic meets the general condition of adhering to NATO norms and principles, and it has a democratically elected government with effective democratic institutions. The Czech government under Prime Minister Vaclav Klaus has given priority to the country's transformation to a free market economy. The country has a history of democracy dating back to the 1918 founding of Czechoslovakia, the only democracy in Central Europe between the World Wars.

The Czech Republic held fully free and fair elections in 1996, electing the lower house of Parliament in the spring and the newly created Senate in the fall. Both elections returned Prime Minister Klaus to power as head of a three-party center-right coalition.

Czechoslovak armed forces were already undergoing restructuring and redeployment at the time of the 1993 split of the Czechoslovak federation. By mutual agreement, the assets and equipment of federal armed forces were split on a 2:1 ratio (Czech to Slovak). The division was basically completed and the Army of the Czech Republic was created by the time the split became effective on January 1, 1993. The Army of the Czech Republic, which includes land, air, and air defense forces, embarked on a major transformation and down-sizing effort in July 1993.

The Czech government adopted a "Military Strategy of the Czech Republic" in December 1994. The document included a set of principles related to international security and the defense of the country, and outlined plans for the further restructuring of the armed forces. The Czech government is currently preparing an additional "legislative package" of defense-and security-related laws, which it aims to complete by July 1997, when the Madrid summit takes place.

Prague maintains mandatory conscription, but has reduced the term of service to 12 months and aims to move toward a professional army. The uniformed military of the Czech Republic has been reduced from 106,000 in 1993 (year of the split) to about 61,000 in 1996. Currently the armed forces are 44 percent professional; the intent is to raise that to 53 percent by 2006.

The Czech Ministry of Defense, headed by a civilian Defense Minister, oversees the Army of the Czech Republic, civil protection, and other agencies. The General Staff is subordinate to the Ministry of Defense. By the Czech constitution, both houses of Parliament must consent to the stationing of Czech troops abroad. The Senate must approve the stationing of foreign troops on Czech soil.

In 1995, the Czech Republic undertook twelve PFP Interoperability Objectives. Naval Interoperability Objectives do not apply to

the Czech Republic. In the view of the Czech Republic, as of January 1997 it had completed none of the objectives. Plans are in hand to reach the Objectives by 2005, and this estimate is probably accurate in light of the time required to train the requisite number of English or French speaking members of the armed forces, equip all aircraft with Western standard air navigation and Identification Friend or Foe (IFF) equipment, and convert all Czech maps to NATO standard.

The Czech authorities and NATO officials plan to reach agreement on 1997–99 Interoperability Objectives, which will introduce increments to the 1995–97 Objectives and add new Objectives, by May 1997.

The Czech Republic has contributed a mechanized battalion and staff officers, totaling about 700 men, to IFOR and SFOR. At home, this participation has improved the relatively low public opinion of the country's armed forces. It should also be noted that Czech soldiers served with the U.S.-led coalition in the Persian Gulf War.

Czech participation in Partnership for Peace activities has been high. In 1996, the Czech armed forces participated in 11 NATO/PFP exercises, three national PFP exercises, and 17 national "in the Spirit of PFP" exercises. Participation in more than 60 PFP exercises is planned for 1997. Prague has bilateral programs in support of PFP and NATO Interoperability with 20 NATO and other PFP countries. The Czech Republic also participates in the U.S. regional Airspace Initiative (RAI).

The U.S. State Department characterizes the Czech Parliament as a "vociferous and increasingly powerful player on defense issues." While lacking trained civilian defense experts, a legacy of the Warsaw Pact that also affects the Defense Ministry, Parliament's oversight "has been real and effective, and Members have not been shy" in questioning military restructuring plans and proposed defense budgets. Parliament is expected to enact a law this year that will codify the mission of the armed forces and the civilian command structure mandated in the Czech constitution.

Defense spending in 1997 is to comprise 1.8 to 2.0 percent of GDP, and the government has committed to increase this figure by 0.1 percentage point every year, until it reaches 2.1 to 2.3 percent in 2000.

There is concern among some in the Czech defense establishment that these modest increases will prove insufficient to undertake needed equipment modernization, including the purchase of advanced fighter aircraft, at the same time the government attempts to raise officer salaries and make other quality of life improvements for soldiers. The government maintains that continued strong economic growth, combined with cuts in headquarters and defense ministry staffs, will result in enough money being available for these areas.

The Czech economy benefited from the rapid stabilization and liberalization measures adopted by the Klaus government soon after it came to power in the wake of Communism's collapse. Economic growth was 4.7 percent in 1996 and is projected at about the same in 1997. Inflation is 7.4 percent, the lowest in the region, and unemployment is also low, at 3.5 percent. Per capita income is

about $5,100. About 70 percent of economic output comes from the private sector.

Serious problems, however, have recently emerged. Financial scandals affecting the country's stock market and banking system have come to light. Moreover, after the harsh winter of 1996–97, industrial production has slowed, the budget deficit remains high, the foreign trade deficit is skyrocketing, and wages are rapidly outpacing the growth of labor productivity. The Czech government claims that these problems are not systemic and can be rectified. In mid-April, Prime Minister Klaus announced a budget package cutting about $900 million in projected expenses for this year. In deference to the country's NATO candidacy, defense expenditures will suffer less than other sectors.

After many years of difficult negotiations, government leaders from the Czech Republic and the Federal Republic of Germany signed a declaration on bilateral reconciliation in January 1997. The final text included an expression of regret for the Nazi crimes inflicted on the Czech people, as well as an expression of regret on the Czech side for the suffering caused by the post-war expulsion of 2.5 million Sudeten Germans from Czechoslovakia. It also included a German pledge to promote the Czech Republic's bid to join NATO and the EU. The declaration was approved by both houses of the Czech Parliament after stormy debates.

For years the Czech government had de-emphasized regional approaches to Western integration. Recently, however, it has moved toward a trend of greater coordination with other countries in Central Europe aspiring to NATO membership, especially Poland and Hungary. The form of this cooperation has involved intensive bilateral consultations and exchanges of information. The Czech Republic and Poland may issue a joint memorandum before the July NATO summit.

Relations with Slovakia are generally good, although in April 1997, subsequent to my trip, a public personal squabble erupted between Czech President Vaclav Havel and Slovak Prime Minister Vladimir Meciar. U.S. Secretary of State Madeleine Albright quickly reassured the Czechs that this dispute would not adversely affect their NATO candidacy. Most matters related to the split-up of Czechoslovakia have been resolved, including a minor border adjustment, and there remain strong people-to-people contacts between the two states. Relations with Austria are warm, with strong economic links.

Just a few days before the Helsinki summit, Russia's Ambassador to the Czech Republic publicly warned Prague that key bilateral agreements on arms purchases and energy deliveries might be jeopardized if it joined NATO. President Havel and Czech Foreign Minister Josef Zieleniec reacted strongly against this clumsy threat, saying that it demonstrated precisely why it was important for the Czech Republic to join Western political, security, and economic organizations as quickly as possible.

Public support for NATO membership, as gauged in various public opinion surveys, has remained somewhat low and some polls have recorded a decline in support in the last few years. According to a Czech poll taken in December 1996, 38 percent responded favorably while 35 percent responded negatively. A USIA survey

taken earlier in 1996 recorded a higher percentage of those polled in favor of NATO membership (51 percent in favor vs. 33 percent opposed).

A majority of the Czech public opposes the deployment of nuclear weapons or foreign troops on Czech territory, neither of which, however, are currently conditions to NATO membership. In January 1997, the Czech Ministry of Defense announced a public relations campaign on the country's entry into NATO to boost popular support for the alliance. President Havel has also begun to speak on increasing domestic support for NATO enlargement.

Should an accession protocol with NATO be reached, the Czech President will seek the consent of both chambers of Parliament, which must approve the treaty by simple majority. Two parties in Parliament, the right-wing Republican Party and the Communist Party, are against NATO membership. The Czech Republic is scheduled to hold its next general elections in June 1998.

The governing coalition and opposition are currently split over whether to hold a referendum on NATO entry. The leading opposition party, the Social Democratic Party (CSSD), supports membership in NATO, but insists on holding a referendum. Some parties favor holding a referendum on membership in the European Union, which involves issues of national sovereignty, but not in NATO. President Havel and Prime Minister Klaus have stated that they see no reason why the Czech Republic's entry into NATO should be subject to a referendum.

C. Hungary

Hungary has consistently expressed high interest in joining NATO and is widely considered to be an early candidate for NATO membership, having been so designated by Congress in the 1996 NATO Enlargement Facilitation Act. A concern over the years regarding Hungary's prospects for integration with NATO has been over unresolved tensions with Hungary's neighboring states that could affect regional security and stability; this concern has been largely alleviated by the conclusion and ratification of bilateral treaties with Slovakia and Romania.

Entry into NATO and the European Union has been the top foreign policy priority of successive Hungarian governments since the end of Communist rule. Moreover, the foreign policy objective of joining the NATO alliance has remained universal across the political spectrum. All seven parties represented in Parliament share NATO membership as a foreign and defense policy priority. The Hungarian government maintains a permanent liaison office to NATO and the WEU in Brussels. Since late 1995, Hungary has completed four rounds of intensified dialog on NATO enlargement in Brussels.

In late 1995, the Parliament passed a Law on the Restructuring of the Hungarian Defense Forces that streamlined the command structure, spelled out civilian defense oversight, and ordered a "build down" with the end strength of the uniformed military mandated not to exceed 52,200 by the end of 1997. To put this downsizing in perspective, the armed forces numbered more than 140,000 as recently as 1990. A long-term aim is to achieve an all-volunteer armed force.

The Hungarian government is retiring its senior officer corps as rapidly as possible and has established training and retraining centers for commanders and officers. Already most of the senior military leadership have received some Western military training, including the current occupant of the merged position of commander and chief of staff of the armed forces who is a graduate of the U.S. Army War College, as is his deputy.

The Defense Act of 1993 established a system of civilian control over the military. The Act gave the Ministry of Defense administrative responsibility for the armed forces, while Parliament controls the defense budget and must approve the deployment of the armed forces abroad. The defense committee of Parliament has been active in the area of budget and expenditure issues. Additional power-sharing refinements are likely to be outlined in a new constitution, which may be considered by Parliament in late 1997.

After the democratic changes in 1989–90, the share of the national budget for defense underwent a 6-year decline. This year for the first time in 7 years, the government increased the defense budget, by 22 percent to $604.7 million. The official defense budget still represents only about 1.4 percent of GDP. This figure, however, does not include funding for border guards, civil defense, military owned industries, the value of Russian equipment obtained as debt offset, or funding support from the U.S. added to the official budget, these items raise military related activities to approximately 2.0 percent of GDP. Major procurement items such as short-range defensive missiles fall outside the defense budget, further complicating comparisons with Western defense budgets. The Hungarian military budget is only partially funded by the central governmental fund, so the Ministry of Defense must generate a portion of its income from ministry-owned property. For the 1997 budget this amounts to 14 percent.

Western officials who meet regularly with Hungarian governmental agencies on the NATO membership issue report that the Hungarians do not approach the problem by saying, "here is the dollar-amount that our membership will cost." Rather, they ask what they have to do to qualify for membership and how far along they are. These officials believe that the Hungarians understand the costs, but many of them feel that the West can afford them better than they can.

(Two weeks after my visit to Budapest, the Hungarian Atlantic Council and the Defense Ministry released a cost study of enlargement. Based on the Pentagon study's assumptions and on only Poland, the Czech Republic, and Hungary entering NATO in the first round, the Hungarians calculated a total enlargement cost to their country of between $2.6 billion and $3.5 billion, representing an increase of slightly more than one-third over current defense spending. No attempt was made to calculate the necessary increase in defense costs if Hungary did not enter NATO.)

An additional factor in defense costs in Hungary is a gap between policy and implementation; the top government officials understand the issues, but the middle-level ones are slow to carry out the orders. A particularly irritating example of this behavior concerns the draft "Omnibus Agreement" on issues affecting the Status of Forces Agreement on U.S. forces in Hungary. The Hungarian

tax and customs officials haven't gotten the message and continue to tax the U.S. forces stationed there.

To be fair, however, when assessing defense outlays, one must keep in mind that a few years ago Hungary was the next candidate for bankruptcy à la Mexico. It now seems to have turned the corner. As Hungary's economy improves, it will be able to commit more resources to defense.

The current limited resources have severely constrained procurement and modernization possibilities, forcing Budapest to delay heavy equipment purchases like planes for 1 year. Instead the Hungarians are concentrating on achieving Interoperability with regard to language, radios, maps, and the like.

The Hungarian government implemented economic reform measures in March 1995 that have been successful in stabilizing the economy and cutting budget deficits. Economic growth, though, remains modest, with an increase of 1.0 percent for the year ending September 30, 1996. Unemployment hovers between 10 percent and 11 percent. Inflation was 23 percent in 1996 and is expected to drop to 17–18 percent in 1997. The government budget deficit was 3.7 percent of GDP in 1996, below the International Monetary Fund target of 4 percent. The private sector now accounts for 75 percent of Hungarian economic output, and 70 percent of trade is with advanced industrial countries. While the general economic situation is starting to look better, farmers and professionals remain dissatisfied.

Hungary is one of 27 participant countries in NATO's Partnership for Peace program. Hungary signed the PFP framework document on February 8, 1994 and submitted its Individual Partnership Program, the blueprint for each partner's planned areas of cooperation with NATO, on November 15, 1994. Hungary also participates in other PFP programs such as the Planning and Review Process, launched in January 1995, which is designed to further Interoperability and transparency in defense planning.

In 1995, Hungary undertook 17 Interoperability Objectives. Some Objectives do not apply, since Hungary has no Navy. A national plan was agreed upon to segment the approach to the Objectives into three phases of 6 months each. Hungary has reported to NATO that it has reached one of the Objectives and that it expects to complete the remaining 16 by September 30, 1997. This may be an overly optimistic assessment in view of the volume of material requiring translation into Hungarian and the lead-time required to receive, fit, and train on new equipment before initial operational capability can be met.

Not surprisingly, given the totally different structure of Hungarian, a Finno-Ugric—not an Indo-European—language, capability in English is the greatest problem facing the Hungarian officer corps. At present only about 10 percent of them have achieved a working knowledge of English. Hungary is training nearly 35 potential NATO staff officers per year at its national language center, emphasizing English skills to improve Interoperability with NATO and peacekeeping operations. Top priorities for achieving Interoperability include joining the U.S.-sponsored Regional Airspace Initiative, developing a "NATO brigade" that can work closely with the alliance, and building peacekeeping capacity.

In contrast to exercises and planning, NATO launched its first large-scale peacekeeping mission in Bosnia beginning in late 1995. Several non-NATO countries have served in NATO's Implementation Force (IFOR) and follow-on Stabilization Force (SFOR). Hungary contributed an engineering battalion of 350 troops to IFOR, based in Okucani, Croatia through December 1996. A similar Hungarian engineering battalion of up to 500 troops was approved for SFOR by the Hungarian Parliament in December 1996.

In a deal overwhelmingly approved by the Hungarian Parliament in late 1995, the United States leased part of a military base at Taszar in southern Hungary as a staging and logistics area for thousands of U.S. troops en route to and supporting NATO operations in Bosnia. In addition to serving as an important component of the IFOR operation, the Taszar base has become part of an educational process that is enabling the Hungarian armed forces to "think and act NATO," according to a U.S. defense official. The presence of NATO forces in Hungary has also bolstered general optimism in Hungary regarding Hungary's prospects for joining the alliance. In December 1996, the lease was extended for another 2 years. Hungarians also point out that several years earlier they provided airspace for NATO use to orbit AWACS aircraft so that the aircraft could have a better viewing angle into Bosnia and Herzegovina.

After the 1994 elections, the government of Prime Minister Gyula Horn emphasized reconciliation with Slovakia and Romania, two countries with large ethnic Hungarian minorities and with which Budapest has had territorial disputes whose roots date back to the Trianon Treaty after World War I. The prospect of NATO membership is widely credited as a prime motivation for Hungary to resolve outstanding issues with these two neighbors.

After difficult negotiations, the Horn government was successful in reaching two landmark basic treaties with Slovakia and Romania, which called for a full normalization of bilateral relations and recognition of mutual borders. The treaty with Slovakia was signed in March 1995 and ratified by the Hungarian Parliament in June 1995. The treaty with Romania was signed in September 1996 and ratified by the Hungarian Parliament in December. Hungary has also concluded numerous military agreements, including an "open skies" accord, with Romania.

Hungarian politicians have emphasized that it would be in their country's interest to have neighboring Slovakia and Romania also join the Atlantic Alliance and that it would promote their respective candidacies. They have opposed, however, any formal linkage of Hungary's admission with that of any other country.

In 1996, Hungary also normalized relations with the Federal Republic of Yugoslavia, where there is a sizable ethnic Hungarian minority in the Serbian Vojvodina, but it has not embarked on negotiations on a comprehensive bilateral treaty.

Hungarian public opinion continues to favor membership in NATO, though slightly less fervently than in other countries such as Poland. The latest USIA poll of the Hungarian general public demonstrated a 2-to–1 majority of those surveyed generally in favor of NATO membership. Less support, however, was registered for various specific actions that might (but not necessarily) accompany

NATO membership, such as the stationing of foreign troops in Hungary (1996: 49 percent against vs. 44 percent for—a significant increase in support since 1995 when only 34 percent was for vs. 59 percent against), increasing Hungary's military budget, or allowing regular, routine overflights over Hungarian territory (36 percent for vs. 57 percent against in 1996, virtually unchanged since 1995).

Should an accession treaty with NATO be reached, the Hungarian government will submit it to the unicameral National Assembly for ratification by majority vote, as with any other international treaty. Ratification is highly likely, but there is an interesting mirror-image between the United States and Hungary. In the U.S. older Senators tend to be Euro-centric, while younger ones tend to focus on Asia and Latin America and increasingly question the relevance of NATO. In Hungary the older people who grew up under Communism tend to harbor anti-Western feelings, while the younger people are overwhelmingly pro-Western.

At the beginning of its term in mid-1994, the Horn government indicated that the question of membership in both NATO and the European Union should be subject to a popular referendum at the appropriate time. At this point, the Hungarian government does not have specific plans to hold a referendum on joining NATO. Under Hungarian law, any group may initiate a popular referendum after collecting 100,000 signatures.

The moral issue is a strong one in Hungary, where older people feel doubly betrayed by the West: at Yalta in 1945, and in the Hungarian Revolution of 1956. Hungarians feel that they are no less worthy of NATO membership than the Turks or the Spaniards. In addition, they argue that American private investment would be reassured by Hungarian membership.

D. Slovenia

Slovenia, the final of the four leading candidates for admission to NATO in the first group, is unique in several ways. First of all, it is the only serious candidate for admission that was never a member of the Warsaw Pact—the former Yugoslavia of which Slovenia was a part until 1991 was a leader of the nonaligned movement. As a result, Russia does not harbor the visceral hostility to Slovenia's joining NATO that it reserves for former Warsaw Pact members, and especially to former republics of the Soviet Union. Moreover, Slovenia is not saddled with a huge inventory of non-state-of-the-art equipment.

Second, Slovenia is by far the wealthiest of all the candidates for NATO admission. Its per capita GDP now exceeds that of two European Union members—Greece and Portugal—and will probably pass that of EU members Ireland and Spain in the near future. Hence, more than other candidates Slovenia should be capable of paying the costs of modernization and integration.

Third, Slovenia is the only candidate to have recently fought, and won, a war—albeit a short and limited one. In 10 days in the early summer of 1991 the fledgling Slovenian Army, which was essentially only a Home Guard, managed to inflict enough damage on the Serb-led Yugoslav National Army to induce it to withdraw and tacitly recognize Slovenian independence.

Finally, unlike Poland and, to a lesser extent the Czech Republic and Hungary, Slovenia cannot count upon a large population of Americans who trace their roots to Slovenia and can mount well-financed advocacy campaigns for Senate ratification on Slovenia's behalf.

A potential negative factor for NATO admission is that, like Hungary, Slovenia borders upon an area of conflict, part of the former Yugoslavia. Its border with northwestern Croatia, however, is now more placid than Hungary's with Eastern Slavonia and the Serbian Vojvodina. Moreover, Slovenia's geographical position in one way works in its favor for NATO membership. It would provide geographical continguity between Italy and Hungary.

A final important point is that Slovenia's admission in the first group would show the rest of the successor states of the former Yugoslavia that creating a political democracy, building a free-market economy, and fulfilling other NATO criteria can result in their admission—i.e. Despite the appalling conflict of the 1990's, they will not be eternally consigned to the "outs" in Europe. On the other hand, postponing the admission of the candidate country with the best record of meeting NATO criteria and fulfilling objectives would send a chilling message to the democrats who hope to succeed Croatian President Tudjman. I feel that it would be a serious mistake to hold back any country now deserving of NATO membership in order artificially to strengthen the pool for the second round of enlargement.

Slovenia has been mentioned as a possible first round candidate for NATO membership only recently. The Biden language in the 1996 NATO Enlargement Facilitation Act included Slovenia with the Czech Republic, Hungary and Poland as a country having made significant steps toward qualifying for NATO membership.

In a speech to Slovenia's Parliament in January 1997, Slovenian Prime Minister Janez Drnovsek said that NATO membership is "one of Slovenia's foreign policy priorities" and is "very important for Slovenia's long-term security." He said the processes of joining NATO and joining the European Union, another main goal of Slovenian foreign policy, are closely connected.

In an October 1996 interview, Drnovsek said Slovenia wanted to be included in the first round of NATO enlargement and stressed that NATO membership would have positive, indirect effects on Slovenia's economy.

Slovenia meets the political criteria for NATO membership set out in the 1995 Enlargement Study. The 1996 State Department Human Rights Report says that Slovenia has a "vigorous, open, and democratic system," with an independent judiciary. The report says the government "fully respected the human rights of its citizens" and that ethnic minorities are treated fairly.

Slovenia's armed forces are engaged in a reform and restructuring effort. Government officials note that less reform and restructuring is needed for Slovenia than for other NATO candidate members, since Slovenia was never part of the Warsaw Pact, and indeed never had a fully fledged army until after independence. For this reason, they argue, Slovenia has a nearly clean slate on which to create a new, NATO-oriented army.

At the time of Slovenia's independence in June 1991, Slovenia's armed forces consisted of territorial defense forces, somewhat similar in nature to U.S. National Guard units. Since that time, Slovenia has taken steps to form "mobile units," which are active duty, professional forces. There are about 5,000 professional officers, NCOs and soldiers in Slovenia's army of 12,000 men. About 7,000 men are conscripted each year into the army, and serve for 7 months. The territorial defense reserves are being reduced from 75,000 men to 45,000–50,000 men in order to free up resources for the professional core of the army.

An important part of Slovenian army reform efforts is the creation of a 700-man motorized infantry battalion that will be earmarked for participation in international peacekeeping activities. Slovenian army procurement efforts are focused on supplying this unit with modern, NATO-compatible equipment. The first company of this battalion is scheduled to be ready this year, and it is planned that the entire unit will be ready in 1998.

Other structural modifications underway include the conversion of infantry units to artillery, communications, and engineering units. Aside from equipping the peacekeeping battalion, other procurement priorities for Slovenia are air defense, anti-armor weapons, and communications systems.

Slovenia's 1997 defense budget is $250 million. In addition, a separate military procurement budget provides another $60 million. Slovenia's defense spending comprises 1.7 percent of the country's GDP. Until recently it seemed, however, that there might be limits to the willingness of Slovenia to increase defense spending to modernize its armed forces. In December 1996, then Defense Minister Jelko Kacin said that neither his Liberal Democratic Party nor any other Slovenian political party supports increasing defense expenditures beyond 2 percent of GDP. Subsequent to our visit—and perhaps influenced by it—on April 17, 1997 in a joint declaration all the parties represented in the Slovenian Parliament voted not only to support NATO membership, but also stated that Slovenia is able and ready to cover its share of the costs of membership.

Slovenia has made rapid progress in economic reform. It has the highest per capita Gross Domestic Product (GDP) in Central and Eastern Europe, as well as the highest international credit rating of any country in the region. The average annual wage is $12,300. Slovenia's budget deficit is a mere 0.2 percent of GDP, compared to the EU average of 4.7 percent.

Economic growth was 3.5 percent in 1996 and is forecast at 4 percent in 1997. Following the loss of traditional markets in the other republics of Yugoslavia, Slovenian businesses have found markets in Western and Central Europe, which now account for 75 percent of Slovenian exports. Inflation is 9.5 percent, and unemployment is 14 percent. As of 1995, the private sector accounted for 45 percent of the Slovenian economy. With "A grade" credit ratings awarded in 1996 by all three leading international credit rating agencies, Slovenia is the highest rated country in the region.

Yet during the past several months doubts have arisen about Slovenia's ability to maintain its fast track reform and, especially, over its apparent unwillingness to open its economy to foreign par-

ticipation. Slovenes seem unsure about the price they are willing to pay to enter Western institutions. This insecurity has shown itself most clearly in a debate over whether foreigners should be allowed to buy property (a debate that also occurred in Austria and Finland before they joined the European Union). In addition, there are concerns in Slovenia about too much foreign investment and anxiety about losing control over key sectors of industry and commerce. The central bank recently took actions to curb foreign capital inflows and restrictions were put on some direct investments by non-residents. Largely because of these moves, share prices on the new Ljubljana stock exchange fell nearly 25 percent in the early spring of 1997.

Civilian control of Slovenia's military is exercised in several ways. According to the constitution, the National Assembly approves the defense budget and conducts oversight of military and intelligence programs. The defense minister, a civilian, exercises control over the development and organization of the armed forces through the General Staff. The President is commander-in-chief of the armed forces, and appoints top military officers.

In 1995, Slovenia undertook seven Interoperability Objectives. Ljubljana reported that as of January 1997 all are at least partially completed. Since Slovenia has no combat aircraft or naval vessels, many Interoperability Objectives do not apply. Slovenia is providing officers with English-language training, including sending about 25 officers per year to study at U.S. military institutions as part of the U.S. international Military Education and Training (IMET) program. It has also sent officers to study in Germany and Austria.

Officials note that Slovenia has bought and will continue to buy NATO-compatible weaponry for its units, as well as NATO-compatible communications equipment. Slovenia also plans in the future to develop an air defense system that will be compatible with NATO. Slovenia joined NATO's Partnership for Peace program in March 1994 and has participated in many PFP exercises.

In May 1996, Slovenia signed an agreement with the United States on military cooperation, which contained provisions for the exchange of classified information. Slovenia has offered to assist the NATO-led Stabilization Force (SFOR) in Bosnia. It offered the use of a Slovenian airport, landmine removal training, the services of logistics officers, and 1,000 beds in Slovenian hospitals for use in case of an emergency. There are no Slovenian ground forces in Bosnia.

Since gaining independence, Slovenia has had some difficulties with two of its neighbors, Italy and Croatia. In the case of Italy, the dispute has been resolved, and Italy now supports Slovenian membership in NATO and the EU. The dispute centered on the property of between 100,000 and 350,000 Italians who left their communities after World War II, when a slice of formerly Italian territory became part of Communist Yugoslavia. Italy wants Slovenia to allow these Italians the right to reclaim their former property or at least have the same right as Slovenian citizens to purchase their former property. Slovenia's Parliament last year agreed to allow foreigners to own real estate in Slovenia within 4 years of

the coming into force of an EU association agreement, which was signed in June 1996.

Slovenia's relationship with Croatia has been somewhat clouded by disputes arising from the breakup of Yugoslavia, including the division of property and assets and the exact demarcation of the Slovenia-Croatia border, particularly the sea border in Piran Bay. Slovenia notes that the way the sea border is now drawn blocks her access to the open sea, and it wants to modify the border to rectify the situation, which Croatia has refused to do. Although not all of these issues have been settled, observers believe that they are normal disagreements between largely friendly neighboring states, and not serious enough to pose a threat to regional stability.

According to the Slovenian constitution, the National Assembly adopts international agreements by a majority of deputies present and voting. The constitution also contains provisions for holding referenda, whose questions are adopted by a simple majority of those voting.

A majority of Slovenes appears to favor NATO membership. A USIA poll, conducted in the spring and summer of 1996, showed 32 percent of those polled "strongly favoring" NATO membership for Slovenia and 39 percent "somewhat favoring" it. Thirteen percent "somewhat oppose" NATO membership and 11 percent "strongly oppose" it. A more recent poll taken on March 1, 1997 by Delo, the leading daily newspaper in Slovenia, showed 66 percent for membership in NATO and strong support for meeting the costs of admission.

According to the 1996 USIA survey, a majority of Slovenes opposes the stationing of NATO troops in Slovenia (63 percent to 32 percent), regular overflights of Slovenia by NATO planes (59 percent to 37 percent), sending Slovenian troops to defend other NATO countries (58 percent to 38 percent), and increasing defense spending at the expense of social spending (63 percent to 9 percent). Slovenes are divided nearly equally (49 percent for vs. 48 percent against) on the question of holding regular NATO exercises on Slovenian territory.

As noted above, except for Poland, groups polled in the USIA survey from other potential candidates for membership in NATO showed a similar pattern of support for NATO membership in general, but ambivalence or opposition to accepting some of the responsibilities that may come with that membership.

The polling data suggest that, just as U.S. Members of Congress must take to the American people an open and frank debate on the merits of enlarging NATO, so too must European candidate country legislators take an informal debate to their publics. The challenge of the next several months is to ensure that a stronger, more secure Europe emerges, based on informed, democratic consensus.

IV. Roster of Meetings in Russia and Central Europe

(March 23–28, 1997)

Moscow, Russian Federation

Grigorii Yavlinsky, Member of the State Duma and Duma Leader of the Yabloko Party

Gennadiy Zyuganov, Member of the State Duma and Leader of the Communist Party
General (ret.) Aleksandr Lebed', Chairman, Russian Popular Republican Party
Ivan Rybkin, Chairman, National Security Council
Iurii Baturin, Secretary, National Defense Council
Artur Chilingarov, Deputy Speaker and Member of the State Duma (Russia's Regions Party)
Mikhail Iur'ev, Deputy Speaker and Member of the State Duma (Yabloko Party)
Ella Pamfilova, Member of the State Duma (Russia's Regions Party)
Vladimir Semago, Member of the State Duma (Communist Party)
Evgenii Kozhokin, Director, Russian Institute of Strategic Studies
Andrei Fedorov, President, Polis Foundation
Sergei Rogov, Director, U.S.A. And Canada Institute
Sergei Oznobishchev, Director, Institute of Strategic Assessments
Dmitrii Trenin, Senior Associate, Moscow Carnegie Center

Warsaw, Poland

Wlodzimierz Cimoszewicz, Prime Minister
Marek Siwiec, Secretary of State and Head, National Security Committee
Eugeniusz Wyzner, Acting Foreign Minister
Andrzej Karkoszka, Deputy Minister of Defense
General Henryk Szumski, Chief of Staff, Polish Army
Krzysztof Wegrzyn, Deputy Minister of Defense
Henryk Szlajfer, Director, Institute of International Affairs
Marek Dukasziewicz, Undersecretary, National Security Bureau, Presidential Chancellery
Jan Borkowski, Deputy Foreign Minister
Adam Struzik, Marshal of the Senate
Janusz Onyszkiewicz, Vice-Chairman, Sejm Defense Committee
Wlodzimierz Konarski, Advisor to the Prime Minister on Foreign and Defense Policy
Radek Sikorski, Movement for the Reconstruction of Poland (ROP) and former Minister of Defense
Hanna Gronkiewicz-Waltz, President, National Bank of Poland
Longin Pastusiak, Member, Sejm Foreign Affairs Committee
Romuald Szeremetiew, Defense Advisor, Solidarity Electoral Action (AWS)
Krzysztof Kalicki, PEKAO S.A. Bank and former Deputy Finance Minister for Military Procurement
Andrzej Ananicz, Lech Walesa Institute
Boguslaw Grabowski, First Petrol Bank and Member, Solidarity Electoral Action (AWS)
Adam Bromke, Advisor to the Prime Minister
Cezary Stypulkowski, Chairman, Bank Handlowy
Kazimierz Dziewanowski, Former Polish Ambassador to the United States
Jadwiga Staniszkis, Professor, Warsaw University and Advisor to Solidarity Electoral Action (AWS)

Prague, Czech Republic

Vaclav Havel, President
Josef Zieleniec, Foreign Minister
Miloslav Vyborny, Minister of Defense
General Jiri Nekvasil, Chief, General Staff
Vladimir Suman, Deputy Minister of Defense
Milos Zeman, Speaker of Parliament and Leader, Social Democratic Party
Michael Zantovsky, Chairman, Senate Foreign Relations Committee and Chairman, Civic Democratic Alliance
Egon Lansky, Senator (Social Democratic Party) and Foreign Policy Advisor to the Speaker
Hana Sevcikova, Director, North American Department, Ministry of Foreign Affairs
Jaromir Novotny, Chief, Foreign Affairs Directorate, Ministry of Defense
Pavel Telicka, Director-General of Multilateral Affairs, Ministry of Foreign Affairs
Pavel Seifter, Foreign Policy Advisor to the President
Jan Kramek, Vice Chairman, Senate Foreign Relations Committee (ODS Party)
Vitezslav Matuska, Vice Chairman, Senate Foreign Relations Committee (CSSD Party)
Oldrich Docekal, Member, Senate Foreign Relations Committee (KDU-CSL Party)
Vilem Holan, Chairman, Foreign Affairs Committee, Chamber of Deputies (KDU-CSL Party)
Petr Necas, Chairman, Defense and Security Committee, Chamber of Deputies (ODS Party)
Michal Lobkowicz, Vice-Chairman, Foreign Affairs Committee, Chamber of Deputies (ODS Party)
Milos Titz, Vice-Chairman, Defense and Security Committee, Chamber of Deputies (ODS Party)
Daniel Kroupa, Member, Chamber of Deputies (ODA Party)

Budapest, Hungary

Gyula Horn, Prime Minister
Laszlo Kovacs, Minister of Foreign Affairs
Istvan Szent-Ivanyi, Deputy Minister of Foreign Affairs
Andre Erdos, Deputy State Secretary, Ministry of Foreign Affairs
Geza Jeszenszky, Member, Foreign Affairs Committee of Parliament (Hungarian Democratic Forum), and former Foreign Minister
Istvan Gyarmati, Deputy State Secretary for International Affairs and NATO Integration, Ministry of Defense
General Janos Sagi, Chief of Staff, Hungarian Air Force
Matyas Eorsi, Chairman, Foreign Affairs Committee of Parliament
Andras Barsony, Vice Chairman, Foreign Affairs Committee of Parliament (Socialist Party)
Bela Gyuricza, Vice Chairman, Defense Committee of Parliament (Alliance of Young Democrats)
Tamas Bauer, Member of Parliament (Free Democratic Party)

Imre Szekeres, Parliamentary Leader, Socialist Party
Tamas Sepsey, Member of Parliament (Hungarian Democratic Forum)
Istvan Varga, Member of Parliament (Hungarian Democratic People's Party)
Ferenc Szakal, Member of Parliament (Christian Democratic Party)
Gabor Szentivanyi, Spokesman, Ministry of Foreign Affairs
Csaba Korosi, Deputy Director, NATO Department, Ministry of Foreign Affairs
Istvan Emri, Deputy Director, North America Department, Ministry of Foreign Affairs

Ljubljana, Slovenia

Milan Kucan, President
Janez Drnovsek, Prime Minister
Zoran Thaler, Minister of Foreign Affairs
Tit Turnsek, Minister of Defense
General Albin Gutman, Chief of Staff, Armed Forces
Janez Podobnik, Speaker of Parliament
Jelko Kacin, Chairman, Parliamentary Committee on International Affairs, and former Minister of Defense
Ivo Vaigl, State Secretary, Ministry of Foreign Affairs
Lojze Peterle, Member of Parliament and Leader, Christian Democratic Party
Janez Jansa, Member of Parliament and Leader, Social Democratic Party
Borut Pahor, Member of Parliament and Leader, United List -Social Democrats
Zmago Jelincic, Member of Parliament and Leader, Nationalist Party
Dimitri Rupel, Mayor of Ljubljana and former Foreign Minister
Ernest Petric, Slovenian Ambassador to the United States

ADDENDA

A. Speech by Senator Biden at Warsaw University, March 25, 1997

POLAND AND NATO

SENATOR JOSEPH R. BIDEN, JR.

SPEECH BEFORE THE EURO-ATLANTIC ASSOCIATION WARSAW UNIVERSITY, WARSAW, POLAND

I would like to thank Mr. Onyszkiewicz for his kind introduction, and to thank the Euro-Atlantic Association for the invitation to speak here today at Warsaw University. I am privileged and honored to appear before so many of Poland's top minds in the field of international security. Your association has made a solid contribution to the cause of cooperation between Poland and the Euro-Atlantic Community, and it is clear from your reports that the men and women in this room today understand the solemn responsibilities and burdens that Poland must assume if it joins the North Atlantic Treaty Organization. I thank you for your work in this area.

Before I discuss Poland's progress toward qualifying for alliance membership, I would like very briefly to make clear my own feelings at the present time with regard to NATO enlargement. As I have said in my country on numerous occasions, I am in favor of enlargement in principle, but there are several questions that need answering to my satisfaction before I would vote to admit any candidate country.

These issues include an understanding in candidate countries of all the obligations that go with membership, many details of candidates' political and military readiness, popular willingness to sacrifice in order to pay for costs of enlargement, willingness on the part of our current European NATO allies to pay their fair share of enlargement costs, and a well conceived NATO policy toward Russia.

I hope to gain an insight into many of these issues on my current fact-finding trip. Other answers may emerge in the coming months. So to sum up—while I am a proponent of NATO enlargement, I would not want anyone in this room to believe that I have already made up my mind about how I might or might not vote some time next year when the U.S. Senate will probably decide whether to amend the Washington Treaty to allow one or more Central European countries to join the alliance.

Having said all that, I would now like to narrow my focus and return to a discussion of Poland. In the 8 years since the Communist government and Solidarity sat down for roundtable talks on the future of Poland, your country has made remarkable progress toward returning to its historic Western orientation and toward en-

suring political and economic freedom for its people. The shock therapy program that many questioned early on has proven to have been the right course, as Poland has enjoyed growth rates for the past 5 years that rival those of the world's most dynamic economies.

In the political field, Poland has shown that its democratic roots never died. Changes in political power have come peacefully, at the ballot box, and once again this fall the Polish people will freely decide the composition of their government.

Regardless of who wins those elections, I believe that one unchanging attitude will be Poland's desire to join NATO. I met today with many of the top leaders of your government and Parliament, and it is clear to me that joining the alliance is the top foreign policy priority of all leading politicians and, most likely, of everyone in this room. Poland is moving in the right direction to meet the criteria for membership set out in NATO's 1995 Enlargement Study. But now is not the time to sit back and declare victory.

Let me, then, touch on five areas of my concern in deciding whether Poland should be invited to become a NATO member. Some of these are purely political or economic, like minority rights, freedom of the press, and privatization. Others are military-specific, like civilian control of the military and Interoperability. In some of these areas Poland has already answered my concerns and now must only avoid backsliding. In others, while progress has been made, further work remains.

First, I would like to address one of the truly great accomplishments of the current government and the administration of President Kwasniewski: the tremendous progress toward better relations with Poland's minority communities. Although relations with Poland's German, Belarusian, Lithuanian, and Ukrainian communities are of interest to us in the United States—and, I might add, seem to be in good shape—our largest concern has been the relations between the Polish government and the Jewish community.

The history of Polish-Jewish relations has been a tragic one of two peoples who have suffered greatly and endured brutal foreign occupations throughout the centuries. The greatest tragedy, of course, came during World War II. Six years of fighting and occupation cost the Polish nation millions of its best and brightest, and it cost the Jewish people in Poland their very existence, as Nazi criminals exterminated an entire culture in Central Europe. The war was followed by reprehensible instances of anti-Semitic violence and discrimination against survivors, which the Communist authorities either tacitly accepted or even instigated for their own purposes.

Understandably, the Jewish people have a special concern that the Holocaust be remembered in a manner consistent with their cultural and religious sensibilities. The Polish government is to be commended for working with local authorities to ensure that the death camp at Auschwitz-Birkenau is preserved in a manner that honors the memory of the one million Jews who were killed there.

Moreover, the Polish Jewish community has a right to expect protection from physical persecution. In this regard, I was heartened to see the quick condemnation by Polish political leaders of the dastardly fire bombing of the synagogue in Warsaw last month.

Such acts of hatred clearly must not, and will not be permitted in a free Poland.

NATO is an alliance of democracies, so I hope you—as a candidate for membership in that alliance—will allow me to offer as my second theme some advice on a cornerstone of democracy: a free press. In 1791, the same year that Poland promulgated the first constitution in Europe, our American forefathers proclaimed a Bill of Rights that would protect the liberties essential for a free people. The First Amendment guaranteed the freedom of the press, because our founders recognized that this was paramount in a democracy.

Today in Poland, while the printed press is completely free, I have some concerns about the broadcast media, particularly of Polish state television. Government interference in the content of the television news is not acceptable in any democracy. State-owned television must offer editorial independence to its journalists. The government cannot hire and fire journalists because it likes or does not like what they report.

I tell you here today as a politician that a free press can be a great source of distress, but you are going to have to get used to it if you are going to lead a democracy. Harry Truman, the American president who oversaw the creation of NATO, once said of politics: "If you can't stand the heat, get out of the kitchen." I say to the leaders of this vibrant democracy: you will have to learn to take the heat from independent media. Considering the great strides you have taken so far, I have little doubt that you are up to the challenge.

Every country, of course, has the right to choose its own economic system. Here again, though, we see that all NATO member states have free-market economies with the private sector playing the leading role. In that context, the third area I would like to address is privatization. Again, I commend the steps that you have made in this area. Small and medium enterprises are in private hands, and new, private businesses continue to be created. In addition, the mass privatization plan represents a major step toward giving the Polish people a direct stake in the economic future of their country.

But this is not the time to stop. I believe that large, state-owned enterprises should also be placed into the hands of private owners, so that they can be operated with economic, rather than political, interests in mind. For Poland to be in the vanguard of Western economies in the 21st century, businesses like banks, the energy sector, the state airline, the state copper producer, and the telecommunications monopoly will have to be privatized.

The final two issues I would like to address have a more direct relationship to Poland's bid for NATO membership. The first of these is civilian control over the military. Ever since we began to consider Poland's request to join the alliance, this has been one of the areas of greatest concern. It is unthinkable for the leadership of the military in a NATO country to dictate who will be its country's minister of defense. It is unthinkable for the leadership of a NATO military to raise any doubt about its willingness to carry out the commands of elected officials and their duly appointed ministers.

Earlier this month, Poland took a significant step forward in this direction with the appointment of General Szumski, whom I met this morning, to be the Chief of the General Staff. I was pleased to hear the general state his vision for a military "that is apolitical, skilled, and well-organized." His appointment helps to assure us that control of the Polish military is in civilian hands.

Again, however, the task needs to be completed. Poland must root out any remnant of the old resistance to civilian control. Of course, I am not telling the members of this distinguished audience anything that they do not already know. Your 1995 study, entitled "Poland-NATO," called for all of these developments in the Polish defense establishment. This kind of clear, forward thinking translated into policy has surely helped Poland's bid for NATO membership.

The final issue on which I would like to focus is Interoperability. Poland has taken great strides toward implementing NATO's recommendation on how to allow its military to work with alliance forces in joint operations. While areas like language training, mapping software, and radios may seem mundane, they are at the heart of Interoperability. The work that is being done is these areas is essential if Poland is to join the alliance.

Here too, I should note the role that the Euro-Atlantic Association is playing in this process. The cost study that you released earlier this year represents—to the best of my knowledge—the first effort in a Central European country to estimate what it would cost to join NATO. Achieving Interoperability is the one direct cost of NATO enlargement, and it is the one cost that all members must share if the alliance admits new members. Although the United States will contribute to meeting common alliance costs, it will subsidize neither Western Europe's nor Central Europe's share.

The government and Parliamentary leaders I met with today were firm in their commitment to pay Poland's share of the costs of enlargement. This is a fundamental issue: a willingness to assume this responsibility is essential if Poland and some of its neighbors are to join NATO. As I said earlier, one of my main concerns is that NATO enlargement not place an undue burden on the American taxpayer. While the United States will pay its fair share of the direct costs of enlargement, others must do their part too.

In addition to the direct costs related to Interoperability, there are indirect costs related to enlargement. First is the cost of modernizing Central European militaries. I have learned today about the Polish government's plan for modernization, which Poland must undertake whether or not it joins NATO. I will evaluate this plan in the months ahead as I make up my mind about NATO enlargement, and I expect that the other leading candidates for membership will offer similar plans to pay for their own defense modernization.

While the United States may offer some modest, technical assistance, the burden of military modernization must be borne by you and your neighbors. As you have learned throughout your country's difficult history, freedom isn't free, and security is not cheap. Today, when 6 percent annual economic growth is rapidly raising the Polish standard of living, the political will is present. My

friends, nothing is permanent, and that political will must continue if growth slows or the economy turns downward.

I am well aware that 90 percent of Poles want to join NATO. I remind them today that if you do join, just as NATO will stand ready to assist Poland in its hour of need, so too must you commit your country to contribute to the defense of your new allies. This would entail a financial cost to your people and a human cost to your soldiers.

The other indirect cost of NATO enlargement must be borne by our current allies. In the post-cold war world, NATO is no longer directed against a common threat. NATO is transforming itself to meet new challenges outside the territories of its member states, in regions where stability is not assured. In order to carry out these missions, NATO must develop new capabilities to allow its members to project power beyond their borders and lift troops, equipment and supplies to areas where the conflicts of the future may arise.

I am troubled by indications in some West European countries that there may be resistance to funding this power projection capability. For 40 years American taxpayers undertook the obligation of helping to defend Western Europe, thereby allowing that region to recover from the devastation of World War II and enjoy unprecedented prosperity. Now it is time for the people of Western Europe to invest in the security of their continent for the next century. If NATO is to remain viable, our allies must commit themselves to develop the capabilities that will be needed for new roles and missions, the same capabilities that would allow the alliance to defend new members if enlargement occurs.

Let me be blunt: if our West European allies shrink from this responsibility, not just enlargement, but NATO itself will be in jeopardy.

Let me also say a word here about Poland's efforts to join the European Union. I am fully cognizant of the unique experiment in governance upon which the EU has embarked. It is an immensely complex undertaking. Nonetheless, I find it unconscionable that the richest countries on the Continent are delaying membership for the countries of Central Europe. I see no justification for keeping countries with vibrant market economies outside the European Union, special interest groups and institutional growing pains notwithstanding.

Poland has taken giant steps toward making its laws compatible with those of the European Union, and its commitment to a free-market economy is unquestioned. The countries of Central Europe that meet the criteria for EU membership should be admitted to the Union in the very near future, and I hope you will press this point with EU leaders whenever the opportunity arises.

As for NATO, we must be attentive to the effect that enlargement will have on those countries not invited to join in the first group. I will not support any enlargement that does not enhance the security of the United States, of our current allies, of new members, and of those countries remaining outside of NATO.

The most important country in this last category is, of course, Russia. We all understand that a new European security architecture will collapse without a strong Russian pillar. We must under-

stand Russia's legitimate security concerns, and to the extent we can, we should work to ensure that these concerns are heard and taken into account by the alliance.

This does not mean, however, that the West should calmly leave unchallenged the old, stale, Stalinist stereotypes of NATO. NATO has always been a purely defensive alliance, and it will remain so. NATO is speaking out for reduced armament levels in Europe, not increased. However forthcoming NATO is, it must not make concessions either on the enlargement process or on the ability of current and future NATO members to take whatever action they deem necessary to maintain the readiness of the alliance.

In the months ahead, the governments of the United States, our NATO allies, and the Central European democracies will work to devise a plan for allowing the alliance to admit new members. When this work is completed, perhaps by the end of this year, it will become the duty of the U.S. Senate and of the 15 other member countries, according to their own procedures, to review this plan to be certain it is in their interests. It will be my duty, and that of my colleagues, to ask the hard questions about this plan: Will it add to the security of our country? Will it add to the security of our allies? Will the costs be distributed fairly?

I can tell you today that I am very impressed by the steps that Poland has taken to meet the political and military criteria for NATO membership. Poland has come far in transforming a failed political and economic system into a thriving free-market democracy. I encourage you to persist in your efforts, to continue working closely with us and our partners, and to prepare your people to assume the burdens of helping to defend the Western Alliance.

But this role is nothing new for the Polish nation. Throughout history, your soldiers endeavored to fight and die, as they said so eloquently, "for your freedom, and for ours." I hope the Polish people remain firm in their commitment to defending democracy, both at home and in the larger Western community.

Thank you for your attention.

B. The North Atlantic Treaty (Washington, DC, April 4, 1949)

The Parties to this Treaty reaffirm their faith in the purposes and principles of the Charter of the United Nations and their desire to live in peace with all peoples and all governments. They are determined to safeguard the freedom, common heritage and civilization of their peoples, founded on the principles of democracy, individual liberty and the rule of law. They seek to promote stability and well-being in the North Atlantic area. They are resolved to unite their efforts for collective defense and for the preservation of peace and security. They therefore agree to this North Atlantic Treaty:

ARTICLE 1

The Parties undertake, as set forth in the Charter of the United Nations, to settle any international dispute in which they may be

involved by peaceful means in such a manner that international peace and security and justice are not endangered, and to refrain in their international relations from the threat or use of force in any manner inconsistent with the purposes of the United Nations.

ARTICLE 2

The Parties will contribute toward the further development of peaceful and friendly international relations by strengthening their free institutions, by bringing about a better understanding of the principles upon which these institutions are founded, and by promoting conditions of stability and well-being. They will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them.

ARTICLE 3

In order more effectively to achieve the objectives of this Treaty, the Parties, separately and jointly, by means of continuous and effective self-help and mutual aid, will maintain and develop their individual and collective capacity to resist armed attack.

ARTICLE 4

The Parties will consult together whenever, in the opinion of any of them, the territorial integrity, political independence or security of any of the Parties is threatened

ARTICLE 5

The Parties agree that an armed attack against one or more of them in Europe or North America shall be considered an attack against them all and consequently they agree that, if such an armed attack occurs, each of them, in exercise of the right of individual or collective self-defense recognized by Article 51 of the Charter of the United Nations, will assist the Party or Parties so attacked by taking forthwith, individually and in concert with the other Parties, such action as it deems necessary, including the use of armed force, to restore and maintain the security of the North Atlantic area.

Any such armed attack and all measures taken as a result thereof shall immediately be reported to the Security Council. Such measures shall be terminated when the Security Council has taken the measures necessary to restore and maintain international peace and security. [1]

ARTICLE 6

For the purpose of Article 5, an armed attack on one or more of the Parties is deemed to include an armed attack:

[1] The definition of the territories to which Article 5 applies was revised by Article 2 of the Protocol to the North Atlantic Treaty on the accession of Greece and Turkey and by the Protocols signed on the accession of the Federal Republic of Germany and of Spain.

on the territory of any of the Parties in Europe or North America, on the Algerian Departments of France[2] on the territory of Turkey or on the Islands under the jurisdiction of any of the Parties in the North Atlantic area north of the Tropic of Cancer; on the forces, vessels, or aircraft of any of the Parties, when in or over these territories or any other area in Europe in which occupation forces of any of the Parties were stationed on the date when the Treaty entered into force or the Mediterranean Sea or the North Atlantic area north of the Tropic of Cancer.

ARTICLE 7

This Treaty does not affect, and shall not be interpreted as affecting in any way the rights and obligations under the Charter of the Parties which are members of the United Nations, or the primary responsibility of the Security Council for the maintenance of international peace and security.

ARTICLE 8

Each Party declares that none of the international engagements now in force between it and any other of the Parties or any third State is in conflict with the provisions of this Treaty, and undertakes not to enter into any international engagement in conflict with this Treaty.

ARTICLE 9

The Parties hereby establish a Council, on which each of them shall be represented, to consider matters concerning the implementation of this Treaty. The Council shall be so organized as to be able to meet promptly at any time. The Council shall set up such subsidiary bodies as may be necessary; in particular it shall establish immediately a defense committee which shall recommend measures for the implementation of Articles 3 and 5.

ARTICLE 10

The Parties may, by unanimous agreement, invite any other European State in a position to further the principles of this Treaty and to contribute to the security of the North Atlantic area to accede to this Treaty. Any State so invited may become a Party to the Treaty by depositing its instrument of accession with the Government of the United States of America. The Government of the United States of America will inform each of the Parties of the deposit of each such instrument of accession.

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[2] On January 16,1963, the North Atlantic Council heard a declaration by the French Representative who recalled that by the vote on self-determination on July 1, 1962, the Algerian people had pronounced itself in favor of the independence of Algeria in co-operation with France. In consequence, the President of the French Republic had on July 3, 1962, formally recognized the independence of Algeria. The result was that the "Algerian departments of France" no longer existed as such, and that at the same time the fact that they were mentioned in the North Atlantic Treaty had no longer any bearing. Following this statement the Council noted that insofar as the former Algerian Departments of France were concerned, the relevant clauses of this Treaty had become inapplicable as from July 3, 1962.

ARTICLE 11

This Treaty shall be ratified and its provisions carried out by the Parties in accordance with their respective constitutional processes. The instruments of ratification shall be deposited as soon as possible with the Government of the United States of America, which will notify all the other signatories of each deposit. The Treaty shall enter into force between the States which have ratified it as soon as the ratifications of the majority of the signatories, including the ratifications of Belgium, Canada, France, Luxembourg, the Netherlands, the United Kingdom and the United States, have been deposited and shall come into effect with respect to other States on the date of the deposit of their ratifications.

ARTICLE 12

After the Treaty has been in force for 10 years, or at any time thereafter, the Parties shall, if any of them so requests, consult together for the purpose of reviewing the Treaty, having regard for the factors then affecting peace and security in the North Atlantic area, including the development of universal as well as regional arrangements under the Charter of the United Nations for the maintenance of international peace and security.

ARTICLE 13

After the Treaty has been in force for 20 years, any Party may cease to be a Party 1 year after its notice of denunciation has been given to the Government of the United States of America, which will inform the Governments of the other Parties of the deposit of each notice of denunciation.

ARTICLE 14

This Treaty, of which the English and French texts are equally authentic, shall be deposited in the archives of the Government of the United States of America. Duly certified copies will be transmitted by that Government to the Governments of other signatories.

C. Chronology of NATO Enlargement

04/04/49—The United States, Britain, France, Italy, Denmark, Norway, Portugal, Iceland, Canada, and the Benelux countries (12 in total) sign the Washington Treaty on forming the North Atlantic Treaty Organization (NATO). (Greece and Turkey join NATO in 1952, Germany in 1955, and Spain in 1982.)

01/10–11/94—At a summit meeting in Brussels, Belgium, NATO countries launch the Partnership for Peace (PFP) program of cooperation to former Warsaw Pact countries. The summit document also states that the alliance "expects and would welcome NATO expansion that would reach to democratic states to our east as part of an evolutionary process."

11/02/94—President Clinton signs into law P.L. 103–447, which includes the "NATO Participation Act of 1994." The Act expresses the sense of Congress that Poland, Hungary, the Czech Republic, and Slovakia should be considered for NATO membership.

12/01–02/94—At a North Atlantic Council (NAC) meeting in Brussels, NATO foreign ministers initiate a study process that is to determine the "how and why" of enlargement of the alliance. It is agreed that the results of the study will be presented at the December 1995 ministerial meeting.

09/28/95—NATO releases its "Study on NATO Enlargement."

12/05/95—On the basis of the study on enlargement, NATO foreign ministers decide that the next phase of the enlargement process will entail: intensified, individual dialogue with interested partner countries; enhancement of the Partnership for Peace; and further consideration of internal adaptation of the alliance in preparation for enlargement. Since then, 12 countries express interest in joining NATO and enter the so-called "16+1" dialogs: Albania, Bulgaria, the Czech Republic, Estonia, the Former Yugoslav Republic of Macedonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, and Slovenia.

02/12/96—President Clinton signs into law P. 104–107, which contains the "NATO Participation Act Amendments of 1995." The act expands military assistance programs to a number of Central European countries, but does not designate specific countries as eligible for NATO membership.

09/23/96—The Fiscal Year 1997 Defense Authorization bill (S. 1745) becomes law (P.L. 104–201). It includes an amendment calling for a study to be conducted by the administration and transmitted to Congress that will analyze the potential costs and strategic implications of alliance expansion.

09/30/96—The President signs into law P.L. 104–208, an omnibus appropriations bill for Fiscal Year 1997, which includes the "NATO Enlargement Facilitation Act of 1996." The Act authorizes funds for the military assistance programs established in the 1994 NATO Participation Act. It designates Poland, Hungary, the Czech Republic, and Slovenia as having made the most progress toward achieving the stated criteria for NATO membership.

10/22/96—At a re-election campaign speech in Detroit, Michigan, President Clinton pledges that, "by 1999 . . . the first group of countries we invite to join should be full-fledged members of NATO." The President does not specify which countries will be invited.

12/09–10/96—At a ministerial meeting in Brussels, NATO foreign ministers announce that the leaders of NATO countries will convene a summit meeting in Madrid on July 8–9, 1997, and will formally invite "one or more" countries to begin accession negotiations with the alliance. The NAC also declares that NATO counties have "no intention, no plan, and no reason to deploy nuclear weapons on the territory of new members," nor does it foresee any future need to do so.

02/24/97—In accordance with P.L. 104–201 (Section 1048), the administration issues a report to Congress on the enlargement of the North Atlantic Alliance.

05/28–30/97—NATO's North Atlantic Council ministerial meeting in Sintra, Portugal.

06/12–13/97—NATO Defense Ministers' meeting in Portugal. NATO enlargement will be among the subjects of discussion.

07/08–09/97—NATO summit in Madrid. The principal issues will be enlargement, NATO's new missions, Bosnia, and combined joint task forces (CJTF). NATO has stated that it will invite "one or more" countries to begin accession negotiations.

end of 1997—NATO hopes to complete accession negotiations with candidate states for membership.

spring-summer 1998—The U.S. Senate may vote on accession protocols for candidate countries seeking NATO membership.

April 1999—Target date for entry of new members into NATO.

D. Helsinki Summit Declaration

THE WHITE HOUSE

OFFICE OF THE PRESS SECRETARY

HELSINKI, FINLAND

For Immediate Release
March 21, 1997

JOINT STATEMENT

JOINT U.S.-RUSSIAN STATEMENT ON EUROPEAN SECURITY

Presidents Clinton and Yeltsin discussed the present security situation in the Euro-Atlantic region. They reaffirmed their commitment to the shared goal of building a stable, secure, integrated and undivided democratic Europe. The roles of the United States and Russia as powers with worldwide responsibilities place upon them a special requirement to cooperate closely to this end. They confirmed that this cooperation will be guided by the spirit of openness and pragmatism which has increasingly come to characterize the U.S.-Russian relationship in recent years.

Recalling their May 1995 Joint Statement on European Security, the Presidents noted that lasting peace in Europe should be based on the integration of all of the continent into a series of mutually supporting institutions and relationships that ensure that there will be no return to division or confrontation. No institution by itself can ensure security. The Presidents agreed that the evolution of security structures should be managed in a way that threatens no state and that advances the goal of building a more stable and

integrated Europe. This evolution should be based on a broad commitment to the principles of the Organization for Security and Cooperation in Europe as enshrined in the Helsinki Final Act, the Budapest Code of Conduct and other OSCE documents, including respect for human rights, democracy and political pluralism, the sovereignty and territorial integrity of all states, and their inherent right to choose the means to ensure their own security.

The Presidents are convinced that strengthening the OSCE, whose potential has yet to be fully realized, meets the interests of the United States and Russia. The Presidents expressed their satisfaction with the outcome of the Lisbon Summit of the OSCE and agreed on the importance of implementing its decisions, both to define further the goals of security cooperation and to continue to devise innovative methods for carrying out the growing number of tasks the OSCE has assumed.

They underscored their commitment to enhance the operational capability of the OSCE as the only framework for European security cooperation providing for full and equal participation of all states. The rule of consensus should remain an inviolable basis for OSCE decisionmaking. The Presidents reaffirmed their commitment to work together in the ongoing OSCE effort to develop a model for security in Europe which takes account of the radically changed situation on the eve of the 21st century and the decisions of the Lisbon Summit concerning a charter on European security. The OSCE's essential role in Bosnia and Herzegovina and its ability to develop new forms of peacekeeping and conflict prevention should also be actively pursued.

In their talks in Helsinki, the two Presidents paid special attention to the question of relations between the North Atlantic Treaty Organization and the Russian Federation. They continued to disagree on the issue of NATO enlargement. In order to minimize the potential consequences of this disagreement, the Presidents agreed that they should work, both together and with others, on a document that will establish cooperation between NATO and Russia as an important element of a new comprehensive European security system. Signed by the leaders of the NATO countries and Russia, this document would be an enduring commitment at the highest political level. They further agreed that the NATO-Russia relationship, as defined in this document, should provide for consultation, coordination and, to the maximum extent possible where appropriate, joint decisionmaking and action on security issues of common concern.

The Presidents noted that the NATO-Russia document would reflect and contribute both to the profound transformation of NATO, including its political and peacekeeping dimension, and to the new realities of Russia as it builds a democratic society. It will also reflect the shared commitment of both NATO and Russia to develop their relations in a manner that enhances mutual security.

The Presidents recalled the historic significance of the Treaty on Conventional Armed Forces in Europe in establishing the trust necessary to build a common security space on the continent in the interest of all states in Europe, whether or not they belong to a military or political alliance, and to continue to preclude any destabilizing buildup of forces in different regions of Europe. The Presidents

stressed the importance of adapting the CFE Treaty. They agreed on the need to accelerate negotiations among CFE parties with a view to concluding by late spring or early summer of 1997 a framework agreement setting forth the basic elements of an adapted CFE Treaty, in accordance with the objectives and principles of the Document on Scope and Parameters agreed at Lisbon in December 1996.

President Yeltsin underscored Russian concerns that NATO enlargement will lead to a potentially threatening buildup of permanently stationed combat forces of NATO near to Russia. President Clinton stressed that the alliance contemplates nothing of the kind.

President Yeltsin welcomed President Clinton's statements and affirmed that Russia would exercise similar restraint in its conventional force deployments in Europe.

President Clinton also noted NATO's policy on nuclear weapons deployments, as articulated by the North Atlantic Council on December 10, 1996, that NATO members have "no intention, no plan and no reason" to deploy nuclear weapons on the territory of states that are not now members of the alliance, nor do they foresee any future need to do so. President Clinton noted NATO's willingness to include specific reference to this policy in the NATO-Russia document.

President Yeltsin spoke in favor of including such a reference in the document. The Presidents agreed that the United States, Russia and all their partners in Europe face many common security challenges that can best be addressed through cooperation among all the states of the Euro-Atlantic area. They pledged to intensify their efforts to build on the common ground identified in their meetings in Helsinki to improve the effectiveness of European security institutions, including by concluding the agreements and arrangements outlined in this statement.

FOR THE UNITED STATES OF AMERICA:	FOR THE RUSSIAN FEDERATION:
/S/	/S/

E. North Atlantic Council communiqué December 10, 1996

PRESS COMMUNIQUÉ M-NAC–2 (96)165

HELD AT NATO HQ, BRUSSELS, 10 DEC 1996

Final Communiqué issued at the Ministerial Meeting of the North Atlantic Council

1. As we look ahead, the new NATO is taking shape, reflecting the fundamental changes in the security environment in Europe and the enduring vitality of the transatlantic partnership which underpins our endeavors. The broad vision of this new NATO and

its role in the development of a new European security architecture was set out at the 1994 Brussels Summit and further defined at our last meeting in Berlin.

The alliance's adaptation and reform is well underway. We will take this process forward today. The alliance is resolved to preserve its political and military strength, ensuring its ability to carry out the full range of its missions—as IFOR and its planned successor SFOR in Bosnia and Herzegovina clearly show. We have issued a separate statement in this regard. The alliance will continue to strengthen European security by maintaining its capability for collective defense, admitting new members, expanding and strengthening cooperative relationships with all partners, including building a strong security partnership with Russia and a distinctive relationship with Ukraine, and realizing the European Security and Defense Identity within the alliance.

The evolution of the alliance takes place in the context of our aim to help build a truly cooperative European security structure. We welcome as a contribution the important decisions taken at the recent OSCE Summit in Lisbon and the decision by the States Parties to the CFE Treaty to begin negotiations in early 1997 with a view toward adapting the Treaty to the changing security environment in Europe.

2. Against this background, we have decided to recommend to our Heads of State and Government to convene a Summit meeting in Madrid on 8/9 July 1997 to set the course for the alliance as it moves toward the 21st century, consolidating Euro-Atlantic security. To achieve this aim, major decisions will have to be taken by the time of the Summit concerning NATO's internal adaptation, the opening of the alliance and its ability to carry out all its new roles and missions. The agenda for our Summit will include:

agreeing a new command structure, which enables all Allies to participate fully, and further advancing the implementation of the Combined Joint Task Forces (CJTF) concept, in order to enhance the alliance's ability to carry out the full range of its missions, while preserving the capability for collective defense, based on a strong transatlantic partnership;

finalizing, to the satisfaction of all Allies, all the necessary arrangements for the European Security and Defense Identity (ESDI) within NATO, which will allow for the preparation and conduct of WEU-led operations with the participation of all European Allies if they were so to choose; inviting one or more of the countries which have expressed interest in joining the alliance to begin accession negotiations;

pledging that the alliance will remain open to the accession of further members and will remain ready to pursue consultations with nations seeking NATO membership, as it has done in the past;

strengthening cooperative relations with all our partners including through an enhanced Partnership for Peace (PfP) and the initiative to establish an Atlantic Partnership Council;

intensifying and consolidating relations with Russia beyond the Partnership for Peace by aiming at reaching an agreement

at the earliest possible date on the development of a strong, stable and enduring security partnership;

further developing an enhanced relationship with Ukraine;

enhancing our Mediterranean dialog;

further developing our ability to carry out new roles and missions relating to conflict prevention and crisis management; and further enhancing our political and defense efforts against the proliferation of nuclear, biological and chemical weapons and their delivery means.

3. We warmly welcome the decision of the Government of Spain, endorsed by the Spanish Parliament on 14 November 1996, to take the necessary steps to participate in the alliance's new structure. Spain's participation will further strengthen the cohesion and military effectiveness of the alliance, as it takes on new roles and missions, reinforce the transatlantic link and help develop ESDI within the alliance.

4. Stability and security in the whole Euro-Atlantic area are our primary goal. We want to help build cooperative European security structures which extend to countries throughout the whole of Europe without excluding anyone or creating dividing lines. Recent decisions at the OSCE Summit meeting in Lisbon on European security cooperation and the decision to adapt the CFE Treaty to the new European security environment establish a cooperative foundation for our common security. The alliance, for its part, has developed a broad pattern of intensive cooperation with North Atlantic Cooperation Council (NACC) and PfP Partner countries and with other international organizations and is thereby contributing to security and stability in the Euro-Atlantic area. With the same aim, we are now working toward opening the alliance to new members; developing ever-closer and deeper cooperative ties with all Partner countries who so wish; building a strong, stable and enduring security partnership with Russia; strengthening our relationship with Ukraine; and enhancing our Mediterranean dialog.

5. We reaffirm that the nuclear forces of the Allies continue to play a unique and essential role in the alliance's strategy of war prevention. New members, who will be full members of the alliance in all respects, will be expected to support the concept of deterrence and the essential role nuclear weapons play in the alliance's strategy. Enlarging the alliance will not require a change in NATO's current nuclear posture and therefore, NATO countries have no intention, no plan, and no reason to deploy nuclear weapons on the territory of new members nor any need to change any aspect of NATO's nuclear posture or nuclear policy—and we do not foresee any future need to do so.

6. A number of countries have long-standing aspirations to become full members of our alliance and have undertaken intensive and wide-ranging preparations and reforms with this aim in mind. We are now in a position to recommend to our Heads of State and Government to invite at next year's Summit meeting one or more countries which have participated in the intensified dialog process,

to start accession negotiations with the alliance. Our goal is to welcome the new member(s) by the time of NATO's 50th anniversary in 1999. We pledge that the alliance will remain open to the accession of further members in accordance with Article 10 of the Washington Treaty. We will remain ready to pursue consultations with nations seeking NATO membership, as we have done in the past.

We are satisfied with the intensified, individual dialog which the alliance has been conducting throughout this year with interested partners. This dialog has improved their understanding of specific and practical details of how the alliance works. It has provided the alliance in turn with a better understanding of where these countries stand in their internal development as well as in the resolution of any external issues with neighboring countries. We have tasked the Council in Permanent Session to prepare comprehensive recommendations for decisions to be taken by the Summit on which country or countries to invite to begin accession negotiations. The process should include:

an intensified dialog with interested Partner countries including in a "16+1" format, as appropriate;

analysis, on the basis of further political guidance to be elaborated by the Council in Permanent Session, of the relevant factors associated with the admission of potential new members;

preparation of recommendations on the adaptation of alliance structures necessary to integrate new members into the alliance;

preparation of a plan for conducting the accession talks with one or more new members.

7. We look forward to tomorrow's meeting of the NACC, which will mark its fifth anniversary. The NACC has provided us over the years with a valued opportunity to consult regularly with our partners on political and security issues. Through NACC and Partnership for Peace, we have achieved the development of common approaches to European security and brought the NACC countries closer together in a spirit of cooperation and a common commitment to European security. We are committed to ensuring that the NACC goals of enhancing transparency and confidence in security matters among member states remain central to future cooperation. In order to derive maximum benefit from our NACC meetings, we want to move toward further deepening our political dialog and giving it more focus.

8. We are pleased with the dynamic development of Partnership for Peace and the role it plays in building European security cooperation. The Partnership for Peace will continue as a permanent element of the alliance's cooperative effort to contribute to the development of a more stable European security area and, with those partners seeking to join NATO, will also facilitate their preparations to meet the responsibilities of membership in the alliance. Substantial progress has been achieved in enhancing the scope and substance of our Partnership cooperation, in particular the growing range of exercises, the broadening and deepening of the PfP Planning and Review Process, the intensification of work on civil-mili-

tary relations, and civil emergency planning and disaster relief. In the current IFOR operation, in which 13 Partner countries are cooperating with alliance armed forces, the Partnership for Peace has proved its value with regard both to political commitment to joint crisis management and to military Interoperability.

We want to develop on the basis of transparency ever-closer and deeper cooperative ties open to all Partner countries by making the Partnership more operational; strengthening its political consultation element, taking full account of the respective activities of the OSCE and the relevant European institutions such as the WEU and the EU; and involving partners more in operations planning and Partnership decisionmaking. To this end, the alliance has set up a Senior Level Group to develop by the time of the Summit meeting a clearly strengthened and thus more attractive Partnership for Peace. We have received an interim report on the ongoing work and agree that work should begin without delay to implement its recommendations. These include:

enhancing the political dimension of the Partnership through increasing opportunities for political consultations;

expanding the agreed fields of military missions within PfP to the full range of the alliance's new missions, as appropriate, including Peace Support operations over and above previously agreed areas;

broadening the NATO/PfP exercise program in accordance with the expanded scope of the Partnership;

enabling Partner countries to participate in the planning and execution of PfP activities (exercises and operations);

involving partners more substantively and actively in PfP-related parts of the regular peacetime work of NATO's Military Authorities;

affording the appropriate opportunity to partners who join future NATO-led PfP operations to contribute to the provision of political guidance for oversight over such operations, drawing on the experience gained in Operation Joint Endeavor;

examining, together with partners, the possible modalities for the elaboration of a political-military framework for PfP operations, building on the current work of the Political-Military Steering Committee;

enhancing Partner participation in decisionmaking for PfP programs issues;

increasing regional cooperation within the Partnership provided it remains open to all partners and remains an integral part of the overall PfP;

expanding the Planning and Review Process; and

as soon as the Brussels Agreement on the Status of Missions and Representatives of Third States to NATO comes into force, offering partners the opportunity to establish diplomatic missions with NATO.

We have tasked the Council in Permanent Session to ensure implementation of these recommendations without delay and to continue the work on the enhancement of Partnership for Peace and also to review its common funding and resource implications, with a view to providing a further report by the SLG with recommendations for decisions at the time of the Spring Ministerial meeting.

9. With the rapid growth of our activities under both NACC and PfP, we have identified a need for greater coherence in our cooperation in a framework which will establish with partners a more meaningful and productive cooperative and consultative process, building on the elements of NACC and PfP which we and our partners deem most valuable. To this end, we have agreed to work with partners on the initiative to establish an Atlantic Partnership Council (APC) as a single new cooperative mechanism, which would form a framework for enhanced efforts in both practical cooperation under PfP and an expanded political dimension of Partnership. We have accordingly tasked the Council in Permanent Session to draw up the modalities for such a council, in close coordination with partners, by the time of our next meeting.

10. We affirm our support for the political and economic reform process in the Russian Federation. We welcome the landmark Presidential elections in Russia. We applaud the progress toward a lasting, peaceful settlement of the conflict in Chechnya.

A broad process of integration and cooperation is underway in Europe; Russia is a part of it through its membership in the OSCE and the Council of Europe and its relationship with NATO as well as the European Union and the WEU. The pattern of consultations anchored by our regular "16+1" discussions, provide a firm foundation on which to build. We welcome Russia's participation in Partnership for Peace and encourage it to take full advantage of the opportunities which the Partnership offers.

We value the close and effective cooperation between Russia and NATO in IFOR. This cooperation demonstrates that NATO and Russia can collaborate effectively in the construction of cooperative security structures in Europe. We appreciate and welcome Russia's readiness to contribute to a follow-on operation to consolidate peace in Bosnia and Herzegovina. We look forward to continuing the experience of working closely together, which we believe will have a lasting, positive impact on our relationship.

Today, we reiterate our commitment to a strong, stable, and enduring security partnership between NATO and Russia. This partnership demonstrates that European security has entered a fundamentally new, more promising era. It constitutes an important element of the developing European cooperative security architecture to which Russia has an essential contribution to make. It will further enhance stability and security in the Euro-Atlantic area. By the time of the Summit, we aim to reach agreement with the Russian Federation on arrangements that can deepen and widen the scope of our current relationship and provide a framework for its future development. We want to ensure that NATO and Russia have a strong, flexible means to consult and cooperate as part of our evolving relationship. Agreement might be expressed in a document or could take the form of a Charter, which could encompass:

the shared principles that will form the basis of our relationship;

a broad set of areas of practical cooperation in particular in the political, military, economic, environmental, scientific, peacekeeping, armaments, non-proliferation, arms control and civil emergency planning fields;

mechanisms for regular and ad hoc consultations; and

mechanisms for military liaison and cooperation.

We therefore task the Council in Permanent Session to develop further guidance on these matters on the basis of which the Secretary General could explore with Russia the possibility of such agreement.

11. We continue to support Ukraine as it develops as a democratic nation and a market economy. The maintenance of Ukraine's independence, territorial integrity and sovereignty is a crucial factor for stability and security in Europe.

Ukraine's development of a strong, enduring relationship with NATO is an important aspect of the emerging European security architecture. We greatly value the active participation of Ukraine in the Partnership for Peace and look forward to next year's exercise near Lviv. We also value Ukraine's cooperation with European institutions such as the EU and the WEU. Ukraine has made an important contribution to IFOR and UNTAES, and we welcome its commitment to contribute to a follow-on operation to consolidate peace in Bosnia and Herzegovina.

We welcome the continued development of our broad cooperation beyond PfP. We note with satisfaction the recent meeting between the alliance and Ukraine on issues related to the proliferation of weapons of mass destruction. We welcome the progress made toward establishing a NATO information office in Kyiv, and look forward to its opening in the near future. We welcome Ukraine's active interest in further enhancing its relations with the alliance. We are committed to the development in coming months, through high level and other consultations, of a distinctive and effective NATO-Ukraine relationship, which could be formalized, possibly by the time of the Summit, building on the document on enhanced NATO-Ukraine relations agreed in September 1995, and taking into account recent Ukrainian proposals.

12. We support the Middle East peace process, and urge all participants to remain firmly committed to it.

We reaffirm our conviction that security in Europe is closely linked with security and stability in the Mediterranean, and that the Mediterranean dimension is consequently one of the various components of the European security architecture. In this regard, as part of the adaptation of the alliance, we will work toward enhancing our relations with non-NATO Mediterranean countries through our dialog.

The dialog complements other international efforts, such as those undertaken by the Barcelona process, the OSCE and the WEU without creating any division of labor. We welcome the report of the Council in Permanent Session on the progress of and rec-

ommendations for future steps to develop the dialog with Mediterranean countries through political dialog and other activities agreed by the alliance. Egypt, Israel, Jordan, Mauritania, Morocco and Tunisia have reiterated their interest in the development of our relations. We have decided to enhance our Mediterranean dialog in a progressive way and have tasked the Council in Permanent Session to report at our next meeting on the implementation of the activities foreseen in the report as well as on the scope for further development.

13. We are carrying forward the process of the alliance's internal adaptation, with the fundamental objectives of ensuring the alliance's military effectiveness, maintaining the transatlantic link, and developing the ESDI within NATO. In keeping with the decisions taken by NATO Heads of State and Government at the 1994 Summit Meeting and by the Ministerial meetings in June this year in Berlin and Brussels and with a view to preparing for the Summit next year, our primary focus has been on three closely linked issues: the development of a new command structure for the alliance; the implementation of the CJTF concept; and the development of the ESDI within NATO.

14. We welcome the progress made in the development of the future command structure, noting that two structural alternatives have been selected by the Military Committee for future assessment and subsequent political consideration and agree the proposed way ahead. We urge the Council in Permanent Session and the Military Committee to complete the work as quickly as possible. Once approved, this new command structure will help ensure the alliance's military effectiveness so that it is able, in the changing security environment facing Europe, to perform its traditional mission of collective defense and through flexible and agreed procedures to undertake new roles in changing circumstances and to provide for increased participation by Partner countries. It will constitute a renovated, single multinational command structure, reflecting the strategic situation in Europe and enabling all Allies to participate fully.

15. We welcome the progress made toward realizing the CJTF concept, on the basis of the Overall Politico-Military Framework approved by us last June. We direct the Council in Permanent Session and the NATO Military Authorities to pursue vigorously their work on this concept, bearing in mind its importance for future alliance operations, including the possible involvement of nations outside the alliance, as well as for the development of ESDI.

16. We are pleased with the progress made in developing the appropriate arrangements for ESDI within NATO, as decided at the Brussels Summit and at our meeting last June in Berlin. The newly created Policy Coordination Group has contributed significantly to this process.

17. We note in particular the steps taken toward implementing the concept of separable but not separate capabilities:

the decisions of the Council in Permanent Session on political guidance concerning the elaboration of European command ar-

rangements within NATO able to prepare and conduct WEU-led operations;

the decisions of the Council in Permanent Session regarding the arrangements for identifying NATO capabilities and assets which might be made available to the WEU for a WEU-led operation;

the progress to date on arrangements for the release, monitoring and return or recall of alliance assets and capabilities;

the decision of the Council in Permanent Session with respect to modalities of cooperation with the WEU;

the progress on work regarding planning and conducting exercising for WEU-led operations, following receipt of illustrative profiles for WEU missions.

18. We have directed the Council in Permanent Session to submit to the Spring 1997 Ministerial meetings a report on the adaptation of alliance structures and procedures related to the future command structure, on the implementation of the CJTF concept, and on further progress with recommendations for decisions in the development of ESDI within the alliance.

19. We welcome the close and intensifying cooperation between NATO and the WEU. At their meeting in Ostend on 19 November 1996, WEU Ministers agreed that it would be valuable for WEU to become actively involved in the alliance's defense planning process and expressed their readiness to participate. Early agreement is now being sought in the WEU on the participation of all European Allies in WEU-led operations using NATO assets and capabilities, as well as in planning and preparing for such operations. This would be a key contribution to the development of ESDI within the alliance. We have tasked the Council in Permanent Session to develop the NATO-WEU relationship further in order to ensure effective cooperation in preparing for possible WEU-led operations.

20. We are pleased with the successful outcome of the OSCE Summit in Lisbon and, in particular, the adoption of a declaration on security as a result of work on a Common and Comprehensive Security Model for the 21st Century. The Lisbon Summit has created a security framework in which all European states can participate on an equal footing. The Security Model adopted in Lisbon is a comprehensive expression of the endeavor to strengthen security and stability. It complements the mutually reinforcing efforts of NATO and other European and transatlantic institutions and organizations. We attach great importance to the role of the OSCE as a primary instrument in preventive diplomacy, conflict prevention, post-conflict rehabilitation and regional security cooperation, as well as to the enhancement of its operational capabilities to carry out these tasks. We believe the OSCE, as the only pan-European security organization, has an essential role to play in European peace and stability. We are committed to supporting its comprehensive approach to security. The principles and commitments on which the OSCE is built provide the standards for the development of a comprehensive and cooperative European security structure.

We commend the OSCE for its essential contribution to the implementation of civil aspects of the Peace Agreement for Bosnia and Herzegovina, particularly in supervising the preparation and conduct of the elections, in promoting and monitoring human rights and in overseeing the implementation of agreed confidence—and security—building measures and sub-regional arms control agreements. The OSCE thereby demonstrates its central role in contributing to regional stability and security.

We are pleased with the support given by IFOR to the OSCE in carrying out its tasks. The cooperation between OSCE and IFOR is a good example of our concept of mutually reinforcing organizations. The practical assistance given by NATO to the OSCE in helping to establish measures to verify the confidence-building and arms control agreements of the Dayton Accords testifies to a growing cooperation between NATO and the OSCE. We reiterate our readiness to further develop the cooperation between the two organizations. The democratic and economic development, independence, sovereignty and territorial integrity of all states are essential factors for stability and security in the Euro-Atlantic area. We commend the OSCE for its mediation efforts in a number of regional conflicts through its various missions, and recognize the valuable work of the High Commissioner on National Minorities. We support the efforts of the Minsk Group to achieve a political settlement of the conflict in and around Nagorno-Karabakh.

The OSCE acquis in the field of disarmament, arms control, and confidence-and security-building measures continues to contribute significantly to political and military stability. We consider the full implementation, the further development, and if necessary, the adaptation of these measures to be indispensable elements in our effort to further enhance the European security architecture. We welcome the recent adoption by the Forum for Security Cooperation of the Framework for Arms Control and its Future Agenda.

21. The CFE Treaty is a fundamental cornerstone of security and stability for all in the Euro-Atlantic area. We are committed to maintain and strengthen it. Consistent with our broader goal of enhancing political cooperation and military stability in a Europe without dividing lines, we welcome the decision of the 30 States Parties to the CFE Treaty on 1 December 1996 in Lisbon to launch negotiations to adapt the Treaty to the changing security environment in Europe. We look forward to beginning negotiations in the Joint Consultative Group in Vienna in January 1997 on the basis of the scope and parameters (Terms of Reference) document agreed in Lisbon.

Our common goal is to enhance security for all States Parties, irrespective of whether they belong to an alliance, and preserve their right to choose and change their security arrangements. Within the broader political context of enhanced security for all, this process should strengthen the cooperative pattern of relationships between States Parties, based on mutual confidence, transparency, stability and predictability. Committed, like the other States Parties, to adapting the Treaty by developing mechanisms which will enhance the Treaty's viability and effectiveness, we will pursue steps to review the Treaty's group structure, to adapt the Treaty system of

limitations and to enhance its verification and information provisions. To that end, the members of the alliance will develop and table proposals for the negotiations in Vienna.

We reaffirm our support for the CFE Flank Agreement, reached at this year's Review Conference in Vienna. We urge all States Parties who have not yet done so to approve this Agreement before the end of the extended provisional application period.

We will play our full part in the intensive continuing efforts directed at resolving outstanding implementation issues.

The members of the alliance reaffirm the commitment made at Lisbon to exercise restraint during the period of negotiations as foreseen in the document in relation to the current postures and capabilities of their conventional armed forces—in particular, with respect to their levels of forces and deployments—in the Treaty's area of application. As decided in Lisbon, this commitment is without prejudice to the outcome of the negotiations, or to voluntary decisions by the individual States Parties to reduce their force levels or deployments, or to their legitimate security interests. We believe that the CFE Treaty must continue to play a key role in ensuring military stability into the 21st century, and are committed to adapting it expeditiously in order to take account of new security challenges.

22. We emphasize the importance of the START Treaties for international stability and security. We note with satisfaction the progress made by the United States and the Russian Federation in the implementation of START I. We urge the Russian Federation to follow the United States in ratifying the START II Treaty. We welcome the successful conclusion and signing by the great majority of U.N. Members of the Comprehensive Test Ban Treaty, and we urge all other nations to sign this important international arms control agreement. We look forward to the early start of negotiations on a Fissile Material Cut-Off Treaty.

We are pleased that the Chemical Weapons Convention will soon enter into force and we look forward to its early implementation. We welcome the fact that States Parties to the Biological and Toxin Weapons Convention have at the Fourth Review Conference in Geneva in December 1996 again solemnly declared their recognition that effective verification could reinforce the Convention.

Recognising the heightened concern of the international community of the suffering and casualties caused by anti-personnel mines, we support the vigorous pursuit of an effective, legally binding international agreement to ban the use, stockpiling, production and transfer of antipersonnel mines and, as an important step to this end, support the early ratification of the revised Second Protocol of the Convention on Inhumane Weapons.

We urge the early ratification of the Treaty on Open Skies by those states which have not already ratified.

23. Proliferation of nuclear, biological and chemical weapons and their delivery means continues to be a matter of serious concern to us. Progress in expanding and intensifying NATO's political and defense efforts against proliferation, as directed by NATO Heads of State and Government in January 1994, is an integral part of NATO's adaptation to the new security environment. These efforts

also contribute to NATO's ability to conduct new roles and missions. We remain committed to preventing proliferation in the first place, or, if it occurs, to reversing it through diplomatic means. The alliance is improving its capabilities to address the risks posed by proliferation. We welcome further consultations and cooperation with Partner countries to address the common security risks posed by proliferation. We note with satisfaction the report of the alliance's Joint Committee on Proliferation on the activities of the Senior Political-Military Group on Proliferation and the Senior Defense Group on Proliferation and direct them to continue their vital efforts.

We attach particular importance to a solid preparation of the first preparatory committee of the strengthened review process of the Nuclear Non-Proliferation Treaty (NPT), scheduled for April 1997. This process will significantly contribute to the further strengthening of the NPT, which is the cornerstone of the global non-proliferation system.

24. We reaffirm our commitment to the alliance's common-funded programs.

We note with appreciation the progress made in moving existing resources to the highest priority programs, such as Partnership for Peace and the support of enhanced information activities in Moscow and Kyiv. We have directed the Council in Permanent Session to keep under review the allocation of resources in order to ensure their optimal use. We have also directed the Council in Permanent Session to identify the implications of adaptation for NATO's common-funded budgets and to make appropriate recommendations for dealing with these.

25. We continue to support all efforts to combat terrorism, which constitutes a serious threat to peace, security and stability.

26. The Spring 1997 meeting of the North Atlantic Council in Ministerial Session will be held in Sintra, Portugal, on 29 May.

F. Statement by the North Atlantic Council, March 14, 1997

PRESS RELEASE

(97)27

At its meeting today, the North Atlantic Council, under the chairmanship of the Secretary General, Mr. Javier Solana, decided to issue the following Unilateral Statement:

> "In the current and foreseeable security environment, the alliance will carry out its collective defense and other missions by ensuring the necessary Interoperability, integration and capability for reinforcement rather than by additional permanent stationing of substantial combat forces."

G. NATO Enlargement Facilitation Act of 1996

MAKING OMNIBUS CONSOLIDATED APPROPRIATIONS FOR FISCAL YEAR 1997 TITLE VI—NATO ENLARGEMENT FACILITATION ACT OF 1996

SEC. 601. SHORT TITLE.

This title may be cited as the 'NATO Enlargement Facilitation Act of 1996'.

SEC. 602. FINDINGS.

The Congress makes the following findings:

(1) Since 1949, the North Atlantic Treaty Organization (NATO) has played an essential role in guaranteeing the security, freedom, and prosperity of the United States and its partners in the alliance.

(2) The NATO alliance is, and has been since its inception, purely defensive in character, and it poses no threat to any nation. The enlargement of the NATO alliance to include as full and equal members emerging democracies in Central and Eastern Europe will serve to reinforce stability and security in Europe by fostering their integration into the structures which have created and sustained peace in Europe since 1945. Their admission into NATO will not threaten any nation. America's security, freedom, and prosperity remain linked to the security of the countries of Europe.

(3) The sustained commitment of the member countries of NATO to a mutual defense has made possible the democratic transformation of Central and Eastern Europe. Members of the alliance can and should play a critical role in addressing the security challenges of the post-cold war era and in creating the stable environment needed for those emerging democracies in Central and Eastern Europe to successfully complete political and economic transformation.

(4) The United States continues to regard the political independence and territorial integrity of all emerging democracies in Central and Eastern Europe as vital to European peace and security.

(5) The active involvement by the countries of Central and Eastern Europe has made the Partnership for Peace program an important forum to foster cooperation between NATO and those countries seeking NATO membership.

(6) NATO has enlarged its membership on 3 different occasions since 1949.

(7) Congress supports the admission of qualified new members to NATO and the European Union at an early date and has sought to facilitate the admission of qualified new members into NATO.

(8) Lasting security and stability in Europe requires not only the military integration of emerging democracies in Central and Eastern Europe into existing European structures, but also the eventual economic and political integration of these countries into existing European structures.

(9) As new members of NATO assume the responsibilities of alliance membership, the costs of maintaining stability in Europe should be shared more widely. Facilitation of the enlargement proc-

ess will require current members of NATO, and the United States in particular, to demonstrate the political will needed to build on successful ongoing programs such as the Warsaw Initiative and the Partnership for Peace by making available the resources necessary to supplement efforts prospective new members are themselves undertaking.

(10) New members will be full members of the alliance, enjoying all rights and assuming all the obligations under the North Atlantic Treaty, signed at Washington on April 4, 1949 (hereafter in this Act referred to as the "Washington Treaty").

(11) In order to assist emerging democracies in Central and Eastern Europe that have expressed interest in joining NATO to be prepared to assume the responsibilities of NATO membership, the United States should encourage and support efforts by such countries to develop force structures and force modernization priorities that will enable such countries to contribute to the full range of NATO missions, including, most importantly, territorial defense of the alliance.

(12) Cooperative regional peacekeeping initiatives involving emerging democracies in Central and Eastern Europe that have expressed interest in joining NATO, such as the Baltic Peacekeeping Battalion, the Polish-Lithuanian Joint Peacekeeping Force, and the Polish-Ukrainian Peacekeeping Force, can make an important contribution to European peace and security and international peacekeeping efforts, can assist those countries preparing to assume the responsibilities of possible NATO membership, and accordingly should receive appropriate support from the United States.

(13) NATO remains the only multilateral security organization capable of conducting effective military operations and preserving security and stability of the Euro-Atlantic region.

(14) NATO is an important diplomatic forum and has played a positive role in defusing tensions between members of the alliance and, as a result, no military action has occurred between two alliance member states since the inception of NATO in 1949.

(15) The admission to NATO of emerging democracies in Central and Eastern Europe which are found to be in a position to further the principles of the Washington Treaty would contribute to international peace and enhance the security of the region. Countries which have become democracies and established market economies, which practice good neighborly relations, and which have established effective democratic civilian control over their defense establishments and attained a degree of Interoperability with NATO, should be evaluated for their potential to further the principles of the Washington Treaty.

(16) Democratic civilian control of defense forces is an essential element in the process of preparation for those states interested in possible NATO membership.

(17) Protection and promotion of fundamental freedoms and human rights is an integral aspect of genuine security, and in evaluating requests for membership in NATO, the human rights records of the emerging democracies in Central and Eastern Europe should be evaluated according to their commitments to fulfill in good faith the human rights obligations of the Charter of the

United Nations, the principles of the Universal Declaration on Human Rights, and the Helsinki Final Act.

(18) A number of Central and Eastern European countries have expressed interest in NATO membership, and have taken concrete steps to demonstrate this commitment, including their participation in Partnership for Peace activities.

(19) The Caucasus region remains important geographically and politically to the future security of Central Europe. As NATO proceeds with the process of enlargement, the United States and NATO should continue to examine means to strengthen the sovereignty and enhance the security of United Nations recognized countries in that region.

(20) In recognition that not all countries which have requested membership in NATO will necessarily qualify at the same pace, the accession date for each new member will vary.

(21) The provision of additional NATO transition assistance should include those emerging democracies most ready for closer ties with NATO and should be designed to assist other countries meeting specified criteria of eligibility to move forward toward eventual NATO membership.

(22) The Congress of the United States finds in particular that Poland, Hungary, and the Czech Republic have made significant progress toward achieving the criteria set forth in section 203(d)(3) of the NATO Participation Act of 1994 and should be eligible for the additional assistance described in this Act.

(23) The evaluation of future membership in NATO for emerging democracies in Central and Eastern Europe should be based on the progress of those nations in meeting criteria for NATO membership, which require enhancement of NATO's security and the approval of all NATO members.

(a) IN GENERAL-The following countries are designated as eligible to receive assistance under the program established under section 203(a) of the NATO Participation Act of 1994 and shall be deemed to have been so designated pursuant to section 203(d)(1) of such Act: Poland, Hungary, and the Czech Republic.

(b) DESIGNATION OF SLOVENIA-Effective 90 days after the date of enactment of this Act, Slovenia is designated as eligible to receive assistance under the program established under section 203(a) of the NATO Participation Act of 1994, and shall be deemed to have been so designated pursuant to section 203(d) of such Act, unless the President certifies to Congress prior to such effective date that Slovenia fails to meet the criteria under section 203(d)(3) of such Act.

(c) DESIGNATION OF OTHER COUNTRIES—The President shall designate other emerging democracies in Central and Eastern Europe as eligible to receive assistance under the program established under section 203(a) of such Act if such countries—

(1) have expressed a clear desire to join NATO;
(2) have begun an individualized dialog with NATO in preparation for accession;
(3) are strategically significant to an effective NATO defense; and
(4) meet the other criteria outlined in section 203(d)(3) of the NATO Participation Act of 1994 (title II of Public Law 103–447; 22 U.S.C. 1928 note).

(d) RULE OF CONSTRUCTION—Nothing in this section precludes the designation by the President of Estonia, Latvia, Lithuania, Romania, Slovakia, Bulgaria, Albania, Moldova, Ukraine, or any other emerging democracy in Central and Eastern Europe pursuant to section 203(d) of the NATO Participation Act of 1994 as eligible to receive assistance under the program established under section 203(a) of such Act.

SEC. 607. AUTHORIZATION OF APPROPRIATIONS FOR NATO ENLARGEMENT ASSISTANCE.

(a) IN GENERAL—There are authorized to be appropriated $60,000,000 for fiscal year 1997 for the program established under section 203(a) of the NATO Participation Act of 1994.

(b) AVAILABILITY—Of the funds authorized to be appropriated by subsection

(a)—

(1) not less than $20,000,000 shall be available for the cost, as defined in section 502(5) of the Credit Reform Act of 1990, of direct loans pursuant to the authority of section 203(c)(4) of the NATO Participation Act of 1994 (relating to the "Foreign Military Financing Program");

(2) not less than $30,000,000 shall be available for assistance on a grant basis pursuant to the authority of section 203(c)(4) of the NATO Participation Act of 1994 (relating to the "Foreign Military Financing Program"); and

(3) not more than $10,000,000 shall be available for assistance pursuant to the authority of section 203(c)(3) of the NATO Participation Act of 1994 (relating to international military education and training).

(c) RULE OF CONSTRUCTION—Amounts authorized to be appropriated under this section are authorized to be appropriated in addition to such amounts as otherwise may be available for such purposes.

SEC. 608. REGIONAL AIRSPACE INITIATIVE AND PARTNERSHIP FOR PEACE INFORMATION MANAGEMENT SYSTEM.

(a) IN GENERAL—To the extent provided in advance in appropriations acts for such purposes, funds described in subsection (b) are authorized to be made available to support the implementation of the Regional Airspace Initiative and the Partnership for Peace Information Management System,including—

(1) the procurement of items in support of these programs; and

(2) the transfer of such items to countries participating in these programs.

(b) FUNDS DESCRIBED—Funds described in this subsection are funds that are available—

(1) during any fiscal year under the NATO Participation Act of 1994 with respect to countries eligible for assistance under that Act; or

(2) during fiscal year 1997 under any Act to carry out the Warsaw Initiative.

SEC. 609. EXCESS DEFENSE ARTICLES.

(a) PRIORITY DELIVERY—Notwithstanding any other provision of law, the delivery of excess defense articles under the authority of section 203(c) (1) and (2) of the NATO Participation Act of 1994 and section 516 of the Foreign Assistance Act of 1961 shall be given priority to the maximum extent feasible over the delivery of such excess defense articles to all other countries except those countries referred to in section 541 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1995 (Public Law 103–306; 108 Stat. 1640).

(b) COOPERATIVE REGIONAL PEACEKEEPING INITIATIVES—The Congress encourages the President to provide excess defense articles and other appropriate assistance to cooperative regional peacekeeping initiatives involving emerging democracies in Central and Eastern Europe that have expressed an interest in joining NATO in order to enhance their ability to contribute to European peace and security and international peacekeeping efforts.

SEC. 610. MODERNIZATION OF DEFENSE CAPABILITY.

The Congress endorses efforts by the United States to modernize the defense capability of Poland, Hungary, the Czech Republic, Slovenia, and any other countries designated by the President pursuant to section 203(d) of the NATO Participation Act of 1994, by exploring with such countries options for the sale or lease to such countries of weapons systems compatible with those used by NATO members, including air defense systems, advanced fighter aircraft, and telecommunications infrastructure.

SEC. 611. TERMINATION OF ELIGIBILITY.

(a) TERMINATION OF ELIGIBILITY—The eligibility of a country designated pursuant to subsection (a) or (b) of section 606 or pursuant to section 203(d) of the NATO Participation Act of 1994 may be terminated upon a determination by the President that such country does not meet the criteria set forth in section 203(d)(3) of the NATO Participation Act of 1994.

(b) NOTIFICATION—At least 15 days before terminating the eligibility of any country pursuant to subsection (a), the President shall notify the congressional committees specified in section 634A of the Foreign Assistance Act of 1961 in accordance with the procedures applicable to reprogramming notifications under that section.

SEC. 612. CONFORMING AMENDMENTS TO THE NATO PARTICIPATION ACT.

The NATO Participation Act of 1994 (title II of Public Law 103–447; 22 U.S.C. 1928 note) is amended in sections 203(a), 203(d)(1), and 203(d)(2) by striking "countries emerging from Communist

domination" each place it appears and inserting "emerging democracies in Central and Eastern Europe".

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I. Members of NATO and the Partnership for peace Program

Members of NATO and the Partnership for Peace Program (U)

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PREPARED STATEMENT OF SENATOR RUSSELL D. FEINGOLD

Thank you, Mr. Chairman. Welcome, Secretary Albright.

As you know, this is the first of five scheduled hearings on the question of the proposed expansion of the North Atlantic Treaty Organization, arguably one of America's most important post-war alliances.

Today, we have the honor of hearing the testimony of our esteemed Secretary of State who will give us an overview of the Administration's strategic rationale behind the decision to support NATO's invitation to three potential new members. I am sure she will explain this in the clear, eloquent fashion that is typical of her style, and I look forward to hearing from her.

Throughout the last half of this century, NATO has been a critical force in maintaining peace and security in Europe. Following the collapse of the Soviet Union, the members of the alliance faced a new challenge: what would be the role of NATO in the new world order?

In September 1995, NATO members began to investigate in earnest the possibility of expanding to include former Soviet satellites, and issued guidelines for potential new members. These guidelines include an established democracy, economic reforms, respect for human rights, good relations with neighboring countries, a civilian-controlled military, and ability to contribute to the security interests of NATO.

For the time being, the United States and our NATO partners have determined that three countries meet this criteria: Poland, Hungary, and the Czech Republic, as was announced in July of this year. After the alliance formalizes the process in December, a "protocol of accession" will have to be ratified by each member Parliament.

Today, the Senate begins its constitutional responsibility to provide advice and consent to the President on the proposed amendment to the historic North Atlantic Treaty of 1949, the protocol of accession to include these three new members. Although this will be the fourth time the Senate will consider enlarging the alliance, this decision is likely to impact U.S. foreign policy for years to come.

Clearly, we are now at the beginning of an historic debate.

And, like in any decision that will have such weighty consequences, we will have very serious questions to ask. Many members of this Committee, or of the Senate at large, have specific concerns about the three countries that were invited to join the alliance. Was three the right number? What happens to the nations that were left out? Will the Baltic countries and the Ukraine face new dangers?

Other members may worry about the economic consequences of NATO expansion. Will the economic benefits that new NATO members receive cause unnecessary conflict with those countries that did not qualify for membership? How will the United States react to such conflict?

Let me take this opportunity to express my concern, and the concern of my constituents, that the people of Eastern Europe must never again be subjected to the kind of tyranny they endured under the Soviet regime. I understand the aspirations of these countries to protect their new-found freedom and I sympathize with those in Eastern Europe who feel an expanded NATO will offer a critical firewall against any new threat to peace and democracy. I am hopeful that I will be able to support the enlargement of NATO as a way to insure there will be no return to the domination of the past.

I do have some concerns about the specifics that I know are shared by many other Members of Congress, about the commitment -- financial and otherwise -- the United States will undertake as it pursues enlargement of the alliance.

How much is this really going to cost us?

There have been at least three major studies conducted to assess the potential costs of NATO expansion by highly respected governmental and non-governmental entities. Yet each of these analyses makes different assumptions about what types of costs actually can be attributed to expansion, per se, and different assumptions about the potential threats that NATO will face over the next decade. Depending on which study you read, the U.S. share of the costs of NATO expansion could be anywhere form $2 billion to $7 billion. What that means is we could be up or down $5 billion depending on whose assumptions you believe.

Now I know it is extremely difficult to make an accurate assessment of costs when there are probably hundreds of variables that we can not control. But we are talking about a commitment on the part of the U.S. taxpayer to support a military alliance against a somewhat undefined threat, and $5 billion is a lot of money.

I recognize that these higher figures assume a resurgent Russian threat, an assumption that I hope is as unlikely as I think it is. But even if you remove this assumption, we are still playing with numbers that differ by hundreds of millions of dollars.

In the same year that we have finally passed legislation that will help us get to balanced budget, what are the implications of assuming a new commitment where our cost estimates may be off by hundreds of millions of dollars?

As I have indicated, this is certainly not to say that I oppose the plan for expansion that the Secretary will present to us today. What I am saying is that I have some serious concerns about the extent of the commitment that we are making here, and I hope the Secretary will be able to respond to some of these concerns today. I also look forward to participating in the series of hearings that the Chairman has planned, during which I know we will pursue this issue of cost and burden-sharing more thoroughly than may be possible at this hearing.

Clearly, this issue is enormously important for the President, for the Congress, for the American public, and for the people who suffered under the Soviet yolk for so long. I am honored to be able to participate in this debate as a member of this Committee and I look forward to hearing the testimony of Secretary Albright.

UNITED STATES DEPARTMENT OF STATE,
WASHINGTON, DC. 20520,
November 25, 1997.

THE HON. JESSE HELMS,
Chairman,
Committee on Foreign Relations,
United States Senate.

DEAR MR. CHAIRMAN: Following the October 7, 1997 hearing at which Secretary of State Madeleine Albright testified, additional questions were submitted for the record. Please find enclosed the responses to those questions.

If we can be of further assistance to you, please do not hesitate to contact us.

Sincerely,

BARBARA LARKIN,
ASSISTANT SECRETARY,
Legislative Affairs.

RESPONSES OF SECRETARY ALBRIGHT TO QUESTIONS ASKED BY SENATOR HELMS

Question 1. Secretary Albright, in your testimony you indicated that from the Founding Act, and through the Permanent Joint Council (PJC), that Russia will have a voice but not a veto in NATO decision making. What reciprocal access will NATO have in Moscow, with the Russian government and the Russian military General Staff, that will ensure that NATO has a reciprocal voice but not a veto in Russian political-military decision making?

Answer. The Founding Act, and the Permanent Joint Council it created, are based on the principles of reciprocity and transparency. The PJC is very much a two-way street: it gives Russia a voice on European security issues in which it has a legitimate interest; but it does not give Russia a role in the decision-making of North Atlantic Council or a veto over NATO's decision making or actions. At the same time, it provides a forum through which NATO has a voice on Russian policies/issues that affect the Alliance's broader security interests in Europe; but neither does NATO receive a veto over Russian decision making. It is a forum where both sides can voice their views on relevant security issues.

The PJC also provides NATO the means to insist upon the same degree of transparency and candor from Russia regarding its own policies, and an opportunity for the Alliance to formally offer its views on those policies.

The Founding Act also provides for creation of reciprocal military liaison missions at respective headquarters. Just as we expect Russia to establish a mission at SHAPE, so NATO expects to establish a mission at the Russian military's General Staff Headquarters or the Russian Ministry of Defense. Formal arrangements for the reciprocal military missions have not been agreed.

Question 2. What is the universe of issues which NATO has agreed to discuss in the PJC? (Please submit in unclassified form.)

Answer. Section III of the Founding Act lists a menu of issues on which NATO and Russia can consult and strive to cooperate, and where appropriate, act together. NATO is not required to discuss at once all the issues for consultation provided for by the Founding Act or to begin work on them in the PJC. In fact, the initial NATO-Russia work program is limited to only some of these issues. Holding consultations does not mean soliciting Russian input prior to NATO deciding its own policy. On matters of NATO policy, NATO will decide its own position among its own members before consulting with Russia. NATO also remains free to make its own independent decisions. Possible areas for consultation include:

- issues of common interest related to security and stability in the Euro-Atlantic area or to concrete crises, including the contribution of NATO and Russia to security and stability in this area;
- conflict prevention, including preventive diplomacy, crisis management and conflict resolution taking into account the role and responsibility of the UN and the OSCE and the work of these organizations in these fields;
- joint operations, including peace keeping operations, on a case-by-case basis, under the authority of the UN Security Council or the responsibility of the OSCE, and if Combined Joint Task Forces (CJTF) are used in such cases, participation in them at an early stage;
- participation of Russia in Euro-Atlantic Partnership Council and Partnership for Peace:
- exchange of information and consultation on strategy, defense policy, the military doctrines of NATO and Russia, and budgets and infrastructure development programs;
- arms control issues;
- nuclear safety issues, across their full spectrum;
- preventing the proliferation of nuclear, biological and chemical weapons, and their delivery means, combating nuclear trafficking and strengthening cooperation in specific arms control areas, including political and defense aspects of proliferation;
- possible cooperation on Theater Missile Defense;
- enhanced regional air traffic safety, increased air traffic capacity and reciprocal exchanges, as appropriate, to promote confidence through increased measures of transparency and exchanges of information in relation to air defense and related aspects of airspace management/control. This will include exploring possible cooperation on appropriate air defense related matters.
- increasing transparency, predictability and mutual confidence regarding the size and roles of the conventional forces of Member States of NATO and Russia;
- reciprocal information exchanges, as appropriate, on nuclear weapons issues, including doctrines and strategy of NATO-and Russia;
- coordinating a program of expanded cooperation between respective military establishments;
- pursing possible armaments-related cooperation through association of Russia with NATO's Conference of National Armaments Directors;
- conversion of defense industries;
- developing mutually agreed cooperative projects in defense-related economic, environmental and scientific fields;
- conducting joint initiatives and exercises in civil emergency preparedness and disaster relief;
- combatting terrorism and drug trafficking;
- improving public understanding of evolving relations between NATO and Russia, including the establishment of a NATO documentation center or information office in Moscow.

Question 3. What are the agreed rules and procedures for establishing an agenda, conducting meetings, and implementing any action from the PJC? (Please submit in unclassified form.)

Answer. The PJC rules of procedure is a NATO classified document. The U.S. cannot unilaterally declassify the document or distribute its contents in unclassified form. Consistent with the terms of reference for the Senate NATO Observer Group (SNOG), the Department made available the classified version of these rules to the SNOG. The Department of State would be happy to provide a classified briefing in a secure room on Capitol Hill for interested Members of Congress and their staff.

Question 4. If Russia brings up an issue that NATO has decided is not appropriate for discussion in the PJC, how will that issue be resolved?

Answer. If NATO decides not to address an issue within the PJC, it will not be addressed, let alone resolved, within that forum. If Russia proposes or raises an issue that NATO has decided it will not discuss, within the PJC or that is not sub-

ject to discussion in the PJC (e.g. internal Alliance matters, such as enlargement), the Secretary General and Allies will apprise the Russian representatives either prior to or during a PJC meeting that the Alliance will not agree to discuss the issue. If the issue is the purview of another forum or negotiating body, such as the OSCE or one of its constituent elements, NATO will suggest that Russia raise the issue in that forum.

Question 5. How are financial contributions shared between NATO and Russia to pay for the Permanent Joint Council?

Answer. NATO and Russia have agreed to share all costs associated with the Founding Act, including operation of the Permanent Joint Council and activities conducted under its auspices. NATO and Russia are currently engaged in working out the detailed arrangements for determining and distributing those costs, including how to evaluate such in-kind contributions as interpreting services.

U.S. policy is to ensure that costs are shared equitably between NATO and Russia. Russia's willingness to assume an equitable share of the costs is one of the factors NATO will consider in assessing the degree of Russian interest in and commitment to developing the NATO-Russia relationship.

Question 6. Please describe the location, composition, and purpose of any delegation of Russian civilian or military officials who are or will be assigned in any capacity to NATO, to SHAPE, to any regional command of NATO, or any other facility which has as its purpose making or implementing NATO policies?

Answer. Unlike many of NATO's Partners, Russia does not have a Mission or Liaison Office located at NATO Headquarters. Under the Founding Act, Russia agreed to create a mission to NATO which would include political and military representatives to the respective components of the PJC. Presently the Russian bilateral Embassy in Brussels also serves as the Russian Liaison Office to NATO. This facility is not co-located with any NATO facilities or installations. In preparing for and participating in the meetings/activities of the PJC, Russia has to date relied upon existing personnel at its Embassy in Brussels.

The PJC has been working since late July. Its military component has not yet begun work, however. On October 20, Russia named its military representative to the PJC, Lt. General Viktor Zavarzin. The Founding Act provides for Russia to establish military liaison missions at various levels at NATO; the Alliance will establish reciprocal missions in the. Russian military command structure. The detailed arrangements to implement this commitment remain to be worked out between NATO and Russia. This will be one of the first issues taken up by the PJC's military component when it begins work.

As part of the SFOR operation, there is a Russian Liaison Office at SHAPE, which is responsible for coordinating Russian participation in SFOR. The office is headed by General Krivalopov, Commander of the Russian forces in SFOR.

Question 7. The Committee has been informed that agreement has already been reached at NATO to accept a Russian military representative at SHAPE, as well as Russian military observers at SACEUR and SACLANT. What measures will be taken to ensure that such representatives and observers do not have or gain access to sensitive information that would damage the security of NATO or its members?

Answer. Russia named its military representative to NATO on October 20, but work on the PJC's military component has not yet begun. Nor have any arrangements been agreed regarding reciprocal military liaison missions provided for in the Founding Act.

The U.S. and the Alliance take the issue of security very seriously. The U.S. and Allies will not allow Russian military officials access to sensitive information that would damage the security of NATO, the U.S., or other Alliance members.

The Alliance already has some experience with sharing sensitive information with Russians and ensuring that this takes place without damaging the security of NATO, the U.S. or other Alliance members. As part of NATO's SFOR operation, the Alliance is sharing some sensitive operational information with participating partners, including Russia. The Alliance has put in place mechanisms which allow the Russian Liaison Officer at SHAPE responsible for coordinating Russian involvement in SFOR access to information on a need-to-know basis on the same basis as other Partners.

The Alliance is also sharing tactical information with Russian military units in Bosnia.

Question 8. What reciprocal access is being provided by Russia to allow NATO military observers to be assigned to any Russian equivalent of NATO regional commands?

Answer. To support the military components of the Permanent Joint Council and the enhanced military cooperation envisioned by the Founding Act, the Act provides for NATO and Russia to establish military liaison missions at various levels on the

basis of reciprocity. To date, NATO and Russia have not made any arrangements to establish military liaison missions, either at NATO or in Russia.

The NATO-Russia relationship is a two way street. The Founding Act explicitly commits NATO and Russia to develop their relationship on the basis of reciprocity. This commitment was undertaken at the highest political level both within the Alliance and in Russia and applies to military as well as diplomatic relations. The NATO-Russia Work Plan calls for both NATO and Russia to establish military liaison missions. In other words, any Russian military liaison missions will have appropriate NATO counterparts.

Question 9. With the exception of the ill-considered Perry-Grachev agreement, by standard practice the United States works to achieve consensus at the North Atlantic Council (NAC) prior to forwarding positions related to the Conventional Armed Forces in Europe (CFE) Treaty to the Joint Consultative Group (JCG) in Vienna. will any NAC decisions be discussed at the PJC before being presented at the JCG?

Answer. There is a fundamental difference between the NATO High Level Task Force on Arms Control (HLTF) and the NATO-Russia Permanent Joint Council (PJC).

The HLTF coordinates Alliance.policy with regard to the Treaty on Conventional Armed Forces in Europe (CFE). The U.S. has consistently sought the maximum possible degree of Allied discussion and collaboration within the HLTF in the development of NATO negotiating positions. We will continue to do so.

As discussed during the Senate Foreign Relations Committee's hearings on the ratification of the CFE Flank Agreement last May, the content of discussions between Secretary of Defense Perry and Russian Defense Minister Grachev on the CFE flank issue was factored into intra-Alliance discussions that formed the basis for subsequent HLTF-agreed negotiating positions.

By contrast, the PJC provides a forum for the general exchange.of views between NATO and Russia. While arms control issues in general, including CFE, may be raised by either side in general terms within the PJC, we have made clear that the PJC is not for prior coordination of negotiating positions or joint decision-making on CFE "at 17." Neither, we have stressed repeatedly, can it be seen as a substitute for the Vienna negotiations on CFE, where all states party to the Treaty are represented.

The HLTF occasionally conducts informal consultations with CFE Treaty partners outside the Alliance in "16-plus" format. Following its meeting on October 7-8. the HLTF initiated a regular series of "16-plus-3" consultations with invitee states Poland, Hungary and the Czech Republic. On past occasions, the HLTF has also conducted "16-plus-1" consultations with Russia and Ukraine, and broader consultations with all 30 CFE states. These are not decision-making sessions but informational in nature.

Question 10. Will any issues related to future NATO enlargement, including the process of negotiating membership of the current candidates be allowed on the agenda of the PJC?

Answer. No. Section II, paragraph two of the Founding Act states very clearly that "consultations will not extend to internal matters of either NATO, NATO member states or Russia." Enlargement, both the present accession negotiations with Poland, Hungary and the Czech Republic, and possible future rounds, is an internal Alliance matter and not subject to consultation in the PJC. As in the past, NATO may inform Russia of decisions and actions it has taken regarding enlargement, but such decisions will not become the subject of decision making in the PJC.

Question 11. Can you assure the Congress that under no circumstances would any deliberations occur in the Permanent Joint Council regarding the stationing of nuclear weapons on the soil of new members or the stationing of conventional forces on the soil of new members?

Answer. The Permanent Joint Council (PJC) is not a negotiating forum. NATO's position on these issues is clear, as expressed in unilateral Alliance policy statements and reflected in the NATO-Russia Founding Act. On nuclear weapons, the NAC Ministerial Communique of December 10 declared that "NATO countries have no intention, no plan, and no reason to deploy nuclear weapons on the territory of new members nor any need to change any aspect of NATO's nuclear posture or policy -- and we do not see any future need to do so." In the NATO-Russia Founding Act, it is recognized that NATO's statement means that it has no plan and no reason to establish nuclear weapon storage sites on the territory of new members, whether through the construction of new nuclear storage facilities or the adaptation of old nuclear storage facilities. On conventional forces, NATO has said that "in the current and foreseeable security environment, the Alliance will carry out its collective defense and other missions by ensuring the necessary interoperability integration and capability for reinforcement rather than by additional permanent station-

ing of combat forces." These are statements of Alliance policy, and not legally binding constraints."

To the extent that Russian officials raise issues related to NATO nuclear policy and the future stationing of NATO conventional forces on the territory of new member states, it is our strong view that Allies should respond by reiterating established and well-known Alliance policy.

Question 12. Do Poland, Hungary and the Czech Republic have any input into the decisions formulated by NATO prior to meetings of the Permanent Joint Council?

Answer. NATO has agreed to appropriate arrangements during the period leading to the accession of Poland, Hungary and the Czech Republic to involve them in Alliance activities. This is in keeping with the commitment made by NATO Heads of State and Government at Madrid. The goal is to keep the invitees as up-to-date as possible on major Alliance policy issues, including developments in the PJC, without involving them directly in decision-making prior to their accession. Between now and December when the accession protocols are signed, this will involve briefings on the activities of major NATO committees, and in some cases, participation in meetings as observers.

After the accession protocols are signed, Poland, Hungary and the Czech Republic will be allowed to participate in Alliance fora and will be able to speak and offer their views without taking part in decision-making. They will also participate in the biannual NATO Ministerials. They will not be permitted to participate in meetings of the Permanent Joint Council or in decisions on the conduct of business in the PJC.

The North Atlantic Council (NAC) is the supreme decision-making body of the Alliance. Only NATO members enjoy decision-making authority within the NAC. Poland, Hungary and the Czech Republic will not have the same rights to participate in the formulation of Alliance policy until they accede to the North Atlantic Treaty. Allowing the invitees to participate in decision-making before they are members of the Alliance is inconsistent with the Article 9 of the North Atlantic Treaty and could be seen as a violation of the prerogatives of the U.S. Senate or Allied legislatures, which must ratify the accession protocols.

Question 13. What status will Poland, Hungary and the Czech Republic have at NATO and at the Permanent Joint Council after the expected signing of membership protocols in mid-December?

Answer. From the signature of the accession protocols to accession, Poland, Hungary and the Czech Republic will be involved in Alliance activities through both briefings and participation in Alliance fora, including the NAC. They will have the opportunity to speak, but will not be able to take part in decision-making.

Poland, Hungary, and the Czech Republic will not be given the opportunity to attend:

- restricted sessions of the NAC;
- meetings when issues related to their accession are discussed;
- meetings when a NATO ally requests a discussion among NATO Allies only.

With the exception of the Nuclear Planning Group, the invitees will be present at Ministerial meetings, either during the meetings as appropriate or in a separate 16+3 session.

Poland, Hungary and the Czech Republic will not participate in PJC meetings, meetings of the NATO-Ukraine Commission, or in Mediterranean Cooperation Group meetings, but they will receive briefings on these meetings.

Question 14. What is the value of discussing NATO nuclear doctrine at the PJC?

Answer. NATO nuclear doctrine has evolved to reflect the changing political and security environment in post-Cold War Europe. We have made this clear to the Russians and other countries in the context of discussing NATO enlargement. We are prepared to explain this evolution to Russia so that Russia may gain a better understanding of NATO's nuclear deterrent and its continued value in today's environment.

The PJC is designed to encourage a two-way discussion on these issues. We would like to gain greater insight into Russia's nuclear doctrine, how it has changed over the past few years, and future plans. The PJC provides a unique opportunity to engage Russia on these very important matters.

We believe that discussion of NATO nuclear doctrine will enhance stability in the overall strategic relationship between NATO and Russia.

Question 15. NATO is reportedly undertaking its own study of the costs of enlargement. When will that study be completed? Is there a significant difference between the Clinton Administration and the Allies on the costs being discussed? Will you accept a Cost estimate that is different from the one that the Defense Department reported to Congress in February 1997? How do you respond to the charge

of some British officials that the Administration cost estimate is driven by a U.S. effort to pressure the allies to meet force goals?

Answer. NATO's work on enlargement costs is scheduled to be largely completed by the end of November and will be considered by NATO Ministers at the December Ministerials.

The NATO cost study will estimate costs of enlargement in all three of NATO's common budgets; the civil budget, the military budget, and the NATO Security Investment Program (NSIP)(infrastructure). While the NATO study should provide an accurate estimate of common costs, the study will likely not address other costs, such as the direct, national costs that will be paid by new and old members to improve their military capabilities to meet the military requirements of an enlarged NATO. These direct or national costs were included in the Department of Defense study. The U.S. study also was based on 4 new members, not just the 3 that have been invited. In addition, the initial results of work being conducted by NATO military staff suggest that the military infrastructure in the three invited States is more readily usable by NATO than previously anticipated. For all these reasons, the NATO cost study will develop a different estimate than the earlier U.S. study.

For the reasons stated above, we expect the NATO cost study to generate a lower estimate than the earlier Department of Defense study. A lower NATO estimate could be acceptable provided that the military requirements and capabilities have been correctly defined by the NATO military authorities, and endorsed by the North Atlantic Council. We are working closely with the Department of Defense to ensure that NATO establishes requirements for military capabilities that are commensurate with our assessment of the security environment and the forces and capabilities we believe will be needed to defend an enlarged NATO and effectively conduct other operations.

Our desire for Allies to meet their agreed force goals is a continuing priority. Obviously, there is cause for concern that existing shortfalls in established force goals could be exacerbated in an enlarged NATO if Allies do not continue to take steps to correct these deficiencies. This could be the case, for example, in the capability to provide reinforcement. That said, the cost study was conducted on the basis of assumptions that certain military capabilities will be required by an enlarged alliance, and not as a tool for exerting pressure on Allies.

Question 16. What are the potential security risks of discussing NATO military strategy at the PJC?

Answer. We do not envisage security risks as a result of discussing nuclear doctrine at the PJC. NATO's nuclear doctrine is decided only by members of NATO and the decisions are made by the NAC.

The discussion with Russia are designed to lead to a better understanding on the part of NATO and Russia on the nuclear doctrine of each. NATO's nuclear doctrine is well known and we do not intend to delve into any issue that would compromise NATO's security arrangements.

Question 17. What is the value of discussing NATO military strategy at the PJC?

Answer. The Founding Act provides for the exchange of information and consultation between NATO and Russia on strategy, defense policy and military doctrines. This is consistent with NATO's past approach to relations with Russia, which included providing explanations on NATO's general policy on a full range of issues, including the Alliance's basic military doctrine and defense policy.

Under the Founding Act such consultations will only occur after NATO has decided its strategy for itself, and only after its members have all agreed that they wish to hold such discussions with Russia. They will not extend to a level of detail that could in any way compromise the effectiveness of NATO's military forces.

This arrangement serves our interest because NATO-Russia cooperation and consultation is a two way street. For example, we can use such discussions to raise our concerns about Russia's military developments and to promote greater transparency between NATO and Russia.

Question 18. What are the potential security risks of discussing NATO nuclear doctrine at the PJC?

Answer. We believe that there are few or no potential security risks associated with explaining NATO military strategy to Russia in the PJC because these discussions will not involve sensitive information whose compromise would be damaging. Furthermore, NATO will enter these discussions only after the Alliance has reached consensus on its own policies, and on how it will present and address this issue.

Question 19. Do Europeans support the findings of the February 1997 Department of Defense study that projects fifty percent of the direct costs of NATO enlargement will be carried by Canada and the European members of NATO (fifteen percent by the United States and thirty-five percent by the new members)?

Answer. Our European allies have neither formally accepted nor rejected the Department of Defense notional estimate of enlargement costs, but during the NATO Summit in Madrid they reaffirmed that the costs of enlargement will be borne.

NATO itself is now working on an enlargement cost study that is scheduled to be completed by the end of November and will be considered by NATO Ministers at the December Ministerial. The NATO study will estimate costs of enlargement borne by all three of NATO's common budgets; the civil budget, the military budget, and the NATO Security Investment Program (NSIP) (infrastructure).

In part, the NATO study will be based on detailed site surveys by NATO military experts, at the actual facilities that will require upgrading. This will lead to a more accurate estimate of common costs than DoD's. The NATO study likely will not address other costs, such as the direct, national costs that will be paid by new and old members to improve their military capabilities to meet the military requirements of an enlarged NATO. In addition, the U.S. study was based on 4 new members, not just the 3 that have been invited; therefore, the NATO cost study will develop a different estimate than the earlier U.S. study.

For the reasons stated above, we expect the NATO cost study to produce a lower estimate than the earlier Department of Defense study. A lower NATO estimate could be acceptable provided that the military requirements and capabilities have been correctly defined by the NATO military authorities, and endorsed by the North Atlantic Council. We are working closely with the Department of Defense to ensure that NATO establishes requirements for military capabilities that are commensurate with our assessment of the security environment and the forces and capabilities we believe will be needed to defend an enlarged NATO and effectively conduct other operations.

In preparing its notional estimate of enlargement costs, the Department of Defense assumed that NATO would consider common-funding of enlargement-related requirements in the three invited countries that fall within these general principles and criteria.

Funding of equipment and personnel costs are examples of requirements that would very likely not meet the criteria for common-funding, and would therefore fall under national responsibility for funding.

The estimated U.S. share of about $1.5-2.0 billion for NATO common funds is based on the assumption that criteria and cost shares would remain relatively constant. Therefore, any significant change to either the criteria for what kinds of programs will be common funded, or the allocation of cost shares for those common funded programs, would change the DOD estimated U.S. costs. No such changes are expected.

NATO is currently completing its own enlargement cost study. The NATO study will be finished by the end of November and will be considered by NATO Ministers at the December Ministerial. While final cost estimates have not yet been determined, the .modalities for arriving at these numbers has been agreed by all NATO nations. The agreed modalities require that existing criteria will be used to determine which items will receive common funding, and the respective cost shares for nations.

Question 20. Secretary Albright, in response to a question you indicated that the other NATO allies are current in paying for the obligations of NATO membership. Yet, in a report provided to the Congress earlier this year, the Administration estimated that the other NATO allies must pay $8-10 billion from 1997-2009 for regional reinforcement enhancements. Are non-U.S. allied expenditures' for regional enhancements obligations that the allies already have agreed to fulfill, notwithstanding NATO expansion? When did the allies agree to those obligations? Are the Allies current in meeting those obligations: Do projections of allied defense expenditures show a commitment to meeting those obligations: Please provide as specifically as possible, a breakdown of those obligations. Please identify on a country-by-country basis a comparison of obligations and actual capabilities for all NATO members.

Answer. The statement that the other NATO allies are current in paying for the obligations of NATO membership specifically refers to payment of the three common budgets; the civil budget, the military budget, and the NATO Security Investment Program (NSIP) (infrastructure).

As part of the NATO defense review process, nations consider military requirements identified by the NATO military authorities for Alliance missions. Nations indicate their willingness to support these requirements by agreeing to accept as "force goals," the provision of specified capabilities. Force goals are not NATO common funded, but are largely nationally funded programs. Once accepted by nations, force goals serve as a statement of national intent to provide a given capability.

In 1991, NATO completed a comprehensive review of the changing European security environment, and published its new Strategic Concept. A key element of the

1991 Strategic Concept was agreement to rely less on forward-deployed, pre-positioned troops, and more on reinforcement capabilities. Many allies accepted force goals to improve their overall ability to provide reinforcement forces. We knew in 1991 that this was to be a long-term project, just as the United States expects it to take a number of years whenever we field completely new capabilities. The necessity to improve Alliance reinforcement capability will become even more important with NATO enlargement,

Although we believe that we still have a long way to go, we are nonetheless encouraged by the considerable progress made by several allies:

- The UK, for example already has the capability to deploy and sustain a division-size force of 20-25,000 troops in a Gulf war-style scenario;
- France is establishing a Rapid Reaction Force (FAR) designed for rapid response in both European and overseas contingencies;
- Italy is upgrading its ability to project forces to crisis areas as they recently demonstrated through their leadership role in Albania; and
- Germany is also increasing its capability to deploy forces. A Crisis Reaction Force (CRF) of 50,000 troops is being formed, with the first 10,000 troops to be ready by late 1997. Clear evidence of Germany's commitment to this goal is seen in its contribution of 2,500 troops in Bosnia.

It is clear that more work needs to be done to improve the capability of the European forces for mobility, deployability and sustainability, and senior U.S. officials in Washington and NATO continue to press them to do so. However, it must be noted that the Europeans have agreed to these commitments, and that they continue working toward their fulfillment. We will continue our vigilance in encouraging further progress.

Question 21. Do you envision a scenario in which NATO should first seek approval of the United Nations or the Organization for Security and Cooperation in Europe (OSCE)? Does the United States feel that a consensus from either the OSCE or the U.N. Security Council -- with Russia and China as members -- is an appropriate precondition for NATO missions?

Answer. The North Atlantic Council is the supreme Allied decision-making body. Neither the United Nations Security Council nor the OSCE can prevent NATO from taking military action it deems appropriate. The United States does not believe that a mandate from the U.N. or the OSCE is or should be required for NATO to undertake military missions.

The North Atlantic Treaty makes several references to the United Nations Charter and its principles. As signatories to the North Atlantic Treaty, Allies explicitly reaffirm their faith in its principles. The Treaty's most important article, Article 5, which pledges signatories to consider an attack on any party to the Treaty as an attack on all NATO members, is explicitly built upon the right of individual or collective self-defense recognized by Article 51 of the U.N. Charter. Similarly, NATO members have agreed to uphold and support the principles of the Organization for Security and Cooperation in Europe. NATO's enlargement study makes support for these principles a prerequisite for NATO membership.

Support for the principles of the U.N. Charter or the OSCE does not translate however, into a requirement for a mandate from one or both organizations before NATO can act.

Question 22. Will NATO retain as its central mission the collective territorial defense of its membership? Will all current and future members be required to maintain forces to meet this mission?

Answer. NATO remains first and foremost a collective defense Alliance and in admitting new members, the Alliance will provide those countries the security guarantee contained in Article V of the Washington Treaty. In 1991 under the strategic concept adopted by NATO heads of state and government, it was recognized that the Alliance with its military capabilities could make a contribution to overall stability in Europe in the period after the end of the Cold War. These new missions will not replace NATO's basic collective defense role but they will complement it and permit NATO to deal with sources of instability in Europe. In the current security environment, the force requirements for collective defense are similar to those for new missions like Bosnia.

Article 3 of the Washington Treaty specifically requires the Parties to "...maintain and develop their individual and collective capacity to resist armed attack." Obviously the threat to members of the Alliance including the potential new members has been significantly reduced since the end of the Cold War and NATO has said that it no longer sees Russia as a threat. At the same time, to fulfill its commitments under Article V the Alliance must plan for and maintain the capabilities to meet potential new threats to Alliance members.

All current members (with the exception of Iceland which has no military forces; as well as Spain and France which are not yet integrated into NATO's military structure) commit forces for the common defense of the Alliance. 'All Allies have indicated a willingness to contribute to the common defense under Article V if the requirement arises.

A condition of eligibility to be invited to join the Alliance expressly carries with it, a commitment for prospective new members to agree to all provisions of the Washington Treaty. We will expect the new members of the Alliance to make their own contribution to NATO's collective defense capabilities and they have indicated that they will do so.

Question 23. Has Russia asked to be admitted to NATO?

Answer. No.

Question 24. Under what circumstances would Russia be admitted to NATO?

Answer. Russia has not expressed an interest in joining NATO, nor has NATO been contemplating Russian membership, so this is a highly speculative question.

NATO membership is open to all European democracies who express interest, meet the requirements for membership and whose inclusion the Alliance believes will contribute to the overall security of its members. We believe that there is a value in not preemptively excluding any European state. And for that position to be credible, it must include Russia.

Question 25. Why is membership in the European Union not sufficient in addressing the security concerns of countries in Central and Eastern Europe?

Answer. NATO and EU membership are not an either/or choice. Both NATO and the European Union are embarked upon significant processes of internal and external adaptation aimed at meeting the challenges of the post Cold War era. Both institutions have unique contributions to make in developing a new political structure in Europe. But the two institutions do not serve the same purpose or have the same capabilities. Through the accession process, the EU will encourage applicants to demonstrate their commitment to democracy and market economies and to establish good relations with their neighbors. This process has already led to more stability and more economic and political reform. The EU, however, lacks NATO's military capability and it is only European, not Transatlantic. The U.S. is not a member of the EU.

We are not in Europe to take care of their security needs; we are there to defend our own security interests. If there is one thing this century has taught us, it is that an unstable Europe is as dangerous for us as it is for them.

It is also in our interests to remain engaged in Europe because our security interests extend beyond Europe -- to the Middle East, the Gulf and beyond -- and our NATO allies have been invaluable partners in many of our efforts in these regions.

While we believe it is important for us to remain involved . in Europe, we are at the same time building a stronger role for the Europeans within the Alliance. NATO enlargement is one element of NATO's adaptation, which includes building a European Security and Defense Identity (ESDI) within NATO. ESDI will enable our European allies to act alone, without us, using NATO assets.

RESPONSES OF SECRETARY ALBRIGHT TO QUESTIONS ASKED BY SENATOR FEINGOLD

Question 1. What does the NATO experience in Bosnia tell us about the expansion of the Alliance? Is Bosnia the new face of NATO? How does U.S. Policy in the Balkans over the next several months impact on U.S. Policy towards NATO expansion? How closely are these two issues related?

Answer. In 1991 under the strategic concept adopted by NATO heads. of state and government, it was recognized that the Alliance with its military capabilities could make a contribution to overall stability in Europe in the period after the end of the Cold War. NATO's force (IFOR and now SFOR) in Bosnia is such a contribution and is one type of the future new missions of the Alliance. These new missions will not replace NATO's basic collective defense role but they will complement it and permit NATO to deal with sources of instability in Europe. In the current security environment, the force requirements for collective defense are similar to those for new missions like Bosnia.

NATO efforts in Bosnia have made a significant contribution to the implementation of the Dayton Peace Accords and if a similar contribution could be made in another area of instability, NATO should consider if it could play a role. IFOR and now SFOR have included the participation of all NATO member nations, many Part-

nership for Peace countries (including the Czech Republic, Hungary and Poland), Russia and other non-NATO countries.

NATO remains first and foremost a collective defense Alliance and in admitting new members, the Alliance will provide those countries the security guarantee contained in Article V of the Washington Treaty. Obviously the threat to members of the Alliance including the potential new members has been significantly reduced since the end of the Cold War and NATO has said that it no longer sees Russia as a threat. At the same time, to fulfill its commitments under Article V the Alliance must plan for and maintain the capabilities to meet potential new threats to Alliance members. We will expect the new members of the Alliance to make their own contribution to NATO's collective defense capabilities.

Question 2. Many observers are concerned that the round of NATO enlargement that is currently being debated will leave Ukraine and the Baltics exposed to greater Russian pressure. The potential danger of this could worsen in the coming years, as these countries seek to gain NATO accession themselves. My colleague in the House, David Obey has warned that this region could become a "no-man's land" between NATO and Russia that is in danger of becoming a battle-ground in some future conflict. How do you respond to this analysis? Do you think that expanding NATO eastward will create an artificial focus of conflict that might not otherwise be there?

Answer. I would not agree with this analysis. Our purpose in enlarging NATO is not to create divisions, but to end them. That is why we insisted upon strong open door language in the Madrid Declaration whereby the process of enlargement can continue.

At the same time, we have created institutional relationships with all of these countries through the EAPC and the Partnership for Peace which manifest the Alliance's interest in maintaining strong relations with them. With Ukraine, NATO has established a Charter on a Distinctive Partnership, reflecting the Alliance's view that Ukraine is of special importance to European security and warrants a special approach.

We have also stated consistently that NATO enlargement is an transparent process that does not threaten the security of any country. We have also stated that no emerging European democracy is excluded by reasons of geography from membership in the Alliance.

Finally, we have worked within NATO to develop a constructive relationship with Russia through the Founding Act and the creation of the NATO-Russia PJC to ensure that Russia plays an appropriate role in Europe's security structures In the Founding Act, we reaffirmed the principle that every state has the inherent right to choose the means to ensure its own security. This principle was also reiterated by President Clinton and President Yeltsin in Helsinki.

Question 3. In your April testimony before the Senate Armed Services Committee, you said that if an institution like NATO did not exist that we would want to create one. "We would want to build the strongest possible partnership with those European nations that share our values and our interests," you said.

If NATO did not exist today and we did want to create such an organization, what would it look like? Which countries would it include? What do you think Russia's role would be?

Can you envision a time when Russia might be a part of such an entity? Why or why not?

Answer. NATO has been the most successful Alliance in history. If NATO did not exist today and we were to create such an organization, I expect it would look very much like the NATO that will be the result of our current process of adaptation: A NATO that is larger, stronger, and able to address the new security situation in Europe and prevent new conflicts from arising.

The goal of NATO' s adaptation is to create a new NATO, internally restructured, fully able to carry out its core and traditional missions, also equipped for new roles and missions, and open to new members and deeper partnerships with the rest of Europe. Enlargement is one key element of this adaptation. By admitting new members to NATO, we extend the zone of stability and security which NATO provides and we expand the area in Europe where wars are not likely to happen. By keeping the door open to membership, we foster continued efforts at integration and cooperation. The door will be open to any European country which is willing and able to shoulder the responsibilities and obligations of membership; the open door remains open in concept to Russia as well, although Russia has not expressed an interest in joining the Alliance.

Other key elements include enhanced Partnership for Peace and creation of the Euro-Atlantic Partnership Council, which strengthen NATO's relations with its partners; the NATO-Russia Founding Act and establishment of the NATO-Russia

Permanent Joint Council, which begins a new chapter in the relationship between NATO and Russia; and the NATO-Ukraine Charter.

Internal adaptation, including the Combined Joint Task Force concept, building a European Security and Defense Identity within the Alliance, and restructuring NATO's military commands, will make NATO stronger and better able to deal with the challenges of the current and future European security environment.

Question 4. The allies say that their forces will leave Bosnia in June 1998 if U.S. forces depart. When might the allies be able to manage operations such as the one in Bosnia by themselves? Do you believe that the allies are developing sufficient logistics and communications to share an appropriate part of the burden for future such operations?

Answer. The NATO-led operation in Bosnia and Herzegovina (IFOR and now SFOR) has been effective because it has involved the participation of the whole Alliance as well as many non-NATO countries. About 3/4 of SFOR's personnel come from European Allies or non-NATO partners of the Alliance. All our NATO Allies and many PfP partners have made contributions to IFOR and SFOR. Our European Allies have also provided substantial contributions to other aspects of the peace effort in Bosnia.

To maintain NATO's capability as a collective defense Alliance capable of providing a credible security guarantee to its members, it is important that it maintain its unified command structure and integrated capabilities. It is for that reason that we have resisted efforts to develop a totally separate European collective defense structure. Even in this period of reduced threat, we believe it is important to maintain NATO as an Alliance predicated on the participation of every member nation, not made on the basis of individual countries or groups of countries.

That said the United States has strongly supported the development of the European Security and Defense Identity (ESDI), within NATO. Building ESDI within NATO will give the European Allies greater responsibility and visibility within the Alliance while at the same time maintaining its strategic unity. In that case, it has been agreed that European Allies would be able to draw on the common assets of the Alliance rather than developing costly and new independent ones. Whether a unified NATO operation or one by Europeans alone drawing on NATO assets is appropriate for any given mission including Bosnia in the future should be determined by the actual situation and capabilities required.

Question 5. As you know, there are three key analyses of the potential costs of NATO expansion currently circulating: one prepared by the Administration in a report to Congress, one by the Congressional Budget Office, and one by the RAND corporation. In response to a congressional request, the General Accounting Office prepared a report to compare the findings, and the relevant assumptions of these three studies. In general, the GAO found that the Administration's assumptions were reasonable, but noted that it was difficult, if not impossible, to verify some of the Administration's cost estimates because there was insufficient supporting documentation. In some cases, Administration estimates were base on "expert judgment," rather than on surveys of actual facilities. As a result, GAO warns that the actual cost of NATO expansion could be substantially higher or lower than the Administration's estimate of between $27 and $35 billion.

Can you explain a little of the methodology used in arriving at the Administration cost estimates? Without supporting documentation, how confident is the Administration about its estimates?

Answer. Since the invited countries had not yet been selected, it was not possible for any of the three cost studies mentioned here to be based on thorough site surveys of actual infrastructure and facilities. The principal difference between the studies lies in the assumptions upon which the estimates are based. In the case of the Administration's study, the Department of Defense based its estimate on a "capabilities-based" analysis to ascertain the costs of developing the kinds of military capabilities that the Alliance would need from both new and current members, in the projected European security environment. The CBO study, on the other hand, based its estimates on a renewed imminent and significant Russian threat and a commensurate NATO response that included prepositioning of material and forward-stationing of troops in new member countries. Finally, the RAND study differed from the Department of Defense less in its underlying assumptions, than in the degree to which certain capabilities would be upgraded. The RAND study, for example, calls for slightly more extensive upgrading of air command and control, logistics, and infrastructure, as well as a more ambitious program of exercises. While the GAO critique stated that much of DoD's cost estimates were unverifiable, they also acknowledged that the methodology and assumptions were reasonable, given the analytic situation confronted, as well as the fact that none of the candidate countries could be visited and analyzed directly.

Question 6. The Administration's cost estimates of NATO expansion also assume that current NATO members would on average maintain constant, real defense spending levels through the year 2009. Some analysts argue that this assumption may be unreasonably optimistic, particularly given the economic requirements associated with entry into the European Monetary Union.

What assurances, if any, have you received from our European allies regarding their NATO-related defense spending over the next decade or so? How do these negotiations affect U.S. policy toward NATO expansion and/or the assumptions used to estimate the cost of expansion?

Answer. It is an indisputable fact that NATO enlargement will entail some additional costs to current members. At the NATO Summit in Madrid, Allies agreed there would be costs; that the costs would be manageable; and that the resources needed to meet them would be provided. It is impossible to predict the future with absolute certainty, and while some analysts may question the willingness of current NATO members to maintain constant, real defense spending through the year 2009, we are confident that our allies will meet their obligations. This is not based on wishful thinking, but on a proven track record. The fact is that our NATO allies consistently pay approximately 75% of all NATO common costs, while the U.S. pays about 25%.

Question 7. As part of the rationale for its analysis in the Administration's report to Congress, the Department of Defense, the lead agency preparing the report, made several assumptions, including that NATO would continue to use existing criteria for determining which items would be funded in common and for allocating costs among members.

Can you elaborate on what this assumption means and how it impacted DOD's cost analysis?

Answer. One of the basic assumptions of the DoD study was that NATO will continue to use existing criteria for determining which items would be funded in common and for allocating costs among members. As you know, the DOD study explained that there would be three types of costs estimated to total $27-35 billion over the period 1997-2009:

- the "direct costs of enlargement" about 60% of which would include all NATO common funded costs (about $9-12 billion, of which the U.S. share would be $1.5-2.0 billion);
- the cost of military restructuring for new allies ($10-13 billion); and
- the cost of improving regional reinforcement capabilities for current allies ($8-10 billion)

The basic principle for NATO common funding of infrastructure needs is that they will be based on the security needs of the Alliance, with particular emphasis on meeting requirements for the provision of common communications, command and control, information gathering, mobility, flexibility of employment, reinforcement activities, logistics and re-supply, training support, exercise facilities, and consultation. To balance resource limitations against priorities of military necessity, NATO common funding eligibility is focused on provision of infrastructure requirements which are over and above those which could reasonably be expected to be funded from national resources.

Question 8. Please elaborate on how the criteria for membership in NATO, including respect for human rights, good relations with neighboring states, and civilian control of the military, are compatible with United States national interests-in-Eastern Europe.

Answer. While there are no set criteria for membership in NATO, there are several basic principles, including the ones mentioned, which underpin democratic societies and which are benchmarks each prospective member must meet. These principles are not hurdles to NATO membership, but rather are guarantees that the Alliance will continue to be as effective and capable in the future as it has been in the past. Countries which meet these benchmarks have demonstrated that they share NATO's principles and values. Poland, Hungary, and the Czech Republic have met all of these benchmarks.

By extending the zone of stability and security which NATO provides to the countries to NATO's east, we further our goal of an undivided, democratic, and peaceful Europe.

The United States is a European power. Two world wars in this century have taught us that when Europe and America stand apart, we pay a terrible price. We know that we cannot take Europe's security for granted.

By enlarging NATO to Poland, Hungary and the Czech Republic, we expand the area in Europe where wars are not likely to happen. By making clear that we will fight, if necessary, to defend our allies, we make it less likely that our troops will

ever be called upon to do so. We have seen in Bosnia what happens when instability and insecurity in Europe are allowed to fester. We have an opportunity to make it less likely that such a conflict will happen again.

Poland, Hungary, and the Czech Republic are committed to NATO and accept its shared responsibility. Their admission will make NATO stronger and more cohesive, and will decrease the likelihood of conflicts that could involve our troops or threaten our security. That is why a stronger NATO is in our interests.

Enhancing security in Poland, Hungary and the Czech Republic will help consolidate democracy and stability in these countries. We want them to succeed and we want them to be safe. Enhancing their security by admitting them to NATO is the surest and most cost effective way to prevent a major threat to security in the region.

Appendix 2

Hearing of October 9, 1997

NATO Expansion: A Bridge to the Nineteenth Century

Michael Mandelbaum

June 1997

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I.

Executive Summary

The extension of full membership in the North Atlantic Treaty Organization (NATO) to three Central European countries, Poland, Hungary, and the Czech Republic, which the Clinton administration plans to announce at a NATO summit meeting in Madrid in July 1997, would be, in the words of the distinguished historian and diplomat George Kennan, "the most fateful error of American policy in the entire post-Cold War era" [1]. This is so for two related reasons.

First, expanding NATO would bring no benefits. None of the reasons cited in favor of it stands up to scrutiny. It will promote neither democracy nor stability; nor will it fill a security vacuum between Germany and Russia or discharge a Western moral obligation to the Central Europeans. It is also unnecessary to proceed with expansion in order to avoid a damaging blow to Western credibility that the failure to proceed would inflict. Finally, enlarging the alliance is an unnecessary and ineffective way to contain a potentially resurgent Russia.

Because there is nothing to be gained from it, NATO expansion is a bad idea. It is also a dangerous idea, because there is a great deal to be lost if it goes forward. Expansion would impose costs on Europe and the United States. Just how great they would be cannot be known in advance: the future is, after all, unpredictable. But they might be substantial. This is the second reason that expansion would be a fateful blunder.

The prospect of expansion has already damaged the West's relations with Russia. Furthermore, the reality of expansion would draw a new line of division in Europe, creating a "grey zone" of vulnerable countries between NATO's new eastern border and Russia. In this geopolitical no-man's land would be located new democracies whose survival and prosperity are important to the West but whose security the expansion of NATO would jeopardize.

There is a final danger to Western interests from NATO expansion that is little discussed but potentially serious. Because its costs military and political as well as economic could be steep, and because expansion would create a number of difficult problems that the American Congress and the American people would have to confront, it could undercut public support for Alliance membership in the one country that is indispensable to NATO: the United States.

[1] George F. Kennan, "A Fateful Error", *The New York Times,* February 5, 1997.

II.

The Arguments for Expansion

NATO expansion, its proponents claim, will consolidate democracy in the countries that join [2]. And, in fact, such an outcome is virtually guaranteed: Poland, Hungary and the Czech Republic are already democracies. But they will remain democracies regardless of whether they join the Atlantic Alliance. Democracy is threatened in none of them. Freedom of speech, of assembly, of the press and of religion are firmly established in every one. Each has conducted free, fair elections regularly since 1989. [3]

When the three Central European countries seek inclusion in the European Union (EU) an organization considerably more relevant to their present needs than is NATO they themselves emphasize, rightly, their impeccable democratic credentials. It verges, in fact, on an ethnic insult to suggest that they are incapable of governing themselves in a democratic fashion without assistance from the West. Finland and Israel, for example, established solid democracies after World War II under far less favorable circumstances. The Finns had a long border with the Soviet Union, against which it had fought in World War II. The Israelis, who lacked any history of independence, let alone democracy, had to absorb several times their original population in refugees from every continent in the world, and were surrounded by countries sworn to their destruction. It would be insulting to suggest that Poles, Hungarians, and Czechs are less capable of democratic politics than Finns and Israelis. It would also be untrue.

Nevertheless, if democracy were threatened in any of the three countries, there is no basis in logic or history for the belief that NATO membership would be an effective way to reinforce it [4]. While most NATO members have been democracies for most of the history of the Alliance, the one is not necessarily the cause of the other. The German Federal Republic did become democratic after World War II, but the fact that it was occupied by the Western powers was of greater importance than its membership in the Atlantic Alliance into which it was not in any case fully integrated until the mid-1950s, by which time West German democracy was well established. Furthermore, Greece, Turkey, and Portugal have all had spells of undemocratic rule while members of NATO.

Moreover, if the assumption that NATO membership is an effective way to promote democracy is correct, the planned expansion will admit the wrong countries. In Russia and Ukraine democracy is shakier than it is in Central Europe, and the stakes for the West are far higher. But Russia and Ukraine are not being considered for NATO membership. [5]

The democracy-promotion rationale for expansion, baseless as it is, has spawned a variant: NATO should expand to Central Europe because the countries there are already democracies. [6] In this way, what was originally and essentially a military

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[2] "The second reason [for expanding NATO] is to defend Europe's gains toward democracy, peace, and integration". Secretary of State Madeleine Albright, Testimony before the Senate Armed Services Committee, April 23, 1997, Transcript p. 12.

[3] The political scientist Samuel Huntington has posited the "two turnover test" for democratic stability, according to which democracy may be considered firmly established when political power changes hands peacefully not just once but twice. Counting the surrender of power by their Communist regimes, all three countries have passed this test.

[4] The international organization in which membership could have salutary effects on the health of democracy in formerly Communist Europe is the European Union. See Michael Mandelbaum, *The Dawn of Peace in Europe,* (New York: The Twentieth Century Fund, 1996), p. 50.

[5] Publicly the Clinton administration maintains that no country, including Russia, is ruled out for NATO membership. Privately, apparently, the message is different. According to Russia's Ambassador to the United States, Yuli Vorontsov, "When the decision [to expand NATO] was originally floated, I came to the State Department and had a long talk with the then assistant secretary of state, Mr. [Richard C.] Holbrooke. I said, 'have you thought about Russia while you were putting forward this idea of enlargement of NATO?' And his answer was very honest. He said, 'No, not at all; you have nothing to do with that.' 'Aha,' I said, 'that's very interesting, and what about invitation for Russia to join enlarged NATO?' He said, 'Anybody but Russia; no.' . . . And from all the quarters I received that kind of answer: 'Anyone but Russia; not you.'" Transcript of Panel II, "The Emerging NATO-Russia Charter and Relationship," Conference on Russia and NATO, Washington, D.C., The George Washington University, February 4, 1997.

[6] One feature of internal governance that proponents of expansion sometimes cite as a criterion for, and sometimes as consequence of, Alliance membership is civilian control of the military. ("We are looking [in assessing potential NATO members] to make sure that there is civilian control over the military . . ." Secretary of Defense William Cohen, Senate Armed Services

Continued

alliance would become a club of democratic sovereign states. It is not at all clear, however, why there needs to be such a club, or what it would do, or why the already-existing Council of Europe does not suffice for this purpose. And even if there were answers, let alone good answers, to these questions, a final question would remain: why aren't the other democracies of formerly Communist Europe being admitted to NATO? [7]

Along with the promotion of democracy, the reason most often cited for expanding NATO to Central Europe is that this will promote "stability" there. What this seems to mean is that NATO membership will prevent outbreaks of Bosnia-style ethnic conflicts. [8] As in the case of democracy, stability of this kind, within the three countries to be admitted, is guaranteed with NATO membership because it is also guaranteed without NATO membership. There is no chance of Bosnia-style eruptions of ethnic strife in Poland, Hungary, and the Czech Republic, which are now among the most ethnically homogeneous countries in Europe. [9]

If there were the remotest possibility that any of the three would become "another Bosnia" it is unlikely that the Clinton administration would be seeking to take responsibility for them by including them in an American-led alliance. The American public has displayed no enthusiasm for intervening in bitter, tangled ethnic conflicts in the formerly Communist world. And, in fact, the formerly Communist countries that do have ethnic problems are not being invited to join the Atlantic Alliance.

The argument that expansion will promote stability, like the democracy-promotion argument, also has a variant namely that the mere prospect of NATO membership has already helped to calm potentially explosive quarrels. Cited as evidence are the accords signed by the Hungarian government with the governments of Romania and Slovakia, both of which have ethnic Hungarian minorities within their borders. [10]

This assumes that these governments would never have made a good-faith effort to resolve their differences without the incentive of NATO membership; such a presumption belies their status as civilized peoples who are capable of acting reasonably without being bribed to do so. Moreover, if the lure of membership in a Western international organization is necessary to induce good behavior by those Central European democracies, it stands to reason that the prospect of European Union membership is at least as potent an incentive as that of belonging to NATO, if not more so.

Finally, even if the prospect of NATO membership could have, or even has had, a beneficial effect on the relations among some of the countries of Central Europe, this does not mean that expansion serves vital American interests.

Committee, April 23, 1997, Transcript p. 38.) Desirable as this undoubtedly is under most circumstances, civilians do not fully control the military in all countries that currently belong to NATO. Civilian control has almost never been part of the political life of modern Turkey. (Nor, given the present Islamic government in Ankara, would unchallenged civilian control necessarily have happy consequences for Turkey or for the West.) Nor, finally, does civilian control of the military necessarily go hand in hand with democracy. Stalin, after all, exercised effective control over his military.

[7] The Clinton administration asserts, without being specific, that the first wave of expansion will not be the last one. But this begs the question of why, if the Alliance is to become a club of democracies, other democracies will have to wait to join.

[8] "The enemy today is not the former Soviet Union. The enemy today is instability. The enemy today we can see taking place in countries like Albania, Bosnia, where you have ethnic rivalries, where you have religious confrontations . . . All of that instability is something that we have to face. And if we have countries who have longed for participation in the kind of democratic ideals that we share, to make them part of NATO would help stabilize the region and make peace and prosperity that much more secure". Cohen, Senate Armed Services Committee, April 23, 1997, p. 31.

[9] Janusz Onyskiewicz, formerly Minister of Defense in Poland and before 1989 a hero of the Solidarity movement, is reported to have said: "The fact is that all of our countries have elements like those that destroyed the former Yugoslavia". (Strobe Talbott, "Why NATO Should Grow," *The New York Review of Books,* August 10, 1995, Reprint p. 4.) Just what or where these "elements" are in Poland, Hungary, and the Czech Republic neither he nor anyone else has ever specified.

On the other hand, NATO membership is not necessarily the solution for ethnic conflict where it does exist. Turkey, a long-time NATO member, is host to a protracted, bloody conflict between the government and ethnic Kurds.

[10] "And just the prospect of NATO membership has, in fact, helped deal with a long-standing problem between Hungary and Romania." Albright, Senate Armed Services Committee, April 23, 1997, p. 62.

The prospect of NATO membership has apparently also, however, helped to worsen relations between Central European neighbors. See Christine Spolar, "Bids to Join NATO Put Czech and Slovak at Odds," *The Washington, Post,* April 13, 1997, p. A26.

However important the stakes in these disputes may be for the parties directly concerned, they are of far less consequence for the United States.[11] Indeed, it is the United States that would have the chief responsibility for the security guarantee that is allegedly necessary to settle them. At issue between Hungary and Slovakia is, among other things, the right of ethnic Hungarians in Slovakia to use the Hungarian language. Perhaps Bratislava, the Slovak capital, ought to have Hungarian-language street signs, but this is hardly the business of the United States or the Atlantic Alliance. America cannot and should not be held responsible for settling every ethnic and national dispute everywhere. It is the countries directly involved that bear that responsibility.

President Clinton won reelection in 1996 with the slogan "opportunity and responsibility." While the government can help to provide opportunity for American citizens, he said, it is up to them to take advantage of it. Surely this applies to Central Europe as well. By winning the Cold War, the United States and its allies have given the countries of the region the opportunity to determine their own destinies. It is up to the Central Europeans to do so in appropriate ways. All the evidence to date suggests that they have done and will continue to do just that, whether or not they join NATO.

A third argument advanced for extending NATO membership to Poland, Hungary, and the Czech Republic is that the United States and the West have a special moral obligation to do so. This is not true, either.

In its most strident form, this proposition holds that the United States and Great Britain "sold out" the Poles at Yalta in 1945, deliberately consigning them to the Soviet sphere of influence when they could have been saved from Communist tyranny,[12] and that Washington deliberately invited the Hungarian people to rise up against Moscow in the fall of 1956 with the promise that the West would come to their aid if they did, only to break that promise. Both assertions are false. The conduct of Franklin Roosevelt and Winston Churchill at Yalta is open to retrospective criticism, as are American-sponsored radio broadcasts to Hungary at the time of the uprising in Budapest in 1956. But the United States could not have dislodged Soviet troops from Poland in 1945 (who arrived there as part of the war against Hitler, in which the Soviet Union was an American ally) without another war. Nor was the United States exclusively, or even mainly, responsible for the Hungarian uprising, which also could not have been effectively supported without running the risk of war with the Soviet Union, a war that in 1956 could have involved the use of nuclear weapons by both sides.

Even though American leaders were not responsible for the Cold War fate of Poland and Hungary, the United States did not simply abandon them to it. On the contrary, Washington led a forty-year struggle against the Soviet Union, the occupier of Poland and Hungary, which ended in their liberation in 1989. To be sure, Poland, Hungary, and Czechoslovakia suffered under Communist rule, but so did others, like the Balts and the Ukrainians, who are not being offered membership. Suffering does not, in and of itself, create for the United States a moral obligation to offer anyone NATO membership. Indeed, if suffering is the standard, Russia should be a prime candidate for NATO membership. After all, judged by the cri-

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[11] The Clinton administration has sought to connect stability in Central Europe to American interests by invoking the great European disasters of the twentieth century. The version of history on which this is based is, to put it charitably, dubious. NATO expansion, according to Secretary Albright, is designed to prevent "the instability within the region which has, in fact, created two world wars". (Senate Armed Services Committee, April 23, 1997, p. 85.) This is wrong on two counts. First, World War I did not begin in the region that the administration is planning to incorporate into NATO. It began in southern, not central Europe, in the Balkans—in fact in the city of Sarajevo where, in June 1914, the heir to the imperial Austrian throne was assassinated by a Serb nationalist. Second, the cause of the two world wars was not instability rooted in ethnic conflict. It was aggression—in both cases by Germany. This is neither an obscure nor a contentious point. Hitler's responsibility for World War II was clear from the moment that conflict began. German responsibility for the first war was the subject of political and historiographical controversy for decades but that controversy was settled by Fritz Fischer's two volumes, *Germany's Aims in the First World War and The War of Illusions,* both available in English translation. (New York: W. W. Norton, 1970 and 1975.) In both 1914 and 1939 a world war began because Germany sought to expand its power and the sphere of its control in Europe by force. Instability, of the kind that is possible in formerly Communist Europe (although not in the three countries the Clinton administration proposes to admit to NATO) was the occasion for a major war in 1914 but not in either 1908 or 1912-13, when lesser wars were fought in the Balkans, by the choice of the European great powers.

[12] "For all of them [current and former American officials supporting NATO expansion] there was a moral dimension to the issue. Abandoned to Stalin's tender mercies at the 1945 Yalta summit, the captive nations of the Soviet empire had a clear right to be drawn into and embraced by the security of the West". Martin Walker, "East looks West to escape bear hug," *Guardian Weekly,* February 23, 1997, p. 6.

terion of numbers of citizens killed under Communist rule, no European people suffered more under Communism than the Russians.

There is a fourth argument advanced in favor of expansion, and it is one that at least bears on the Alliance's actual mission: security. In the wake of the Cold War it is argued that there is a "vacuum" in Europe between Germany and Russia. Ultimately something will fill it. That something ought to be NATO instead, presumably, of something less benign.[13]

In fact, there is no security vacuum in Europe. Instead, there is already in place a new unprecedented and highly desirable system of security, which is described in depth in my book *The Dawn of Peace in Europe.*[14] This "common security order" is made up of the changes in the map of Europe brought about by the collapse of the Soviet Union; the transformations in the governments that have occurred in the wake of the end of Communism; and the changes in the military balance produced by the series of treaties to reduce nuclear and non-nuclear weapons in Europe, concluded between 1987 and 1993. This common security order gives Europe the best of all possible worlds. It ought to be the purpose of American policy to reinforce it. Whatever else it may accomplish, NATO expansion fails to do that.

The arms accords deserve special mention. They are similar in form to those signed earlier in the Cold War but radically different in content. Two of their features make Europe a more secure place than it has ever been in its modern history: the first is transparency—according to which all signatory countries can know what arms all others have and what the others are doing with them; and the second is defense dominance— meaning that military forces are configured to make them useful for defending, but not for seizing territory.[15]

It is odd that these accords have received so little post-Cold War attention in the United States, for they reflect well on both major American political parties. During the last two decades of the Cold War, Democrats were devoted to arms control, which they regarded as central to American foreign policy. Yet now, when more sweeping and important agreements are in place than even they ever imagined were possible during the 1970s and 1980s, the Clinton administration has chosen to downgrade their importance for European security in favor of NATO expansion.

Republicans placed less emphasis on arms control as a vehicle for enhancing Western security. They were often skeptical of, and sometimes explicitly opposed to, the treaties of the 1970s. But the accords that form the heart of Europe's new post-Cold War common security order were designed and concluded by two Republican presidents, Ronald Reagan and George Bush, with precisely the aim of correcting what they saw as the flaws of the earlier accords. These later agreements are considerable diplomatic achievements. If they, and the common security order to which they are central, endure they will be seen in retrospect as monuments to far-sighted American foreign policy. In the best case, they will be for the post-Cold War era what the Marshall Plan and the Truman Doctrine were for the Cold War.

NATO has an important place in this new order and it is, therefore, important that NATO remain in place in its present form. In its current configuration it is at once an organization that can build confidence among all the sovereign states of Europe, a mechanism for assuring the security of Germany and thereby relieving the Germans of the need to conduct an independent security policy, and provide insurance against the resurgence of Russian imperial policy to its West, in which case the Atlantic Alliance would be needed to counter the threat. It is not true that a single, formal, overarching security organization is necessary to ensure peace in Europe. Such an organization is not possible, nor is it required for the purpose of preventing the kind of major war that would directly affect the United States.[16]

If neither democracy, stability, morality nor security is a good reason to expand NATO, then why proceed with it? The proponents have an answer: credibility. The process of expansion, they say, has gone too far to stop because stopping would have devastating consequences for America's standing and leadership in the world.[17]

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[13] "A security vacuum in Central Europe exists today and could arouse unnecessary temptation among nationalists and those we suspect of nostalgia for power blocs and regional dominance". Vaclav Havel, "NATO's Quality of Life", *The New York Times,* May 13, 1997, p. A25.

[14] See chapters 4-6.

[15] See *The Dawn of Peace in Europe,* Chapters 5-6.

[16] On the infeasibility of a European police force to cope with conflicts like the one in Bosnia, see *The Dawn of Peace in Europe,* chapter 2.

[17] "Since there can be no going back—to abandon long-standing promises because of a Russian tantrum would bust the alliance . . ." "NATO goes a-wooing", *The Economist,* January 25, 1997, p. 15. In fact, going forward with expansion is more likely to "bust the alliance" than stopping it. (See below, Section IV). For that reason, a decision to stop would be greeted by current NATO members with a collective sigh of relief.

The Clinton administration's political strategy for securing the two-thirds vote in the Senate necessary to expand NATO is apparently to issue invitations to the prospective new members in July, then assert that, no matter how high the costs involved, the failure to approve expansion would have dreadful, earth-shattering results.

While the other arguments in favor of expansion are hollow, this one is merely outdated. It made sense during the Cold War, when the United States and its allies confronted a hostile, militant, heavily armed adversary around the world. Communism was a global movement, whose branches were connected through its world headquarters in Moscow. From this feature of Cold War international politics arose the fear that a Western defeat, retreat, or show of irresolution in one place would invite pressure, even aggression, elsewhere. Such was the logic behind the American decision in June 1950 to fight in Korea, a place of no intrinsic importance to the United States but where a defeat could, American policymakers feared, have adverse effects in places that were important. It was the reason for standing firm in West Berlin, which, because it was located inside East Germany, could not be successfully defended against a determined Communist assault. It was also the reason for fighting in Vietnam and for the decision of the Nixon administration, upon inheriting responsibility for the war in 1969, to continue rather than abandon it even though the American public had turned against it and the chances of prevailing were slight. [18]

Whether the failure to stand firm in these past episodes would have triggered the adverse consequences American officials feared cannot, of course, be known. But their fears were not groundless; the dangerous consequences were at least conceivable. In the wake of the Cold War, however, such consequences are not conceivable. The circumstances that made Cold War fears plausible have disappeared. Communism in Europe is gone; the Soviet Union has disintegrated; the armed forces that made them both dangerous are in a state of collapse. If NATO does not expand to Central Europe, this will not bring the Soviet army into West Berlin: Berlin is no longer divided and the Soviet army no longer exists. The end of the Cold War means that the world is safe for the United States to reconsider ill-advised foreign policies and correct them.

There is a final purpose that expanding NATO to Central Europe is supposed to serve: containing a resurgent Russia that, some day, will again threaten its neighbors to the West. This pro-expansion argument differs from the others in two important ways: it is both coherent and logical, and it is at least plausible.

The source of its plausibility is Russian history. Russia has recurrently threatened, and often occupied, its neighbors to the west. In truth, it is the fear that this pattern will one day be repeated, amid doubts about the sturdiness of Russia's own commitments to democracy, that lies behind the Central Europeans' desire to join the Atlantic Alliance. [19]

The possibility that circumstances will arise under which it might be sensible to expand NATO eastward cannot be ruled out. But such circumstances lie far in the future. Russia does not now threaten its western neighbors. The war in Chechnya, awful as it was, bears eloquent testimony to the utter incompetence of the Russian military, which would be hard-pressed to invade its western neighbors successfully when it has proven incapable, in Chechnya, of successfully invading itself. [20] Nor is there any chance that Russia could regain the social cohesion, economic productivity and military power necessary to mount such a challenge for years, perhaps even for decades. If Russia should embark on a course of overturning the post- Cold War settlement, as Hitler did to the post-World War I settlement, the West would have considerable advance warning and, thus, ample time to prepare a response.

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[18] In the words of Henry Kissinger, in an article originally published in January, 1969, just before he joined the Nixon administration: "Unquestionably, the failure to analyze adequately the geopolitical importance of Vietnam [in 1961 and 1962] contributed to the current dilemma. But the commitment of five hundred thousand Americans has settled the issue of the importance of Vietnam. For what is involved now is confidence in American promises. However fashionable it is to ridicule the terms 'credibility' or 'prestige,' they are not empty phrases; other nations can gear their actions to ours only if they can count on our steadiness". "The Vietnam Negotiations", reprinted in Kissinger, *American Foreign Policy,* New York: W. W. Norton, 1969, p. 112.

[19] "At a recent Budapest seminar, a small group of conservative foreign-policy experts discussed tactics for winning U.S. Senate ratification of a revised NATO treaty. 'Why can't we tell the truth? That we need membership because we're afraid of Russia?' someone in the audience asked. The evening's speaker, a visiting American professor, delicately suggested that Hungary would do better 'emphasizing the positive.'" Carla Anne Robbins, "Hungary's NATO Bid Illustrates the Hopes, Risks in Central Europe", *The Wall Street Journal,* January 2, 1997, p. 1.

[20] On this point see Anatol Lieven, "Russia's Military Nadir", *The National Interest,* Summer, 1996.

The anti-Russian case for the immediate expansion of NATO rests on three propositions, all of which are without substance. The first is that Russia is bound to resume an imperial foreign policy to the west.[21] But Russia is not bound to do anything. Aggression is not programmed into Russian genes. The Russian nation can change its historical patterns of behavior. Other nations have done so.

The second proposition is that the West must respond to what will ultimately be a threat from Russia now because when the threat materializes the West will be cowed into passivity. The precedent for such Western behavior is, of course, the dismal response of the democracies to Hitler between the two world wars. But American foreign policy throughout the Cold War teaches precisely the opposite lesson. The United States did respond—some would say over- responded—to real or perceived challenges from the Soviet Union.[22] Not only is Russia not predestined to threaten its neighbors, but the West is not predestined to flinch if this does happen.

The third proposition is that NATO expansion will decrease the likelihood of a revival of Russian imperial behavior toward its western neighbors and strengthen democracy at home.[23] This view is vehemently and virtually unanimously contested, however, by those who have the greatest stake in Russian democracy and in peaceful Russian relations with the rest of the world: Russian democrats themselves. They oppose NATO expansion precisely because they believe it will give aid and comfort to the worst elements in Russian public life, the forces of nationalism, chauvinism, and imperialism.[24]

Even assuming, however, that the pro-containment arguments were valid, the particular expansion that is being planned is ill-conceived, for it does not extend membership far enough to the east. Even if it is inevitable that Russia will pose a threat to its neighbors, it will not threaten the countries slated for NATO membership. Poland, Hungary, and the Czech Republic are no longer Russia's neighbors. None has a real border with Russia. The countries that do share borders with Russia and thus would be threatened—Estonia, Latvia, Lithuania, and Ukraine—are not being invited to join the Alliance. In this sense the Clinton administration's policy on NATO expansion is perfectly nonsensical: those who—under the only set of assumptions under which expansion makes sense—need NATO won't get it; and those who get it don't need it.

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[21] "Russia is already getting back on its feet geopolitically, even before it gets back on its feet economically. The only potential great-power security problem in Central Europe is the lengthening shadow of Russian strength, and NATO still has the job of counterbalancing it. Russia is a force of nature; all this is inevitable". Peter Rodman, "4 More for NATO", *The Washington Post,* December 13, 1994, p. A27. "Russia, with its resources and educated population, will rise again and—if history is guide—will threaten again . . . " William Safire, "Clinton's Good Deed", *The New York Times,* May 7, 1997, p. A35.

[22] On this point see *The Dawn of Peace* in Europe, pp. 165-6.

[23] According to Zbigniew Brzezinski, "We should not be shy in saying that NATO expansion will help a democratic Russia and hurt an imperialistic Russia." Quoted in George Melloan, "Russia's Neighbors Worry About 'Yalta II,'" *The Wall Street Journal,* February 24, 1997, p. A23.

[24] It is not only Russians with impeccable democratic credentials who say this. According to General Alexander Lebed, briefly President Yeltsin's national security advisor and considered a leading candidate for the Russian presidency in the future, writing in the newspaper Izvestia in March, 1997, "If the sense of loss and humiliation that comes with defeat is allowed to fester in the Russian mentality, it may lead to an inferiority complex that can only be overcome by gaining new victories, preferably over old rivals. That is also a big mistake. Unfortunately, the political and military expansion of NATO to the East makes it probable that both of these mistakes will be committed". Translation distributed by the LA Times Syndicate, March 17, 1997.

Nor is such an analysis confined to Russians. Professor Richard Pipes of Harvard, perhaps the most distinguished historian of the Russian revolution and, on the basis both of his scholarship and service in the Reagan administration, hardly someone who is unaware of or insensitive to historical Russian patterns of imperialism, has written: "First and foremost among Western initiatives likely to provoke a violent reaction and to intensify chauvinism is the proposed expansion of NATO to Eastern Europe. This action, intended to enhance the sense of security of the Poles, Hungarians, and Czechs, will produce the contrary effect among the Russians". Pipes, "Russian Foreign Policy in Historical Perspective", *Harvard International Review,* XIX:1, Winter, 1996-7, p. 57.

III.

National Attitudes Toward Expansion

If the expansion of NATO to Central Europe is a bad idea, if there is so little to be said for it—indeed if, as is argued here, there is nothing to be said for it why was it proposed in the first place? Why has it attracted the support it now enjoys?

Even in the countries of Central Europe that are scheduled to join, support is uneven at best. In the Czech Republic, for example, a December 1996 poll revealed that "only 38% of Czechs are in favor of their country joining NATO . . . . Some 35% were opposed, while 27% were undecided".[25] Popular support is more substantial in Poland, but Poland is a special case. For one thing it was occupied by Russia not for 50, but for 200 years. For another, it has more pressing security concerns than the other two because of its border with Kaliningrad, a Russian enclave on the Baltic. While these concerns are legitimate, they are not urgent—though they should be addressed.[26] But formal NATO membership is not the optimal way to do so.

It is the political elites in Central Europe who wish to join NATO, for reasons that are rooted in their histories. Theirs are small, weak, vulnerable countries, located between two more powerful and often predatory European nations: Germany and Russia. The lesson they draw from history is that Europe may once again be divided between or among rival powers, in which case they will be forced to be part of a bloc dominated by those more powerful than they. In those circumstances, they understandably wish to have chosen their affiliation rather than having had it imposed on them, as it was after World War II and so often before.[27]

By declaring that NATO must and will expand, and through the emphasis on the further integration of the EU under the terms of the 1991 Maastricht Treaty, the West has mischievously, if unintentionally, reinforced the idea of a "membership" or "fortress" Europe. These initiatives have helped to propagate the image of a Europe in which each country is either fully European—that is a full member of the two main organizations, NATO and the EU, and therefore inside the fortress and safe—or not a full member, not a full-fledged European, and thus outside the fortress and vulnerable. The Central Europeans' anxieties are compounded by the fact that, for both good and bad reasons, they are not being offered immediate membership in the European Union. NATO membership has thus become a kind of consolation prize.

But history is not destined to repeat itself. Europe is not destined to be polarized again between rival camps or blocs.[28] This picture of Europe was valid during the Cold War. It is not valid now. It would be absurd, for example, to maintain that Finland, Sweden and Switzerland, none of them full members of both the EU and NATO, are somehow not European. It is also dangerous to define Europe in this way. For it is desirable that Russia be as fully a part of Europe as is possible. But Russia cannot now be a full member of the two Western international organizations.

The main impetus for expansion comes from the executive branch of the American government. And if the rationales for the American push for expansion are hollow, the origins of that policy are mysterious.[29] At the end of 1993, it was American policy to bring Russia into the international community and to assist the Russians in their historic transition from a centrally- planned to a market economy. The Clinton administration had introduced an ingenious and constructive innovation in European security, the Partnership for Peace, which made possible military cooperation

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[25] Open Media Research Institute Daily Digest, December 5, 1996.

[26] See the suggestions in section V, below.

[27] Some of them give reasons that bear little resemblance to the Alliance's original and essential purpose. For example, Czech President Vaclav Havel has said in an interview that "NATO will have to transform itself significantly as it expands 'so it can deal with completely different tasks than it dealt with in the Cold War,' including combating the movement of crime and drugs into member states, regional conflicts such as Bosnia, and terrorism". Jim Hoagland, "At Center Stage for Havel: NATO", *The Washington Post,* May 9, 1996, p. A23. If NATO is an effective force for restricting the flow of narcotics (something for which there is no evidence) then the leading candidates for NATO membership from the American point of view ought to be Colombia and Mexico.

[28] If this should occur, it will not, given Russia's present weakness, occur quickly. There will be considerable advance warning, and thus ample opportunity to ensure that Central Europe remains part of the West.

[29] The Administration's decision to expand NATO was made "in characteristic Clinton administration style, without a structured evaluation of competing viewpoints, without political debate, and over the initial objections of senior military officers". R.W. Apple Jr., "Road to Approval is Rocky, And the Gamble is Perilous", *The New York Times,* May 15, 1997, p. A1.

between NATO and non-members of the Alliance without alienating or excluding any of them, including Russia. Suddenly, without warning, on a trip to Central Europe at the beginning of 1994, President Clinton announced that the question was no longer whether, but rather when, NATO would expand to Central Europe. Why did he do so?

One journalistic reconstruction of this decision imputes it in no small part to considerations of domestic politics. The president, according to this account, was concerned about being vulnerable, in his anticipated reelection campaign in 1996, to the charge that he had done too little for the countries of Central Europe, a charge that would resonate with American voters of Central European ancestry, many clustered in electorally important states. NATO expansion was driven, according to this account, by ethnic politics in the United States.[30]

Ethnic politics in the United States are neither avoidable nor necessarily undesirable. It is a good, not a bad thing for the United States to have close relations with Poland, Hungary, and the Czech Republic, which are, after all, friendly, democratic, and decidedly pro-American countries. But there is no reason that these relations should take the form of official membership in NATO, and there are very good reasons, to be discussed below,[31] that this should not be the case.

The Western Europeans, the defense of whom was, after all, the founding rationale for NATO, are decidedly unenthusiastic about expanding the organization eastward. Germany is a partial exception, and an important one. The Germans have officially declared their support for expansion; at the same time, they have emphatically stressed the need to conciliate Russia. The German government has been torn: it has felt that, on the one hand, it would be wrong for Germany to oppose what Poland favors because of Germany's brutal treatment of the Poles during World War II. On the other hand, it is convinced that good relations between Russia and the West are essential for European, and especially German, security.

In addition, the Germans and the other Western Europeans have been cajoled into going along with expansion by the contention of American officials that this is necessary for what really matters to them: sustaining the commitment of the United States to Europe. The abiding European fear is that the United States will go home. They are right that this would be bad for them as well, ultimately, as for the United States. But they are wrong if they believe that expanding NATO to Central Europe will strengthen American security ties to Europe. Unfortunately, it is likely to have exactly the opposite effect.[32]

One European country does, of course, have strong and entirely unambivalent feelings about NATO expansion. The entire Russian political class, representing all points of the political spectrum, opposes it. Still, it is important to distinguish among different bases for opposition. While Russian Communists and Russian nationalists are publicly opposed, privately they are not entirely displeased at the prospect because NATO expansion gives them an issue on which they can hope to mobilize public support for themselves. The Russian public is, on this issue, generally uninterested and uninformed; it is far more concerned with domestic matters. Although it is not yet intense, however, opposition to NATO expansion is widespread in the Russian public. A January 1997 poll found that 50 percent of respondents opposed the admission of former Soviet republics into NATO and 41 percent said former Warsaw Pact members should not join. The proportion of respondents supporting the idea of admitting former Soviet republics to the Atlantic Alliance was 13 percent; in the case of former Warsaw Pact members it was 15 percent.[33] In Russia, as in other countries, it is the political elites who define the desirable foreign policies and then seek to mobilize support for them. The poll findings confirm what observers of Russia have warned: that NATO expansion is an issue that has the potential to arouse popular feelings of danger and vulnerability and discredit those who argue in favor of cordial relations with and integration into the West.[34] Expan-

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[30] See the three articles on NATO expansion in *The Washington Post,* July 5, 6, and 7, 1995. For another perspective on the origins of the Clinton administration's policy on this issue see Tyler Marshall, "NATO's Eastern Growth a Giant Step or Stumble?", *Los Angeles Times,* April 13, 1997, p. 1.

[31] See section IV below.

[32] See section IV below.

[33] Open Media Research Institute Daily Digest, January 21, 1997.

[34] "Paranoia in Russia feeds on itself, seeking and finding confirmation in everything that happens—emphatically including the recent Western decision to expand NATO up to the very borders of the former Soviet Union. . . I know no Russian, regardless of political orientation, who favors it. To the contrary, NATO's projected expansion plays directly into the hands of the nationalists who exploit fears of the West to argue that Russia must reconstruct the empire and rebuild the military in order to hold its own in an unfriendly world". Richard Pipes, "Russia's Past, Russia's Future", *Commentary,* June, 1996, p. 35.

sion is, in addition, a step toward redividing Europe, which Communists and nationalists tend to favor. For these reasons, of course, Russia's democrats are deeply opposed to expansion.

Indeed, these democrats feel betrayed by the plan to expand NATO. They believe that it reneges on the terms on which Germany was unified and the Cold War ended. At the time of unification, they believe, Mikhail Gorbachev and Eduard Shevardnadze, the leaders of the Soviet Union, were promised, by officials of the United States and the German Federal Republic, that if a united Germany were included in NATO the alliance would not expand further eastward. There is now a debate about whether there was such a pledge, the form the pledge took if there was one, and whether it was meant to apply only to the territory of the former German Democratic Republic during the transition period when Soviet troops were still stationed there. The Russians believe it was intended to cover all of Europe east of Germany indefinitely.[35]

According to high level accounts, the West conveyed assurances of some kind.[36] Embracing the narrowest interpretation of what these assurances were puts the United States in the position of saying to the Russians that they have no standing to complain that the United States has gone back on its word because what they received were only spoken words. Russia is, in effect, out of luck because it didn't get Washington's promises in writing. This is not the basis on which American foreign policy has traditionally been conducted, nor is it a good basis for conducting it in the future, toward Russia or any other country.

Whatever the precise details of the assurances the West conveyed to Moscow in 1990, NATO expansion would violate the spirit in which the Cold War was ended. That spirit of cooperation and friendship can be seen in retrospect to have been based on three principles that were, until 1994, broadly understood and faithfully observed if not officially codified. The first of them was transparency, which means that no secret agreements or private deals are permitted in matters of security. The second was the principle of consensus, according to which every country must consent to any major change in the architecture of European security. The third principle was inclusion, which implies that Russia will be welcomed into the Western and international community.

NATO expansion, as contemplated, would violate the third of these principles by excluding Russia. It would violate the first because the Clinton administration has steadfastly refused to say what other countries will be admitted, when, or by what criteria they will be selected. And it would violate the second because expansion is being undertaken against the wishes and over the objections of Russia. NATO expansion would in fact be the first major change in the security architecture of Europe since the deployment of Western intermediate-range missiles in 1983 to be undertaken against Russian wishes. All the other changes were made with the consent first of the Soviet Union and then, after 1991, of Russia. The common security order that emerged from these changes is extraordinarily favorable to the West, in general, and to the United States, in particular. This new order was made in America—the terms of the arms treaties were largely drawn up in Washington—with the exception of those parts so favorable to Western interests, Ukrainian independence above all, that they were never even thought possible. Russia accepted all of these changes, which gives them legitimacy in Russian eyes, legitimacy that is, in turn, a priceless asset for the West. And to the extent that Russia considers these new security arrangements legitimate, the West does not have to enforce them.[37] NATO expansion would discard this asset, and the West would get nothing in return. This is a considerable cost of expanding NATO, but it is not the only one.

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[35] On this debate, which is far from settled, see *The Dawn of Peace* in Europe, pp. 62-3.

[36] Testimony to Congress, Ambassador Jack F. Matlock, Jr., May 3, 1995, page 1 and 2.

[37] The reverse is also, of course, true. According to former Bush administration official Robert Zoellick, a supporter of NATO expansion, "This is one of those times in history where the world's leading nation has to determine the rules for the future". (Marshall, "NATO's Eastern Growth . . .", p. 1.) If the Russians do not accept these rules, however, and there is no evidence that they will be reconciled to an expanded NATO, especially one including former Soviet republics, the "world's leading nation," the United States, will have to enforce them. This will not necessarily be cheap.

IV.

The Costs of NATO Expansion

In its relations with Russia the West is already paying a price for NATO expansion. The relationship with Russia that the United States enjoyed from 1990 to 1994 is gone. Perhaps the high point of that relationship came in 1994 when President Clinton was able pick up the telephone, call his friend the President of Russia, ask that Russia remove its remaining troops from the three Baltic countries, and have Boris Yeltsin comply. The withdrawal of Russian troops from the Baltic states had, to be sure, a number of causes, but not the least of them was the context in which it took place: a particular relationship between Russia and the West, one based on common interests and goals, one that presumed cooperation between them.

In the wake of the announcement of the intention to expand NATO, and in no small part because of that announcement, the fundamental presumption of Russian foreign policy has been reversed. It has now become a matter of principle for Russia not to cooperate with the West, to demonstrate that it is not subservient to the United States, that it cannot be pushed around, and that it remains a forceful and independent presence on the world stage. NATO expansion has helped to dislodge a Russian foreign policy of cooperation with the West and replace it with a foreign policy of pique. Resentment of the United States was, for example, one motive for the meeting between Yeltsin and Chinese leader Jiang Zemin in April 1997, at which the two leaders pointedly declared their opposition to what they termed American aspirations for global hegemony. The resentment that has resulted from the plan to expand NATO has reduced Russian willingness to cooperate with the United States in the ongoing American efforts to isolate and deter Iraq and Iran. To be sure, Russia, like Western Europe, has economic reasons for friendlier relations with both than the United States deems appropriate. But NATO expansion has weakened the counterbalancing motive to side with Washington.

The most serious damage to relations with Russia inflicted by the prospect of NATO expansion is on the issue that affects the United States the most directly: the control and reduction of Russia's nuclear weapons. There are thousands of them, many aimed at North America.[38] The principal treaty designed to reduce them, START II, must be ratified in the Russian parliament, the Duma. But the Duma has refused to do so because of the prospect of NATO expansion. Thus Americans will pay for NATO expansion by forfeiting the opportunity to reduce the threat to themselves. And, because the arguments in favor of expanding NATO are hollow, they will pay this price for no benefit to themselves.

The Clinton administration claims that it has a strategy for minimizing the damage NATO expansion inflicts on the American relationship with Russia: the negotiation of a charter governing relations between NATO and Russia. This "Founding Act", signed on May 27 in Paris, however, is all too likely to lend itself to differing interpretations, then disappointment, then acrimony. This was, after all, the fate of the Soviet-American "declarations of principle" signed by Richard Nixon and Leonid Brezhnev during the period of detente in the early 1970s. Disagreement about the status of this charter surfaced even before it was concluded. At their meeting in Helsinki, Finland, in March 1997, Presidents Yeltsin and Clinton were each asked what role, under the terms of the charter, Russia would have in NATO's affairs. They gave incompatible answers: Yeltsin said that decisions about European security would be reached by "consensus"—implying that Russia would have a veto over them. Clinton denied this. Russia would have, he said, "a voice not a veto", which is, of course, precisely what Russia would have without a charter.[39] Ironically, Rus-

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[38] At the Paris signing "what was intended as a strictly ceremonial occasion . . . took an uncertain turn. The ensuing confusion showed vividly how the West's relationship with Russia can still be a frustrating and uncertain affair . . . As if to demonstrate [Yeltsin's] goodwill, he then made an impromptu announcement that . . . [Russia would make] a unilateral pledge to remove the nuclear warheads from Russian missiles aimed at NATO nations. . . A Yeltsin spokesman said his boss was not promising to remove the missiles' nuclear explosives, only to 'deprogram' them so they are not targeted on NATO nations. This is a symbolic gesture, since missiles can be reprogrammed within minutes; Russia has already reached deprogramming agreements with the United States, France and Britain". John F. Harris, "Russia-NATO Pact Gives Moscow a Voice on European Security", *The Washington Post,* May 15, 1997, p. A30.

[39] This potentially explosive dispute continued when agreement on the terms of the "founding act" was announced. In an address to the Russian public, Boris Yeltsin said: "Just as this document says, decisions are to be made only by consensus...If Russia is against any decision, this decision does not go through. I believe this is critically important". Unnamed Clinton administration officials, however, "brushed aside this assertion, saying it applies only to decisions by the new NATO-Russia council, which will deal with such matters as joint peacekeeping operations,

sia has already effectively exercised a veto over NATO's policy on expansion: the fear of an angry Russian reaction is the only reason that the Baltic states, whose claims to NATO membership are far stronger than those of the Central Europeans, are not being invited to join the Alliance.

Nor will Russians regard the charter as the product of a genuine negotiation with NATO, for the simple reason that it was not. The Clinton administration has insisted that it will expand NATO regardless of Russia's wishes, and that some issues will be off limits to negotiation even if Russia seeks to include them. Russians will, therefore, be correct in concluding that the charter is as much the result of American dictation as of Russian-American negotiation.

Furthermore, what the administration has advertised as the likely contents of the new arrangements between NATO and Russia are not strategically sensible. The American government has said that NATO "has no plans" to station any of its troops or its nuclear weapons on the territories of the new Central European members. But including the Central Europeans in the Alliance makes sense only if they are threatened by Russia. And if they are threatened, it is foolish, indeed dangerous, not to take the military measures necessary to deter a Russian attack on them. In this way—but not in this way alone—NATO expansion as planned is either unnecessary or irresponsible.

While the principle of consensus is fundamental to the post-Cold War settlement in Europe, Western policy toward Europe cannot be based on the requirement for Russian consent under any and all circumstances. It was desirable, and necessary, to adopt policies to which Russians objected during the Cold War, and it might some day be necessary to do so once again. But Russian objections, Russian unhappiness, and the lack of Russian cooperation on issues of importance—the direct and unavoidable consequences of NATO expansion—are a cost to the United States. It is foolish to pay such a cost without getting a compensating benefit in return. Yet this is precisely what will happen if the Alliance expands as planned. NATO expansion thus offers the United States the worst of both worlds: provocation without compensation.

The second great and unnecessary cost of expansion, as the Clinton administration envisions it, is the creation of a grey area, a no man's land—where none now exists—between what would be the new eastern border of NATO and Russia. Creating such a grey zone would increase the vulnerability and potential instability of the countries within it, new democracies that are important to the United States and the West for both strategic and moral reasons: the three Baltic countries and Ukraine. Expansion, as planned, would draw a new line of division in Europe. Even proponents of expansion concede this when they argue that NATO should be expanded because the current dividing line, marked by NATO's current borders, is obsolete and unacceptable.[40]

Why moving the line of division in Europe further to the east is an improvement on the status quo is never explained by the Clinton administration. In fact, however, NATO expansion would not move a European line of division; it would create one. For the western border of the Atlantic Alliance does not now constitute a dividing line. During the Cold War there was such a line, which divided those Europeans who were free from those who were not. But now the Poles, Hungarians, and Czechs are free, and there is no external threat to their freedom. Moreover, the present NATO is accepted as a legitimate and permanent part of Europe by all parties, including Russia. With the Partnership for Peace, the Alliance has transformed itself into an organization with which every country in Europe can be affiliated. It is a vehicle for promoting confidence throughout Europe, while at the same time retaining the capacity to deter or fight a war if necessary.[41] NATO expansion would, thus, recreate further to the east the line of division that existed during the Cold War but that has now disappeared.

The Clinton administration suggests that this would not be the case: " . . . the enlargement of NATO is a dynamic process" according to Secretary Albright. "We

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conflict prevention and combating terrorism. They said the alliance has reserved the right to continue making its own decisions through the North Atlantic Council, its principal political organ, and other bodies on which Russia will have no seat. A senior White House official said the alliance will not 'in any way be subordinated' to the NATO-Russia council". David Hoffman, "NATO, Russia Agree on New Ties", *The Washington Post,* May 15, 1997, p. A30.

[40] "If we do not enlarge NATO we will be validating the dividing line Stalin imposed". Albright, Senate Armed Services Committee, April 23, 1997, p. 12.

[41] See *The Dawn of Peace* in Europe, p. 101.

are beginning it this summer, but it is something that will go on."[42] However, the administration has conspicuously, indeed energetically, avoided making any specific commitments about further expansion.[43] The Baltic states, nonetheless, believe that they have received exactly such a commitment. After meeting with Secretary of State Albright in April 1997, Vytautas Landsbergis, the chairman of the Parliament of Lithuania, according to a press report "said Lithuania has received an 'open-ended' invitation to enter NATO. The question is not 'if' but 'when,' he was told."[44] This is the formula that President Clinton used when he announced his decision to expand NATO in the first place, at the outset of 1994. The Ukrainian government has not formally requested NATO membership, but is seeking the functional equivalent: a separate agreement with the Alliance spelling the details of a special NATO relationship with Ukraine.

The question of Baltic membership poses enormous problems for which there are no obvious solutions. Bringing the Balts into NATO would impose large, indeed probably prohibitive, costs on the Alliance, which its current members might well refuse to pay. The Russians have made it clear that while they may accept, grudgingly, the addition of three Central European countries to the Western military alliance, they would respond sharply if NATO were extended all the way to their borders, as would be the case if the Balts joined.[45] This would pose a challenge to the Russian military, whose principal duty is, after all, to defend the country. It is not likely to be persuaded by NATO's protestations of peaceful intent that it need do nothing in response. How it would respond is uncertain; but it is unlikely to do nothing at all.

Because the Western Europeans know this full well, attempting to incorporate the Baltic states into NATO would prompt a major, perhaps even terminal, crisis within the Alliance, with the Europeans unwilling to run the risks Baltic membership would raise.[46] Nor would the American military be willing to certify, as it apparently is prepared to do for the three Central European countries, that it could assume responsibility for the security of the Baltic states—as their inclusion in NATO would require—without stationing American troops or nuclear weapons there and while accepting steadily declining defense budgets. That, in turn, means that the cost of including the three Baltic states could not, in contrast to the Administration's claims about the cost of the expansion, be modest.

Indeed, the administration is able to arrive at a modest estimate of the financial cost of expansion by assuming that only three new members will join NATO over the ten to fifteen-year period of its forecast.[47] Having apparently privately assured the Balts that they would be admitted, on the one hand, the administration bases its estimates of the cost of expansion on the assumption that these same Balts will not be admitted for at least ten, and perhaps fifteen, years after the initial planned expansion, which is set to take place in 1999.

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[42] Albright, Senate Armed Services Committee, April 23, 1997, p.36. Elsewhere: " . . . when we say that the first new members will not be the last, we mean it". Madeleine Albright, "Why Bigger is Better", *The Economist,* February 15, 1997, p. 21.

[43] The following exchange took place at a hearing of the Senate Armed Services Committee:

Sen. [Jeff] Bingaman [D-New Mexico]: "Let me ask about the Baltics. You mentioned a Baltic action plan. If the Baltic countries want to be part of NATO, as they obviously do, is—should we proceed to admit them?"

Sec. Albright: "Again, we are not going to name names at this stage. We have said that NATO is open to membership to democracies that fulfill the number of these criteria that both Secretary Cohen and I have mentioned". (April 23, 1997, p. 59)

[44] Nora Boustany, "Chretien Finds the Hill Isn't Laughing", *The Washington Post,* April 11, 1997, p. A31.

[45] "Russian Foreign Minister Yevgeni Primakov told reporters on a trip to Denmark that the Baltic states' entry into NATO would be 'unacceptable' to Russia and would 'undermine our relations with NATO entirely". David J. Kramer, "Who isn't invited to the NATO party?", *The Washington Times,* March 19, 1997, p. A21. The tiny Russian enclave of Kaliningrad, on the Baltic, does abut Poland. It is heavily militarized, but could not serve as a staging area for a full-scale invasion of Poland.

[46] They say this privately. See James M. Klurfeld, "Needed: More Voices Against Bigger NATO", *Newsday,* May 5, 1997, p. A31.

[47] On this issue, as on others involving the Baltic states, the administration's official position has been vague and evasive. A typical example is an exchange at a press briefing on the administration's estimate of the cost of expansion:

Question: "I'm just curious. In coming up with this study—I know you're not prepared to say what nations might be—you don't know the answer to that. Did you assume three nations, or does it matter?"

Answer: "We assumed a small group. We're not prepared to give the exact number. It's a reasonable projection of those that might enter". U.S. Department of State, "Special Press Briefing on the Enlargement of NATO: Rationale, Benefits, Costs and Implications", February 24, 1997.

If extending membership to the Balts would be dangerous and expensive, excluding them violates the promise they say they have received from the Clinton administration, which is the same promise to the Central Europeans that the administration asserts it must fulfill to protect America's international credibility. Furthermore, excluding the Balts would make a mockery of the idea of expansion. For the Baltic claim to membership is not simply as strong as that of the Central Europeans, it is stronger. Unlike Poland, Hungary, and the Czech Republic, the Balts do have borders with Russia. Unlike the three countries the Clinton administration has chosen for NATO membership, the Balts would be directly and immediately threatened by a resurgence of Russian imperial behavior to the west. It is the Baltic states, along with Ukraine, that have the most to lose from NATO expansion. Because of their size and their location, Estonia, Latvia, and Lithuania can be secure in one of two ways: they can be part of a military alliance that protects them; or they can be part of a Europe in which they do not need such protection. NATO expansion, as planned, risks giving them the worst of both worlds: denying them the second without giving them the first. Thus, in excluding the Baltic states, the planned expansion of NATO is either unnecessary or irresponsible.

Proponents of the planned expansion sometimes argue that enlargement will enhance the security of the excluded countries because at least they will have NATO members in their neighborhoods and will be able to draw strength from their proximity.[48] There appears, at first glance, to be a Cold War precedent for this. The European neutrals Austria, Finland, Switzerland, Sweden and Yugoslavia although not part of NATO, derived a measure of protection from the existence of the Alliance.[49]

Upon closer scrutiny, however, the precedent proves to be irrelevant to the status of the countries in the "grey zone" that the proposed NATO expansion would create. The Cold War neutrals were small, strategically insignificant countries; in contrast Ukraine is large and important. The neutrals were strategically unimportant because they were not situated on the main axis of confrontation—and the principal invasion routes—between east and west. Ukraine is. The neutrals drew benefit from NATO, as well, because American forces were stationed in the NATO countries on their borders. But the Administration has promised that this will not be the case for the prospective new NATO members of Central Europe. The European neutrals complemented the Cold War protection that they received from NATO with robust military forces of their own. To follow their example, the Baltic states and Ukraine would have to spend far more on defense than they currently plan to do. Finally, the Baltic states and Ukraine are vulnerable to Russia in a way that the neutrals never were because they have large ethnic Russian minorities within their borders.

The status of Russians in the Baltic states and Ukraine is a potentially explosive matter. In the worst case, these minority communities could be mobilized against their own governments, creating pressure within Russia to come to their aid. Although there are tensions between Russians and Balts in the Baltic states, fortunately nothing like this has occurred thus far. But the expansion of NATO, by triggering Russian resentment at the West and seeming to establish new spheres of influence in Europe, is hardly likely to promote communal harmony in the grey-zone countries. While there is no chance of Bosnia-style ethnic conflict in Poland, Hungary, or the Czech Republic, there is a chance of exactly such conflict in the excluded countries. At the very least, NATO expansion will not make such a prospect more remote than it is today.

There is a third potential cost to NATO expansion: the erosion of the American commitment not just to an expanded NATO but to an ongoing American role in European security of any kind. Both Western and Central Europeans assume that because expansion is an American-driven project the United States will see it through to completion, paying the political and economic costs involved no matter how steep. This is a shaky assumption.

Estimates of the economic costs of expansion vary widely, not to say wildly. The Administration claims that they will amount to between $27 and $35 billion over 13 years. The Congressional Budget Office, by contrast, puts the figure as high as $125 billion, almost five times the administration's estimate.[50] Both estimates, furthermore, are based on a premise that the administration has elsewhere suggested

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[48] "And we expect the new members to export stability eastward, rather than viewing enlargement as a race to escape westward at the expense of their neighbors". Albright, "Why bigger is better", p. 22-3.

[49] See Michael Mandelbaum, *The Fate of Nations: The Search for National Security in the Nineteenth and Twentieth Centuries,* New York: Cambridge University Press, 1988, pp. 202-3.

[50] William Drozdiak, "NATO Expansion 'on the Cheap' May Have Surcharge", *The Washington Post,* March 12, 1997, pp. A1, A22. "'There was a strong political imperative to low-ball the [administration's] figures,' said a senior U.S. official. 'Everybody realized the main priority was to keep costs down to reassure Congress, as well as the Russians.'" *Ibid.*

is not true: that only three new members will be admitted over the ten to fifteen year period in question.

The administration's modest estimate of the American share of the total, moreover, is based on another questionable assumption: that the costs of expansion—upgrading the armed forces and military facilities of the new members—will be evenly spread among all NATO members, old and new. But the Central Europeans themselves are unable to spend more on defense. They are fiscally strapped by budget deficits, partly the result of social welfare obligations they inherited from the Communist period. The democratic governments of these countries can neither afford economically to fulfill these obligations in full nor take the political risk of repudiating or trimming them.[51] Central Europe's defense budgets have declined steadily since 1989.[52] Nor are the parliaments of the Western European members of NATO likely to contribute much, if anything, to the costs of NATO expansion. Most are indifferent, at best, to expansion; and they, too, find themselves under pressure to reduce spending, in order to qualify for inclusion in the European Monetary Union that is scheduled to be launched in 1999.

That leaves the United States to foot the bill for expansion.[53] But how likely is it that Members of Congress, at a time when they may confront the prospect of reducing Social Security and Medicare benefits for their constituents who can express their displeasure in the voting booth, would authorize funds from American taxpayers to upgrade the Czech air force? It is not a foregone conclusion that they would.[54] At the very least, therefore, expansion would trigger a transatlantic row over the familiar Cold War issue of burden-sharing. Americans would ask why they should bear what they would consider an unfair share of the cost of defending Europe, which in any case is no longer threatened, when wealthy Europeans could contribute more. The resulting recriminations would weaken the basic consensus underlying the American commitment to Europe.

Article V of the North Atlantic Treaty, the one that commits each signatory to come to the aid of any other signatory that is under attack, would also be called into question. Americans are unlikely to be willing to commit themselves to siding with Hungary in a conflict with Romania.[55] But that is what Hungarian membership in NATO, by a literal reading of the Treaty, would mean for the United States. If, however, in the process of expanding NATO, Article V should be diluted, reinterpreted, or abandoned for the new members in order to accommodate these reservations, this would call into question the American commitment to the existing members, and perhaps ultimately the entire Alliance itself.[56]

Yet another feature of the present Alliance is likely to prove controversial if expansion proceeds as planned: the stipulation that all members must approve the addition of any new one. Turkey has already suggested that it will not approve the admission of the Central European countries to NATO unless it is, in turn, accepted

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[51] On this issue see the essays in Ethan Kapstein and Michael Mandelbaum editors, *The Social Safety Net in Post-Communist Europe,* New York: The Council on Foreign Relations, 1997.

[52] In Poland, for example, "the armed forces' strength has been cut from around 430,000 men to 230,000 over the last seven years. Military budgets have been cut and morale among officers facing the sack is understandably low. General Tadeusz Wilecki, the military chief of staff who won the support of President Lech Walesa in his efforts to limit the cuts, was sacked . . . " Christopher Bobinski, "Nato membership will ensure future security", *Financial Times,* March 26, 1997, p.III. Polling in the region shows that "when confronted with a possible trade-off, most central and east Europeans oppose increasing the percentage of their national budget spent on the military at the expense of social services. Two in ten or fewer in most surveyed countries say they support an increase in military spending over education or health care". *The New European Security Architecture Volume II: Public Attitudes Toward European Security,* Washington, D.C., Office of Research and Media Reaction, United States Information Agency, September, 1996, p.27.

[53] "'If you are serious about providing equal security, the basic defense needs of the new members will raise the enlargement bill to $70 billion,' said Walther Stuetzle, a former senior defense planner for the German government. 'So who will pick up the tab? I think it will have to be the United States.'" Drozdiak, "NATO Expansion 'on the Cheap' . . .", p. A22.

[54] "So there's no threat, and yet you're asking for increased spending in NATO. I do not see the staying power of this country behind that decision. I do not think America wants to foot that bill". Senator John Warner, Senate Armed Services Committee, April 23, 1997, p.42. Moreover, the United States will be hard-pressed to pay for the defense program for which the Defense Department is already planning all apart from the cost of NATO expansion. Already personnel is being reduced to pay for equipment. See, for example, Bradley Graham, "Pentagon Outlines Cost-Saving Moves", *The Washington Post,* May 7, 1997, p. A1.

[55] On this point see David Fromkin, "Hidden Danger in a New NATO", *The New York Times,* December 18, 1996, p. A27.

[56] Even if these countries do receive an Article V commitment, it is far from certain that this would mean all that it did during the Cold War. See Edward Luttwak, "Add Poland and NATO is No More", *Los Angeles Times,* April 16, 1997.

as a full member of the European Union.[57] Turkey will not get full EU membership and the Turks presumably know this. Thus they may have been signaling that, if excluded from the EU but called upon to approve NATO expansion, they will want some compensation. But if the Turks are compensated, it is unlikely that all other members of the Alliance will resist the temptation to demand similar treatment. If so, expansion will entail an additional cost, one not accounted for in the administration's estimates. Who will pay it?

Beyond these specific considerations, NATO expansion would weaken American support for NATO because it would divide the foreign policy community and the wider public in the United States. If the proposal for expansion reaches the Senate, a divisive debate will ensue. Supporters of expansion will argue that rejection of the plan would cripple the Alliance. In fact, it is expansion itself that poses the greater danger to NATO. Pressing forward with it would call the Atlantic Alliance itself into question. There is no significant opposition to the American commitment to the existing NATO,[58] but there will be, indeed there already is, serious opposition to NATO expansion. And if expansion should take place, this would risk a backlash in the United States against NATO itself because it would extend the nation's most important international commitment, which is meant to endure indefinitely, on false pretenses. Americans are being told that expansion will bring them important benefits. It will not. They are being led to believe that the project will be virtually cost-free. It will not be. And they are being reassured that expansion will not alienate Russia. But it will; indeed it already has[59].

When the American public decides that an international commitment has been extended under false pretenses, or that such a commitment is more expensive than its government has promised, or that whatever the government has promised the cost of the commitment is too high, it tends to withdraw its support, which causes the commitment in question to collapse. In the 1970s Americans turned, gradually, against the war in Vietnam, and the United States left Vietnam. In the 1980s they turned sharply against the deployment of American marines in Beirut, and the United States left Beirut. In the 1990s the American public turned just as sharply against the mission in Somalia, and the United States left Somalia. To be sure, Vietnam, Beirut, and Somalia are not Europe, where the American commitment is of much longer standing and is far more important. But that is the point. The consequences of withdrawing from Vietnam, Beirut, and Somalia were manageable. A withdrawal from Europe would be a far more consequential matter. NATO expansion risks setting in motion a sequence of events that will culminate in the rejection by the United States of a central role in European security and runs this risk for no benefit whatsoever.

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[57] Robert Graham, "Turkey seeks support in drive for EU admission", *Financial Times,* January 30, 1997, p. 2.

[58] On public attitudes toward NATO expansion see "Public Indifferent About NATO Expansion", Washington, D.C.: The Pew Research Center for the People and the Press, January 24, 1997, and Steven Kull, "Americans on Expanding NATO: A Study of US Public Attitudes, Washington, D.C.: Program on International Policy Attitudes", February 13, 1997.

[59] National polls show that most Americans know and care little about the issue of NATO expansion. When pressed, a majority of respondents favors including the countries of Central Europe; but virtually the same proportion of the public favors including Russia as well. "The biggest doubt about NATO expansion was that it might exclude Russia". Kull, p. 24.

V.

Conclusion

If expanding NATO to Central Europe is foolish and dangerous, what is the alternative? What should the Alliance and the United States do instead? The best alternative is to do nothing. NATO as it now exists, particularly with the addition of the Partnership for Peace, is a useful part of the post-Cold War common security order and is politically sustainable in the United States.

If NATO decided not to proceed with expansion the effects would be negligible. The Central Europeans would no doubt be disappointed, but they would be no less secure because they are not currently threatened. They would be no less democratic or internally stable because democracy and stability do not depend on NATO membership. The Clinton administration might well be embarrassed, having so publicly committed itself to expansion. But avoiding personal embarrassment to a small group of public officials hardly justifies pursuing a course that threatens real harm to the national interests of the United States.

It might be politically more palatable, and would certainly be strategically useful, to make abandoning the plan for expanding NATO part of a package of measures: further reductions in nuclear and non-nuclear armaments, the demilitarization of Kaliningrad, and assurances concerning the continued independence of Belarus. These are desirable in their own right and, unlike NATO expansion, would actually contribute to making Europe a more secure place.

One alternative to expanding NATO to Central Europe deserves special comment: the inclusion of all European countries to the east in the Alliance, including Russia. This course is less desirable than doing nothing. It would transform the Alliance. With Russia as a member, NATO would no longer be NATO. Still, no less an authority than the current American Secretary of State has declared that NATO has already been transformed. The Russians "need to understand", she has said, "that this is not the old NATO"[60]. While including Russia in the Atlantic Alliance would bring enormous changes and pose substantial problems it would however, offer at least four advantages. First, it would better serve American interests than what the Clinton administration is proposing to do. Second, it would be consistent with one of the principles on which the post-Cold War settlement is based: inclusion. Third, including Russia in NATO has the potential to increase Western and American leverage over the one issue that matters most for their security: Russian nuclear weapons. Fourth and finally, if NATO does expand to Central Europe, the Alliance would then face a series of unhappy options: retreat to its original form; stop after the initial expansion; expand up to Russia's borders; or expand to include Russia. In that case, the fourth of these choices might come to seem, with all its attendant drawbacks, the least worst of them.[61]

If NATO does expand to Central Europe, what will be the consequences? In the best case, the damage to Western and American interests would be minimal. Russia would grumble, but do nothing more serious. The NATO-Russian charter would not become an additional source of friction. Rather, it would be ignored and then forgotten because none of the contentious issues it was intended to regulate would arise. The Russians, and the other Europeans, would turn their attention to other matters. Somehow a way would be found to cope with the problem of the "grey zone" between NATO and Russia that expansion would have created. The arms control accords negotiated between 1987 and 1993 would remain in place and would ultimately be extended, with weapons of all kinds further reduced. That is to say, in the best case, the expansion of NATO would have no effect at all. Or, to put it differently, the best

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[60] Albright, Senate Armed Services Committee, April 23, 1997, p. 80.

[61] Madeleine Albright has spelled out the criteria for choosing new NATO members as follows: " . . . if we were creating a new alliance today . . . we would not leave a democratic country out in the cold because it was once, against the will of its people, part of the Warsaw Pact. The only question we would consider is this: Which democratic nations in Europe are important to our security, and which are willing and able to contribute to our security?" (Senate Armed Services Committee, April 23, 1997, p. 11) By these standards it is Russia, whose citizens were certainly not consulted about joining the Warsaw Pact and whose officials have several times expressed the wish to belong to the Atlantic Alliance (see, for example, Boris Berezovsky, "Integrate Russia, Don't Isolate It", *Los Angeles Times,* March 19, 1997) that is by far the leading candidate for NATO membership. It is a curious feature of the Clinton administration's case for expanding the Alliance that, insofar as its arguments—about democracy, stability, and security—have any validity at all, they do not apply to Poland, Hungary, and the Czech Republic, the countries the administration is planning to admit, but do apply to the one country it seems determined to keep out: Russia.

outcome of the expansion of NATO would be precisely the same as the outcome of a decision not to expand NATO.

In the worst case, by contrast, NATO expansion would touch off a spiral of acrimony and mistrust that would return Europe to conditions not unlike the armed division of the Cold War era. It would restore the conditions that made the international relations of Europe tense, if not precarious, for four decades, conditions that were abolished by the ending of the Cold War and that the Clinton administration, perhaps under the mistaken assumption that they still exist, says NATO expansion is designed to overcome.

To be sure, the line of division on the continent would be drawn further to the east than it was during the Cold War. And Russia would not for many years, if ever, be able to prosecute the conflict with the West on the same scale as the Soviet Union did. This, however, is not necessarily an unmixed blessing: with the collapse of most of its armed forces, Russia is likely to rely ever more heavily on the one part of its military establishment that remains in decent working order—its nuclear arsenal.[62]

Perhaps the likeliest result of NATO expansion falls between the best possible outcome the continuation of the unprecedented tranquillity that Europe now enjoys without it and the worst case, the return of some of the most dangerous features of the Cold War. This intermediate outcome would be marked by the restoration of a tradition of European international relations that predates the Cold War, a tradition featuring great power rivalry, shifting alliances, and continuing concern with an unregulated military balance. In this third case, the future would turn out to be a version of a more distant and now dimly remembered past. NATO expansion would fulfill one 1996 campaign promise that Bill Clinton did not make. It would be a bridge to the nineteenth century.

[62] "Security Council Secretary Ivan Rybkin said in an interview with Rossiiskaya gazeta on 11 February that Russia should reserve the right to use nuclear weapons in response to a conventional weapons attack, particularly in view of the current weakness of Russia's armed forces". Open Media Research Institute Daily Digest, February 12, 1997. See also David Hoffman, "Yeltsin Approves Doctrine of Nuclear First Use if Attacked", *The Washington Post,* May 10, 1997, p. A21.

About the Author

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APPENDIX 3

HEARING OF OCTOBER 22, 1997

OCTOBER 16, 1997

MEMORANDUM

TO: Members, Committee on Foreign Relations

THROUGH: James W. Nance and Edwin K. Hall

FROM: Steve Biegun, Beth Wilson, and Mike Haltzel

SUBJECT: Hearing on the Qualifications of Poland, Hungary, and the Czech Republic for NATO Membership

On Wednesday, October 22, 1997 at 2:00 p.m., the Committee on Foreign Relations will hold a hearing on the Qualifications of Poland, Hungary, and the Czech Republic for NATO Membership.

Senator Smith will preside.

OVERVIEW

The Foreign Relations Committee has scheduled a series of six hearings this fall to examine all elements of NATO enlargement. (One or two additional hearings will be scheduled early next year after the treaty is formally transmitted to the Senate). This is the third hearing in the series. Previous hearings have examined the strategic rationale and the pros and cons of NATO enlargement. Later in the month, the Committee will examine the costs, benefits, and burdensharing of NATO enlargement; the relationship between NATO and Russia; and public views.

This memo, prepared with the assistance of the Congressional Research Service, provides an overview of the qualifications of the three candidate countries.

Background

The three countries that have been invited to seek membership in NATO do not constitute a single or unified region. They are, rather, a collection of states that have each demonstrated an advanced level of democratic and economic development and western orientation since 1989, the year when the Berlin Wall fell, the Soviet East bloc disintegrated, and the totalitarian communist political systems in these states were overthrown.

Poland, Hungary, and the Czech Republic share the legacy of Europe's wars and the Cold War. During the volatile inter-war period in Europe, these three newly-independent and relatively small states struggled to survive between the competing great power interests of Germany and Soviet Russia. The new state of Czechoslovakia's success in becoming a democratic and advanced industrial country did not prevent it from dismemberment at the hands of Germany, with western acquiescence, in 1938. Poland, partitioned since the 18th century, was ruled by a military regime from 1926 to 1939. Before World War II, Germany and the Soviet Union agreed to carve up Poland; Germany's invasion into Poland in 1939 officially launched the Second World War. After World War I, Hungary lost most of its former territory and was ruled by a regency under Admiral Miklos Horthy. Hungary first allied itself with Nazi Germany and fell under occupation in 1944 after it tried to switch sides in the war. In 1945, Soviet, not western, forces liberated eastern Europe from German occupation. Postwar settlements involved large shifts or restoration of borders and population resettlements. Soviet-style leaderships quickly assumed power and imposed totalitarian systems in each country. Within the Soviet-led bloc, each country's practice of and experience with communism varied to a certain extent, but none exercised full independence or sovereignty from Moscow. The three countries' militaries were integrated into the Soviet-led Warsaw Treaty Organization.

Since the end of the Cold War, the former communist countries of east central Europe have sought to join the process of west European economic and political integration and to share the security guarantees of the western military alliance. The former Warsaw Pact countries first gained institutional access to NATO in late 1991 through the North Atlantic Cooperation Council (NACC), a forum that included all former Warsaw Pact members. At the January 1994 NATO summit, the alliance

launched Partnership for Peace (PFP), a U.S. initiative designed to develop concrete aspects of political and military cooperation. Hungary, Poland, and the Czech Republic were early signatories to the PFP framework agreement. All have actively participated in PFP military exercises. All have also contributed troops and other forms of assistance to NATO peacekeeping operations in Bosnia. At the January 1994 summit, NATO also endorsed the principle of enlargement. NATO approved a study on the implications, or the "how and why," of enlargement, on September 20, 1995. Going into the July 8–9, 1997 summit meeting in Madrid, the United States expressed support for the candidacies of Poland, Hungary, and the Czech Republic, while several other NATO members preferred the inclusion of Romania and Slovenia as well.

At the NATO summit in Madrid on July 8–9, 1997, Poland, Hungary, and the Czech Republic were invited to open accession negotiations with NATO. NATO members pledged to keep an "open door" to other prospective countries. Individual negotiations on accession with each country began in September and are expected to be completed in October. The focus of the talks is on the Treaty obligations associated with joining the alliance. NATO ministers intend to sign a Protocol to the North Atlantic Treaty on enlargement at its ministerial meeting in December 1997. The Protocol must be approved by all alliance members. NATO wishes to formally admit the new members in April 1999, the date of the 50th anniversary of NATO's founding.

Of the three prospective members, only Poland brings a large military establishment. However, the Hungarian and Czech armed forces are equal or greater in size than those of several current NATO members (e.g., Denmark, the Netherlands, Norway, Portugal). In accordance with NATO consultations, they have put interoperability of air traffic control and air defense as the first modernization priority. This would enable NATO to extend its formidable air power capabilities over their countries, and would facilitate rapid reenforcement in the event of a crisis. Each country has made significant progress in adopting the NATO unit structure. In addition, ground force units deployed in accordance with the former Warsaw Pact's offensive doctrine are being re-located to reflect NATO's defensive posture.

Each country has demonstrated the ability to meld battalion-sized or smaller units into NATO operations through participation in operations in Bosnia, training exercises under Partnership for Peace, or, in the case of the Czech Republic, participation in the U.S. coalition during the Persian Gulf War. This remains, however, only the first step toward the level of integration that would be required for any full-scale combat operations.

None of the countries is expected to begin "big ticket" modernization programs before 2000. They are expected to look toward Western manufacturers, and to seek extensive co-production agreements to lower costs and increase public support for larger defense expenditures. Russia, however, may be competitive in some areas, particularly when upgrading existing equipment is a more attractive option than new purchases. Nevertheless, NATO membership is expected to heavily favor strong defense procurement ties to current members.

Poland

- **Democracy/Governance**

Poland's democratic political institutions have operated smoothly since 1989. Poland has held numerous free and fair elections for different levels of government. The judiciary is independent. In 1997, Poland adopted a new constitution after it was approved in a popular referendum. It replaces the "little constitution" adopted in 1992. Poland has ratified numerous international conventions on human rights and is a member of the Council of Europe.

Poland's last parliamentary elections were held on September 21, 1997. The opposition Solidarity Electoral Action (AWS), a bloc of over thirty largely conservative groups, came in first place with about 34% of the vote. The Democratic Left Alliance (SLD), a coalition partner in the outgoing reformed communist government, came in second with about 27%. A likely coalition partner for AWS is the pro-reform Freedom Union (UW - also a post-Solidarity party), which won about 13% of the vote. The share of the vote (about 7%) for the former coalition partner Peasants' Party was much reduced from its showing in the 1993 elections. Political parties had to reach a five percent threshold in order to enter parliament. Other parties that passed this threshold include the rightist Movement for the Reconstruction of Poland, and the leftist Union of Labor. Election analyses have suggested that the Polish electorate was motivated by various social, ideological, and "value" issues over strictly economic or political policies. The new parliament, comprised of the 460-seat lower house, the Sejm, and the 100-seat upper house, the Senate, is to convene on October 20. Aleksander Kwasniewski of the Democratic Left Alliance remains Presi-

dent of Poland. Kwasniewski defeated incumbent President Lech Walesa in the second round of direct presidential elections in October-November 1995. The President must nominate the Prime Minister. Observers anticipate that Kwasniewski's cohabitation with a Solidarity Electoral Action-led government might be contentious, given the AWS' ideologically rigid anti-communist stance.

- **Economy**

Poland was the first centrally planned economy to launch drastic economic reforms in 1990. Early reforms focussed on price and trade liberalization, small-scale privatization, currency convertibility, and structural reforms. As a result, Poland was the first country to emerge from economic decline and has experienced GDP growth since 1993, with growth rates exceeding 5% from 1994 through 1996. The basic tenets of economic reform have been sustained through numerous changes of government. Private sector activity, especially new enterprises, grew rapidly and currently accounts for about two-thirds of GDP and two-thirds of employment. Privatization of large-scale industries has remained slow. About one-quarter of Poland's labor force works in agriculture. However, the agricultural sector's share of GDP has declined steadily since 1989. Growth in industry, especially manufacturing, has fueled the country's economic recovery.

- **Military Capabilities**

U.S. officials have judged Poland to have the most capable armed forces in Eastern Europe. Relatively large (Army— 152,000; Air Force—56,000; Navy—14,000), well-trained and disciplined, the major challenge facing them is improving interoperability with NATO and quality of their military equipment. Unit structure reorganization and redeployment from Warsaw Pact dispositions are progressing smoothly. Polish officers and non-commissioned officers are participating in NATO and U.S. military and English language training programs. Polish participation in the U.N. Multinational Force in Haiti, NATO's Bosnia operations, and in over 50 Partnership for Peace exercises has demonstrated the ability to carry out at least battalion-sized operations in conjunction with NATO forces. It should be noted, however, that these have been peacekeeping operations involving no combat, and do not reflect the demands of a large- unit high-intensity conflict.

Equipment modernization is the largest challenge facing the Polish military. As a result of NATO requirements, the early focus has been on upgrading air traffic control and air defense communications. Additional large-scale procurement programs are not expected to begin prior to 2000, though negotiations are underway with Western firms concerning fighter aircraft purchases. Priority areas for modernization are:

- Ground attack aircraft
- Fighter aircraft
- Attack helicopters
- Main battle tank (T–72 upgrade)
- Armored fighting vehicles

Poland's defense budget in 1996 was $3.1 billion, approximately 2.4% of GDP, which is comparable to most other NATO countries. Military spending declined steadily through 1995, and increased slightly in 1996. The Polish government has endorsed a principle of increasing defense spending by 3% per year above GDP growth. The Ministry of Defense estimates that defense spending after 2000 may reach 2.7% to 3.0% of GDP.

Hungary

- **Democracy/Governance**

Hungary is a stable parliamentary democracy. Hungary adopted a new constitution in December 1990, and is currently working on a revision of the constitution. Hungary has held two free and fair elections to the national parliament. It has stable governmental institutions and an independent judiciary. Hungary is a member of the Council of Europe and has ratified numerous international conventions on human rights.

Hungary's last parliamentary elections were held in April 1994, and the next elections are scheduled to be held in Spring 1998, presumably in April. Prime Minister Gyula Horn leads a center-left coalition government comprised of the Hungarian Socialist Party and the Alliance of Free Democrats. The coalition commands a two-thirds majority in the 386-seat, unicameral legislature. Horn's Socialist Party is not expected to undergo major changes before the next elections, although the party has not yet selected its next Prime Minister-designate. Despite periodic crises in the coalition, Free Democrat leaders predict that the party will remain part of the govern-

ment until the next elections. Other parties vying for better positions in the next elections include the centrist Federation of Young Democrats-Hungarian Civic Party and the populist Independent Smallholders' Party.

A foreign policy priority for Hungary has been relations with neighboring countries that have large ethnic Hungarian minorities. Both NATO and the European Union (EU) emphasized that regional disputes must be resolved prior to entry into either institution. In 1996, Hungary ratified basic treaties with Slovakia and Romania that included provisions on ethnic minority rights and the inviolability of frontiers.

Of the three countries, Hungary is the only one that will hold a binding referendum on NATO membership. On October 7, 1997, the Hungarian parliament approved a set of government-endorsed questions on NATO membership and on land ownership. The joint referendum is scheduled to be held on November 16, 1997.

- **Economy**

Hungary's approach to economic transformation from a command economy built upon its longstanding experience with gradual reforms under communism. After 1989, Hungary adopted price and trade liberalization and institutional and legal changes. Hungarian industries attracted the highest levels of foreign investment in the region. Hungary has a heavy foreign debt burden but has been consistently able to meet its debt service obligations. In early 1995, the Horn government embarked on an extensive economic stabilization program designed to redress Hungary's budget and current account deficits. The austerity program, while hugely unpopular, did much to reverse the imbalances and restore international confidence in the Hungarian economy. Hungary's economy experienced modest growth in 1994 and 1995, but declined to 1% growth in 1996, largely as a result of the austerity program. Overall, the private sector produces approximately 75% of GDP in Hungary.

- **Military Capabilities**

Never large, the Hungarian armed forces now total about 60,000 personnel (Army—45,000; Air Force—15,000). Unit restructuring in accordance with NATO brigade/corps organization is well underway. The officers and NCOs of a designated "NATO Brigade" are undergoing military and English-language training sponsored by current NATO members. Hungary currently has a battalion (550+ personnel) participating in NATO's Bosnia operation and hosts a major NATO logistics facility in southern Hungary in support of those operations. To facilitate the U.S. presence, Hungary has brought into force a bilateral supplement to the NATO PFP Status of Forces Agreement, granting additional privileges and immunities to U.S. forces and contractors. Hungarian armed forces have participated in over 50 Partnership for Peace exercises with NATO.

Very austere defense budgets have led Hungary to continue procuring some military equipment from Russia as part of a debt-forgiveness program (e.g. MiG–29 fighters, S–300 air defense missiles). Other recent modernization efforts have focused on meeting NATO air traffic control and air defense communications standards. After a six-year decline, defense spending increased in 1997 by 22% to 96.8 billion forint ($484 million), although this amount is expected to represent less than 1.5% of GDP. The Ministry of Defense will request a dramatic increase in the 1998 defense (160 billion forints/$800 million); however, Parliamentary Defense Committee Chairman Imre Mecs estimates that a 15%–20% increase to 104–115 billion florints ($520–$575 million) for defense spending may be more realistic. Hungary has restructured and downsized its military force to be NATO compatible and more readily attain NATO standards. Top priorities include the U.S.-sponsored Regional Airspace Initiative, the development of the NATO brigade, and building peacekeeping capability. The budget for the Ministry of Defense increased in real terms in 1997, and plans are to do so again in 1998. If, as pledged, defense spending increases over the next decade, priority modernization efforts will include:

- Fighter aircraft
- Main battle tanks
- Armored fighting vehicles

It is not yet clear to what extent Hungary will begin to turn to Western defense firms to fulfill its modernization requirements or will continue to use Russia and Belarus as cheaper sources for needed equipment. It could be expected that NATO membership will significantly increase the pressure to rely upon military equipment produced in NATO countries.

Czech Republic

- **Democracy/Governance**

The Czech Republic is a parliamentary democracy. The state's democratic institutions and charter of fundamental rights are established in the December 1992 constitution. Members of parliament have gained their mandates through free and fair elections. The central governmental institutions function smoothly, and the judiciary is independent. The Czech Republic is a member of the Council of Europe and has ratified numerous international conventions on the protection of human rights. Czech President Vaclav Havel, himself a former political prisoner of the communist regime, is a world-renowned advocate of human rights and social justice. The Czech Republic's Roma (Gypsy) minority population has been targeted with forms of discrimination and violence; a recent surge in the number of Czech Roma seeking to leave the country has heightened international scrutiny of the Roma situation in the Czech Republic. Some observers contend that the Czech citizenship law discriminates against the Roma minority.

Since 1992, the Czech Republic has been governed by a center-right coalition headed by Vaclav Klaus of the Civic Democratic Party. The last parliamentary elections were held on May 30–June 1, 1996, for the Chamber of Deputies and on November 15–16/22–23, for the Senate. The ruling three-party coalition lost its parliamentary majority by two seats. The opposition Social Democratic Party gained substantially from the last election and won the second largest number of parliamentary seats. The next elections for the Chamber of Deputies are scheduled to be held in mid-2000; however, some observers doubt that the current government will complete its term if it cannot broaden its political support. On June 10, 1997, the Klaus government barely passed a vote of confidence in parliament by a vote of 101–99. In September, Klaus asserted that the political situation had since stabilized.

- **Economy**

The Czech Republic's transformation from a centrally planned economy has progressed steadily since 1991. Early elements of the reform program included price liberalization, tight monetary and fiscal policies, and large-scale voucher privatization. Industry remains the largest productive sector, with services, including tourism, growing rapidly. Since mid-1996, the political stalemate between the governing coalition and opposition has contributed to adverse macroeconomic conditions after years of steadfast and successful reforms. In April and May 1997, the Klaus government imposed harsh austerity measures designed to redress economic imbalances and spur economic growth. The reforms included large budget cuts, a currency devaluation, stronger regulatory mechanisms, and swifter large privatization. In 1996, the Czech economy grew by about 4%. GDP growth for 1997 was estimated to drop to 2.7%; however, devastation of much of the country because of severe flooding in mid-year may take its toll on economic growth for 1997.

- **Military Capabilities**

U.S. defense officials recently warned the Czech government that its defense spending levels were unacceptably low, and that its efforts to achieve NATO-interoperability and force modernization were lagging behind those of the other prospective members. The Czech Republic has the smallest military of three, with about 56,000 personnel (Army—38,000; Air Force—14,000; logistics corps - 4,000). As with Poland and Hungary, unit restructuring and redeployment is ongoing; select officers and NCOs are being trained in NATO schools, and modernization programs have focused on air traffic control and air defense communications. The Czechs have a battalion (600+ personnel) serving in Bosnia, and have contributed troops to the ongoing U.N. peacekeeping mission in Croatia. A Czech chemical warfare defense unit joined the U.S.-led coalition in the Persian Gulf War, and Czech troops have participated in 27 Partnership for Peace exercises.

In 1996, the Czech parliament voted to increase defense spending by 0.1% of GDP each year for the next four years. The 1996 defense budget corresponded to about 1.8% of GDP, using Czech methodology; this amount does not include costs of the Czech contribution to SFOR or the budget for civil defense. The Czech government draft budget for 1998 includes an increase in the military budget despite deep cuts in other spending. Defense officials expect that the indirect costs of membership, i.e. costs for modernization, will be high for the Czech Republic, but that costs for this purpose were necessary before the invitation to join NATO and had already been planned. It is expected that about 20% of the defense budgets will be devoted to modernization.

Assuming that the parliament approves the government's proposed defense spending increases over the next several years, priority needs for the Czech armed forces will include:

- L–159 light attack aircraft (domestic production)
- Fighter aircraft
- Attack helicopters
- Air-to-air and air defense missiles
- Upgrade T–72 tanks to NATO standard
- Command and control communications

Czech officials emphasize the participation of Czech defense industries in the procurement effort as a means to maximize spending for procurement.

EXCERPTS FROM: "NATIONS IN TRANSIT

1997

CIVIL SOCIETY, DEMOCRACY AND MARKETS

IN EAST CENTRAL EUROPE

AND THE NEWLY INDEPENDENT STATES"

EDITED BY ADRIAN KARATNYCKY, ALEXANDER MOTYL AND BORIS SHOR

PUBLISHED BY FREEDOM HOUSE, INC., THROUGH THE SUPPPORT OF THE U.S. AGENCY FOR INTERNATIONAL REDEVELOPMENT

CZECH REPUBLIC

Freedom in the World Ratings, 1988–1997

	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97
Political Rights	7	6	2	2	2	1	1	1	1
Civil Liberties	6	6	2	2	2	2	2	2	2
Status	NF	NF	F	F	F	F	F	F	F

Polity: Consolidated Democracy

Economy: Consolidated Market

Population: 10,357,000

PPP: $7,690

Ethnic Groups: Czechs (94 percent), Slovak (3 percent), Roma (2 percent)

Capital: Prague

POLITICAL PROCESS 1.25/7

1. When did national legislative elections occur? The first post-1989 national legislative elections in Czechoslovakia in June 1990 were won by dissident Vaclav Havel's Civic Forum movement, which led peaceful demonstrations that brought down the hard-line Communist government. In the June 1992 national elections, two opposing parties each gained clear majorities in the different republics. Vaclav Klaus' center-right and pro-radical reform Civic Democratic Party (ODS), emerged victorious in the Czech lands. In the Slovak Republic, the Movement for a Democratic Slovakia (HZDS) headed by Vladimir Meciar was the clear winner. Irreconcilable differences between the parties and their leadership led to the breakup of the Czechoslovak federation. With the countries divorce on January 1, 1993, Klaus and Meciar became the prime ministers of their respective republics.

The June 1996 parliamentary elections for the Chamber of Deputies heralded the end of the transitional phase in the Czech political scene, with two strong parties on the left and right in the Western European mold, emerging from transition. As expected, the ODS won nearly 30 percent of the vote (68 seats) a nearly identical result to 1992. The big winner on the opposition side was the center-left Czech Social Democrats (CSSD), led by Milos Zeman, who with 26 percent (61 seats), quadrupled their returns from 1992. Unlike the typical social democratic party in the region which is a "reformed" communist party, the CSSD comes out of a long pre-Communist tradition of center-left politics.

The other parties winning seats in the Chamber were: the unreconstructed Communist Party of Bohemia and Moravia (KSCM) with 10.3 percent (22 seats), the Christian Democratic Union (KDU) with 8 percent (18), the extremist nationalist Republican Party with 8 percent (18), and the free-market Civic Democratic Alliance (ODA) with 6.3 percent (13). Foreign observers deemed the 1990, 1992, and 1996 elections free and fair.

The CSSD victory does not, however, reflect a fundamental shift to the left among the populace; rather, the party has successfully gathered most of the votes scattered

among various leftist parties. However, the disappointing results for the governing coalition in a climate of continuing economic growth give evidence to the damage wrought by various scandals.Unlike elsewhere in Eastern Europe, the Communists and Republicans remain marginal political forces unlike elsewhere in Eastern Europe.

The parties of the governing coalition only managed ninety-nine of 200 seats, down from the 105 seats before the election. As a result of failing to win an outright majority, the ODS-led coalition was not assured of forming a government. The CSSD extracted concessions from the ODS led coalition in return for its acquiescence in the formation of a minority government, which occurred in July 1996, with Klaus as prime minister. The CSSD received leadership positions in five parliamentary committees and the speakership of Parliament for Zeman in return. The CSSD was unable to force the dismissal of Klaus, Ruml, and Jindrich Vodicka (labor).

In December 1996, two CSSD deputies (Budget Committee chairman Jozef Wagner and Tomas Teplik) who voted for the government's 1997 budget were expelled from the party and now give the governing coalition a one-seat majority in the Chamber. This move, and the undemocratic means by which it was carried out, has damaged the reputation of the party. It also underscores the major divisions that are present in the CSSD between its moderate wing led by Karel Machovec and its strident leftist faction.

The 1992 constitution established a Senate along with the dominant Chamber. However, lack of clarity in the constitutional text and political wrangling over electoral procedure postponed Senate elections for four years. Two rounds of Senate elections were held in November 1996. Some 570 candidates registered to compete for Senate seats in eighty-one electoral districts, but 100 of these registrations were rejected by the Central Electoral Commission because of technical mistakes (some of which were subsequently overturned by the constitutional court). Only three parties, ODS, KSCM, and CSSD, nominated a candidate in every district. ODS won the election, but not overwhelmingly so, with 32 seats and a 39.6 percent share of the vote. The Social Democrats followed with 25 seats and 30.9 percent of the vote. The Christian Democrats won 13 seats, the ODA 7 and the Communists 2. The second round vote was viewed as a referendum on the ODS. Seventy-six ODS candidates made it to the second round, but only 40 percent won. This was after all the other parties, even ODS coalition allies, united to back whoever was opposing the ODS candidate in that district. Over the objections of the ODS and with the support of the Social Democrats, the KDU successfully nominated its candidate, Petr Pithart (the Czechoslovak premier from 1990-1992), as Senate chairman.

2. When did presidential elections occur? Vaclav Havel was elected President of the Czechoslovak federation in December of 1989 by the Federal Assembly. He was then elected President of the Czech Republic by the Czech Chamber of Deputies in January 1993. The constitution stipulates that presidents serve five-year terms. Since the dissolution of Civic Forum, Havel has had no political party affiliation.

3. Is the electoral system multiparty-based? Are there at least two viable political parties functioning at all levels of government? The electoral system is multiparty-based. Article 5 of the constitution notes that "the political system is based on free and voluntary formation of and free competition between political parties."

Parties began forming in late 1989 and early 1990 for the June 1990 legislative elections in Czechoslovakia. At least two political parties function at different levels of government. Candidates often run independently in local elections, where personal popularity can be more important than party membership. About 40 percent of the vote in the November 1994 local elections went to independents. One newly elected senator is an independent, and another is a member of the extra-parliamentary Democratic Union Party.

4. How many parties have been legalized? More than fifty parties have emerged since the revolution of 1989. Fewer than twenty-five parties registered for the local elections in November 1994, and fewer than ten of these are of national importance. Twenty parties registered for the June 1996 parliamentary elections, but only six managed to clear the 5 percent threshold necessary for representation.

In the run-up to the July 1996 elections, small parties complained discrimination by the Central Electoral Commission, composed of representatives from individual parties who make decisions by a majority vote. The Commission ruled that the Free Democrats—Liberal National Social Party (FD-LNSP) was a coalition and not a single party, which raised its required share for Chamber representation from 5 to 7 percent. The party complained that the Social Democrats and the other leftist parties were attempting to disqualify them through legalistic means. The Constitutional Court stepped in and ruled in favor of the FD-LNSP. Nevertheless, the FD-LNSP was unable to break even the 5 percent barrier.

In March 1996, Internal Affairs Minister Jan Ruml announced that he would attempt to outlaw the new Party of Czechoslovak Communists (PCC), led by Miroslav Stepan (the only communist imprisoned after 1989). Arguing that Stepan sought a "renewal of socialism," Ruml wanted to use the authority of the Crimes of Communism Act; however, Vaclav Klaus eventually vetoed the move.

5. What proportion of the population belongs to political parties? The number of party members registered is between 8-12 percent of the adult population, but is not a very accurate measure of support given the relatively high level of voter turnout.

6. What has been the trend of voter turnout at the municipal, provincial and national levels in recent years? Voter turnout in the Czech Republic has fallen since transition. In the first post-transition election in 1990, more than 90 percent of citizens voted. In the 1992 federal (Czechoslovak) elections, 85 percent of the population voted, although turnout was higher in the Czech republic than in the Slovak republic. Turnout in the November 1990 Czechoslovak local elections was 73 percent in the Czech lands and 63 percent in Slovakia, for an approximate national average of 70 percent. Excluding Prague, turnout in the November 1994 local elections averaged 54 percent in large cities and about 64 percent in towns and villages.

Voter turnout in 1996 was split. The Chamber election turnout was relatively high at 76 percent. On the other hand, the voter turnout for the 1996 Senate election was extraordinarily low: 35 percent in the first round, and 30 percent in the second. The fact that the Senate is an unpopular institution (even more so than the Chamber), combined with the election-weariness of having two nationwide polls close together, help account for this result.

CIVIL SOCIETY 1.50/7

1. How many nongovernmental organizations have come into existence since 1988? How many charitable/nonprofit organizations? As of mid-1995 there were about 2,500 foundations and over 25,000 civic associations (compared to about 2,000 in 1988) existing in the Czech Republic, including approximately 50 Romany associations. Some international charitable organizations such as the Salvation Army, have extensive operations in the Czech Republic.

The growth of the so-called Third Sector has been obstructed by delays in the passage of legislation on nonprofit organizations, as well as, economic constraints. These entities did not have a special legal status until the adoption of this legislation. In addition, a tax law passed in 1994 rescinded past favorable treatment of nonprofit organizations, over the objections of President Havel. In a compromise, the legislature empowered the Finance Ministry to enact appropriate regulations for nonprofits. Draft Laws on nonprofit organizations were long delayed until late 1995 when three bills came up for passage.

Foreign sources of funding have supplied about half the revenue consumed by Czech nonprofits. Nongovernmental organizations have come to rely more and more on corporate and individual contributions as governmental, U.S., and European Union (PHARE) assistance is slowly being phased out.

2. What forms of interest group participation in politics are legal? Such activities are not yet legally regulated, and some such activity exists. However, interest groups have relatively little power in the political process at this time. Public petitions and demonstrations are legal and unrestricted.

3. Are there free trade unions? The Communist Revolutionary Trade Union (ROH) was abolished in March 1990. Most unionized workers belong to the Czech-Moravian Chamber of Trade Unions (CMKOS), which was established in April 1990 and is currently constituted of thirty-five individual unions. There are some unions outside CMKOS, but these remain marginal.

About two-thirds of all workers are members of a union. Despite this apparent strength, the CMKOS generally remains politically independent. This is the result of many factors, foremost among them being the severe mistrust unions earned in the Communist period as puppets of the Communist party.

4. What Is the numerical/proportional membership of farmers' groups, small business associations, etc.? There are at least three farmers groups. They are not very large, as farmers make up only 5 percent of the workforce. Two small business associations merged in 1994 to consolidate their interests. Their membership and influence continue to grow.

INDEPENDENT MEDIA 1.25/7

1. Are there legal protections for press freedom? The Charter of Basic Rights and Freedoms protects the right to a free press. While there is currently legislation protecting both printed media and broadcasting, they are out of date. The

updates to much-debated laws were still not adopted by the end of 1996. Czech journalists have criticized the draft laws for not requiring that state bodies give information to the press and for failing to protect journalists right to keep the confidentiality of their sources.

2. Are there legal penalties for libeling officials? Are there legal penalties for "irresponsible" journalism? In April 1994, the Constitutional Court struck down a law that allowed for the prosecution of those accused of defaming government officials. However, a provision against defamation of the president and the Republic was retained, as well as a provision allowing prosecution for the slander of government officials or departments. There are no legal penalties for irresponsible journalism.

Those guilty of defaming the Republic and the President can be punished with prison terms of up to two years. However, the handful of people actually convicted under this law have only been given suspended sentences by the courts. What is more, Havel routinely pardons those who are given even this punishment. In March 1996, for example, Havel pardoned Pavel Karhanek, who had received a nine-month suspended sentence for calling Havel a former alcoholic, swindler, and Communist collaborator.

3. What proportion of media is privatized? The Czech Republic has scores of private newspapers and magazines. Of the Czech Republic's four television stations, two are private, TV Nova (71 percent market share) and TV Prima (which emerged from the struggling Premiera TV). There are sixty private radio stations, in addition to Czech Public Radio. Some major cities can connect to cable stations. Local stations are allowed but are not common (probably due to financial concerns). One private news agency, CTA, began operations in October 1994, and will compete with the state CTK agency.

4. Are the private media financially viable? From 1992 to 1995, press media costs increased 300 percent. This combined with the overcrowded nature of the market has caused major turbulence, with the rapid disappearance of old publications and the rapid appearance of new, merged, or reformed publications with a firmer financial situation, mostly the result of foreign investment. By March 1996, over half of the Czech press had foreign owners. The largest holders are the Swiss, French, and especially Germans. Media without foreign investment, government support, or party support often have only limited solvency. Advertising rates and revenue have increased rapidly and is expected to reach Kc 10.6 billion in 1996 ($393 million).

5. Are the media editorially independent? Apparently, the largest threat to independent journalism stems from financial concerns. In January 1994, the editor of *Lidove Noviny,* one of the largest and most influential dailies, resigned, stating that the Swiss company holding 51 percent of the paper was compromising the publication's independence. There is an independent journalists association.

The case of Vladimir Stehlik, owner of the giant and bankrupt Poldi Steel Company, illustrates some of the problems with editorial independence in the Czech Republic. Both the government and TV Nova have been very critical of Stehlik and his business practices, which are under investigation. He managed to purchase*Prace,* a trade-union daily, which now regularly attacks both the government and TV Nova. Of course, this is nothing new; *Denni Telegraf* is considered to be an ODS mouthpiece.

6. Is the distribution system for newspapers privately or governmentally controlled? There are three main printing companies in the Czech Republic. Typografia, a large printing company in Prague, is responsible for the printing of many national dailies. It is slated for privatization.

7. What has been the trend in press freedom? Freedom House's annual*Survey of Press Freedom* rated Czechoslovakia Partly Free for 1989, and Free from 1990 through 1992. The Survey rated the Czech Republic Free from 1993 through 1996. The *Economist* calculates that the Czech Republic has the fourth most free press in the world, ahead of Germany (seventh) and Britain (ninth). However, current press law does not mandate the right of media to access state information, and the protection of confidentiality of sources is not entirely clear.

RULE OF LAW 1.50/7

1. Is there a post-Communist constitution? In December 1992, the Czech constitution was adopted by the Czech National Council. It took effect in January 1993, with the dissolution of the federal state.

2. Does the constitutional framework provide for human rights? Do the human rights include business and property rights? The Czechoslovak Federal Assembly adopted the Charter of Fundamental Rights and Freedoms in January 1991, which protects human rights. Although this charter is not in the Constitu-

tion *per se,* according to Article 3 of the new Czech Constitution, this charter is "an integral component of the constitutional system." Furthermore, Article 10 commits the Czech Republic to abide by ratified international treaties on human rights. Everyone has the right to own property according to Article 11 of the Charter.

3. Has there been basic reform of the criminal code/criminal law? While the criminal code has undergone many revisions and amendments since 1989 (including a fairly significant law in 1993), an entirely reformed penal code has still not been adopted. Former Justice Minister Jiri Novak announced that the much-delayed code would come up for a vote by October 1996.

The civilian Internal Security Service (BIS) is independent of Ministry control, but reports to parliament and the Prime Minister's office. Police and BIS authorities generally observe constitutional—and legal protection of individual rights in carrying out their responsibilities. However, there were occasional reports of abuses by some members of the police, disproportionately directed at Roma and foreigners.

The time it took for a case to go to trial has increased from 89 days in 1989 to 216 days in 1996. 39 percent of prisoners are awaiting trial. This is due to the lack of experienced judges, investigators and a still evolving legal environment.

4. Do most judges rule fairly and Impartially? How many remain from the Communist era? Judges reportedly rule fairly and impartially. A great number of judges were dismissed between 1989 and 1992 for connections with the former Communist regime. Many resigned voluntarily and now have private legal practices. The 1991 law on the judiciary designated judges appointed after January 1990 to be life appointments. Those appointed before 1990 were to be dismissed as of August 1992, unless they were reappointed within twelve months. Once reappointed, they can hold their positions for life. There are now fifteen judges on the Constitutional Court with ten-year terms, appointed by the president (court established in July 1993).

5. Are the courts free of political control and influence? Are the courts linked directly to the Ministry of Justice or any other executive body? Article 82 of the constitution notes that "(1) Judges shall be independent in the performance of their office. Nobody may jeopardize their impartiality. (2) A judge may not be recalled or transferred to another court against his will; exceptions, ensuing in particular from disciplinary liability, shall be specified by law." Justices of the Constitutional Court are protected from interference by Article 86. Life tenure, and pay increases for judges have led to improved judiciary independence.

However,judges retain administrative connections with the Ministry of justice, through which judges are appointed and promoted. A 1995 Czech Helsinki Committee report notes frequent interference in ongoing investigations and court trials by politicians making pronouncements through the media.

The earnings gap between judges and private sector attorneys is much bigger than in the West. Partly as a result of Czech legal education policy, which separates training for lawyers and judges, and partly because of the mistrust they earned under the Communists, magistrates do not yet enjoy Western nonpecuniary benefits of prestige and respect. Judges also do not always have adequate support resources in the form of law clerks, court reporters, bailiffs, and legal materials.

6. What proportion of lawyers is in private practice? It is estimated that over half of all lawyers are employed by private groups (Czech and foreign groups, legal firms and other corporations). Salaries for lawyers in the private sector are substantially larger than for those in the public sector. Lawyers must belong to the Czech Bar Association in order to practice law.

7. Does the state provide public defenders? The Charter of Fundamental Rights and Freedoms guarantees access to legal assistance to indigent accused, and the state does indeed provide public defenders in criminal and some civil cases. However, the International Helsinki Committee notes that many who would otherwise be eligible for such aid do not receive it because the process involved is complicated.

8. Has there been a comprehensive reform of antibias/discrimination laws, including protection of ethnic minority rights? The Czech Republic has few problems regarding minorities, partly because the total percentage of minorities living in the country is between 2 and 6 percent. However, skinhead attacks, particularly against Romanies (Gypsies) are not unusual. There were forty-two reported racially motivated attacks in first two months of 1996.

There have been reports of neglect and even abuse by police who are often slow to respond to calls for help by Roma who find themselves the targets of hate crimes. Observers have noted that local courts sometimes mete out minor penalties for hate crimes, and deal more harshly with Roma than with Czechs. There are signs of pressure for change from the center. In January 1996, a special department was established to deal with extremist groups, and directives were issued to prosecutors to seek higher penalties in hate crime cases. In May 1996, the Olomouc high court

overruled a lower court in concluding that the 1995 murder of Tibor Berki, a Romany, was racially motivated, which led to a harsher sentence for the convicts.

Citizenship for minorities remains an unresolved issue in the Czech Republic. Between 10,000 and 24,000 people, mainly the minority Roma, are *de facto* stateless. This is due to the cumbersome and overly bureaucratic naturalization procedures in Czech law. There are reports of Roma being denied citizenship when all necessary requirements have been met. However, fears of mass deportations have not been borne out.

The restitution of Jewish and church property has been a slow process, partly due to administrative complications, but also due to hesitation and even opposition from the political left.

GOVERNANCE AND PUBLIC ADMINISTRATIOON 2.00/7

1. Is the legislature the effective rule-making institution? Yes, the Czech parliament is an effective rule-making institution. In 1995, the Chamber of Deputies adopted some 300 statutes. Vaclav Klaus and the ODS effectively ran the legislature to push forward their reform programs from 1992 to 1996. However, as a result of two inconclusive parliamentary elections in 1996, a tense political stalemate descended on the country which slowed legislative action on a host of pressing issues.

2. Is substantial power decentralized to subnational levels of government? In November 1990, under the Czechoslovak administration, several regional reforms took place: the ten-region system (seven Czech regions, three Slovak) used under communism was eliminated; districts were placed under the administration of each republic; and municipal governments were made self-governing bodies. Thus, the Czech republic is subdivided first into seventy-six districts that are not autonomous and second into thousands of local municipalities that are.

Article 8 of the constitution specifies that "self-government of territorial self-governing units is guaranteed," while Article 10 1 states that the "State may intervene in the activities of self-governing territorial divisions only if such intervention is required by protection of the law and only in a manner defined by law." Chapter 7 of the Constitution deals specifically with local rule. It establishes the division of the Czech Republic first into communities "which shall be the basic self-governing territorial divisions" and which shall be "administered by a community assembly." These include city councils which govern towns, villages, and small cities, as well as district councils which govern sections of larger cities.

The constitution goes on to add, however, that "the superior self-governing territorial divisions shall be lands or regions" which shall be "administered by an assembly of representatives." Thus although the constitution establishes the order of authority, it does not specify in more detail the composition and features of this middle tier of government.

The continued process of regional reform has been a subject of intense debate in both successor republics to the Czechoslovak state. In the Czech Republic, the establishment of self-administrative regions has been complicated by fears of increased nationalist sentiment in the historical lands of Moravia and Silesia, as well as conflicts among parties. On the other hand, there is widespread feeling failure to establish such regions could stall entry into the EU.

A constitutional amendment written by the ODA on the establishment of a medium tier of elected government between the central government and the community councils was debated in March and April 1996. It was to establish nine regional bodies. The Constitution actually calls for such bodies, but does not specify their composition or when they should be created. The bill was opposed principally by the ODS, who questioned whether creating these regional bodies was wise in a country as small as the Czech Republic. A January 1996 poll showed lukewarm support for such bodies: only 25 percent of Czechs considered the lack of them a pressing problem, but 43 percent thought they would improve state administration (29 percent thought the opposite).

The coalition agreement signed after the June 1996 elections committed the government to establish these regions before the end of its term in the year 2000. Jan Kalvoda, chairman of the ODA and then-justice minister, proposed the establishment of thirteen regions with fairly considerable authority, including management of roads, schools, cultural institutions, health facilities, and forests.

3. Are subnational officials chosen in free and fair elections? Article 102 of the constitution mandates that "Assembly members shall be elected by secret ballot on the basis of universal, equal and direct suffrage." According to the 1990 reforms, municipal or communal governments consist of assemblies chosen in local elections. These bodies then elect mayors and their deputies. District officials are appointed by the state, as districts are branches of the state. The first post communist local elections in 5,766 municipalities were held under these new rules in

November 1990. Civic Forum won those elections with 35.6 percent of the vote. This victory, coming in the midst of a national debate about economic reform, gave a mandate to the government to continue on the radical reform path.

The ODS won the largest percentage of the vote in the November 1994 local elections, gaining 28 percent of the vote in the district councils and nearly 11 percent in the city councils. It was also victorious in Prague, with 41.2 percent of the vote. However, Josef Lux's Christian Democratic Union received the greatest actual number of seats because its strength was in the more rural city councils where fewer voters were apportioned per seat. Despite expectations that they would do well, the Communists fared quite poorly. Independent candidates were a significant factor in the election, winning a bit under half of the city council seats and 13 percent of the district council seats.

The 1990 and 1994 local elections were generally deemed free and fair. The next local elections are scheduled for November 1998.

4. Do legislative bodies actually function? In theory, the presence of the Senate should help stabilize politics in the Czech Republic. Article 33 of the constitution stipulates that if the Chamber is dissolved, the Senate would take over until new elections. Due to the absence of a Senate, there was no practical constitutional way to dissolve the Chamber before November 1996. However, the low turnout in the Senate elections and its low popularity as an institution could undermine its legitimacy.

Local assemblies have the power to pass ordinances, call local referenda, and approve budgets. They have executive and legislative powers. Districts function as branches of the state and appear to work smoothly.

5. Do the executive and legislative bodies operate openly and with transparency? Article 36 of the constitution guarantees that "meetings of both chambers [of Parliament] shall be public. The public may be excluded only under conditions defined by law." Legislative sessions are generally open to the public in practice and new laws are published. The transparency of local actions depends largely upon the quality of local media, which varies among regions.

6. Do municipal governments have sufficient revenues to carry out their duties? Do municipal governments have control of their own local budgets? Do they raise revenues autonomously or from the central state budget? Article 101 of the constitution stipulates that the self-governing regions have their own budgets and may have their own property. Former ODA Chairman Kalvoda's proposed regions would have control of their own budgets. They would draw revenue from local taxes, property income, administrative fees, and state subsidies. Municipal governments have the power to approve budgets. It is estimated that municipalities received 43.5 percent of revenues from the state budget in 1995, versus 40.6 percent in 1994. Apart from Prague, selling and renting real estate is an important source of revenue.

Municipalities are generally financially strapped and mayors of small communities often do not receive financial compensation. Municipal governments in poor, industrialized areas such as northern Bohemia have reported difficulty in raising funds to attend to their communities needs.

7. Do the elected local leaders and local civil servants know how to manage municipal governments effectively? There is substantial inefficiency at the local level due to the presence of incompetents appointed by the communists because of political connections, inexperience, as well as uncertainty about the procedural changes accompanying multiple reforms. These problems should diminish with time. The number of municipalities increased by 50 percent without regulatory consent between 1989 and 1990 as some municipalities splintered. This situation has led to increased inefficiency. Petty corruption (such as small bribes to expedite matters), according to observers, is fairly common. For example, there have been allegations that civil servants request bribes in order to speed installation of telephone lines.

8. When did the constitutional/legislative changes on local power come into effect? Has there been a reform of the civil service code/system? Are local civil servants employees of the local or central government? A reformed civil service law has yet to be adopted in the Czech Republic. This has led to confusion about civil servants status and responsibilities. Debate on drafts of such laws has been extensive.

Local reforms were enacted in November of 1990. Further reforms were tabled until after the division of the Czechoslovak state, and concrete legislation has not yet been passed. Reforms of the civil code have not yet been passed. Local civil servants are paid out of municipal budgets. District officials are state appointees.

PRIVATIZATION 2.00/7

1. What percentage of the GDP comes from private ownership? In 1990, Czechoslovakia had the largest state sector of all the East-Central European countries entering transition, with a negligible portion of national output coming from the private sector. As of the end of 1996, about 80 percent of GDP was produced in the private sector.

2. What major privatization legislation has been passed? Restitution of Communist-confiscated property began in November 1990 and lasted until September 1991. Some Kcs 75-125 billion worth of property was moved into private hands through restitution, including some 100,000 physical properties (houses, farms, shops, and the like).

Small privatization of enterprises like shops, service establishments, and restaurants followed restitution and was slightly more controversial. Despite strong pressure for insider (manager and worker) preferences in the form of closed rounds of auctions restricted solely to employees of the firms being privatized, the parliament voted down any such preferences in the summer of 1990. Once assets were selected to be privatized, the auctions were open to all Czech citizens, with no special preferences. The auctions began in January 1991 and were concluded at the end of 1993, although the majority of small enterprises were sold by April 1992. Over 22,000 small enterprises were sold, with shops constituting 58 percent of sales, service establishments 18 percent, restaurants 8 percent, and motor vehicles 7 percent. The total value transferred through the small privatization program amounted to a little over Kcs 30 billion (over US $ 1 billion).

The foundation for large-scale privatization was laid in April 1990 when laws establishing the legal foundation for converting state-owned enterprises (SOES) into joint-stock companies. In the first half of 1990, the 100 large trusts which dominated the state sector were split into 330 independent enterprises, while the vast majority of communist-appointed top directors were dismissed in favor of their deputies. With the need for speed and competition in mind, the large scale privatization law was passed in April 199s1. The initial large-scale privatization program was divided into two waves, the first beginning in February 1992 and the second in April 1994. Privatization of each enterprise was centered around the "privatization project." These were proposals for the future of each firm, including restructuring and some combination of five different privatization instruments: transformation into a joint-stock company (so-called voucher privatization), direct sale to predetermined buyers, public auction, or free transfer to municipalities or trust funds. Management was required to submit a basic privatization project, but anyone was allowed to submit competing projects. These projects were submitted to a "black box" decision making process at the Ministry of Privatization. There was, however, no institutional bias in favor of insiders.

Mirroring the experience with restitution and small privatization, the deadlines in large privatization were extraordinarily tight, and were only prolonged by several months at most. For example, the compilation of assets to be privatized in both waves was due by July 1991. Management's basic projects for the first wave were due by November 1991 to their founding ministry, and one month later to the Privatization Ministry. Competing projects were due by January 1992. In the second wave, most projects were due by July 1992. Thus, only six months and one year elapsed between the selection of projects due to be privatized in the first and second rounds, respectively.

The requirement of speed served several major goals. The firsts mainly economic; to increase enterprise efficiency and resume economy-wide growth as soon as possible. The second was ideological; the reform team's economic philosophy of a radical break with the past required this speed. Third, there was a continuing desire on the part of reformers to show initial successes to citizens and to maintain a certain pace of privatization in order to continue the momentum of reform in general. Fourth, rapidity coupled with the transparent and widely publicized privatization process limited the scope for "spontaneous privatization" actions by management to illegally strip assets for personal gain. Finally, the reform team's continuing push for speed minimized political opposition by creating what has been called a "feeding frenzy" and a "gold rush," which forced insiders to concentrate on submitting winning privatization projects rather than massing political opposition to the process.

The Ministry of Privatization's project selection criteria gave priority to mass privatization components in competing proposals, and this institutional bias made the core of the large privatization program the so-called voucher program. Three-fourths of medium and large enterprises in the beginning of the reform program had mass privatization components. The Czech mass privatization program was created by Dusan Triska, who had seen the idea suggested in a 1989 paper by Polish economists, and had heard about a similar experiment in British Columbia, where the

province had given away shares of a power utility to the public in the 1970s. It had never been actually tried on a large scale. Most Western academics and observers predicted the failure of the large-scale voucher scheme.

Beginning in 1991, all Czechoslovak citizens 18 and over were eligible to purchase a voucher booklet from one of 648 distribution centers. The purchase price was nominal at Kcs 1,000 (about $35, or one week's worth of average wages). Trading was disallowed until the secondary market began following share allocation. Participation in the program was only moderate by January 1992, when only 2 million booklets had been sold. Then, a firm called Harvard Capital and Consulting entered the scene. The firm promised an astounding 1,000 percent return to people entrusting it to manage and invest their vouchers in the mass privatization rounds. This was followed by the entry of similar organizations. These investment privatization funds (IPFS) piqued public interest in vouchers and the voucher privatization participation rate jumped enormously, to 8.5 million. Approximately 72 percent of voucher purchasers invested their points in IPFS.

Eventually, 264 IPFs formed in the Czech lands for the first wave and another 353 formed in the second-wave. The largest IPFs were run by commercial and savings banks as well as insurance companies. The emergence of these funds actually caught the government by surprise, and while they may not have saved the mass privatization program, they certainly were one of the most important factors in its success.

The privatization process has generally been free of major scandals. In October 1994, however, Jaroslav Lizner, the Director of the Coupon Privatization Center, was arrested and charged with corruption in the privatization of the Klatovy Dairy. Lizner apparently accepted a Kc 8 million ($300,000) bribe from a police sting operation. The affair created some dark clouds over the second voucher privatization wave, and a December 1994 poll revealed 40 percent of respondents felt that the scandal had undermined the voucher privatization program. The continuing popularity of the voucher privatization program suggests that this particular scandal, though touching one of the very highest offices in the privatization effort, was viewed more as an isolated incident than a systemic problem.

The final results of large privatization show the institutional bias in favor of voucher privatization. By the end of December 1993, 87 percent of the book value of enterprises were converted into joint stock companies for voucher privatization, 7 percent were sold by direct sale, less than 1 percent were made available by public auction, 2 percent were given over to public tender, and 3 percent were transferred for free to other governmental units. Competition was high, with an average of 17 proposals were received for each state firm.

Privatization has slowed considerably since the heady early years of transition. Shares worth Kc 229 billion ($8.3 billion) are still in state hands. Part of this is due to the fact that all the easy sell-offs have already been made. Currently, seventy-seven percent of these unsold shares are in fifty-six "strategic" enterprises and will be exceedingly difficult to privatize for political reasons. The privatization of the remaining enterprises, owned directly by the state or indirectly through the National Property Fund (NPF, the state body holding unprivatized equity), will be made on a case-by-case basis. The other reason for a slowdown has been the influence of the CSSD, whose cooperation is necessary for the weakened governing coalition to make major economic policy decisions. It is opposed to further privatization in the health care and energy sectors, as well as to restituting Church property.

The other major portion of privatization is the gradual sell-off of residual state shares in enterprises privatized in the two waves of voucher privatization. By the end of 1995, these had been valued at Kc 52 billion ($2 billion). The government sold these shares at the pace of Kc 2 billion per month through 1996, and intends to finish entirely by the end of 1997.

3. What proportion of agriculture, housing and land, industry, and business and services is in private hands?

Agriculture: Most agricultural land was privatized under restitution, a process that began in 1991. Other farms were put up for auction. As of mid-1995 it was estimated that about 90 percent of agriculture had been privatized, including all former cooperatives and most state farms.

Housing and Land: As part of property reform, the government passed a law soon after the 1989 revolution giving housing and land to the municipality in which it was located. Those living in these units could then apply to buy them from the municipal government at a discounted price. This process may vary by municipality. In 1994, legislation was passed allowing for the purchase of apartment houses by cooperative groups at a discounted price if members reside in the building. As of late 1994, it is estimated that approximately 40 to 60 percent of all housing units were privatized.

Industry: It is estimated that the private share of industry topped 80 percent by early 1996. The remaining industries will be much more difficult to privatize. These industries are the so-called strategic sector: communications, energy, mining and metallurgy, and transportation. However, there have been some recent major developments. A Dutch-Swiss consortium purchased a 27 percent stake in the SPT telecommunications monopoly in June 1995; 26 percent of the enterprise was sold for vouchers while the rest is held by the NPF.

Another important factor is the retention of ownership by the government through two major mechanisms. The first is the National Property Fund, which holds minority shares in firms sold through mass privatization. However, studies have shown that the NPF board members have been extremely passive. Thus, state ownership of enterprise shares has not necessarily led to a politicization of business decisions. The second mechanism of government ownership is the complex webs of cross-ownership in the financial sector. The largest banks are still state-owned, and they hold large equity stakes in investment funds, which in turn own newly-privatized companies. While there has not been significant evidence of government interference through these links in privatized firms, there is still some legitimate cause for caution. The ongoing privatization of state-owned banks is an important step to finding a long-term solution to this problem.

Business and Services: Nearly all small businesses and services have been privatized. Out of a workforce of five million, the Czech Republic now has nearly 900,000 entrepreneurs, mostly involved with newly founded businesses rather than former state companies. By 1995, the privatization of family doctor, dental, and outpatient clinic practices was completed.

4. Has there been reform of the state sector? (What major legislation has been passed? Do authorities and state managers act within the law? Is the state sector performing more efficiently? Does it require fewer subsidies than before?) Prior to 1989, Czechoslovakia had been spending an astonishing 25 percent of GDP on industrial subsidies, and it was the massive cutback of this spending that provided the bulk of the reduction in government expenditures from 1990 to 1992. Subsidies fell to only 4.6 percent of GDP—average for market economies. Curtailing the growth in the money supply and inexpensive credits to SOEs drastically reduced a large indirect subsidy. Together, these reductions in subsidies represented a real hardening of budget constraints of SOES.

Particularly large subsidies remain in the agricultural sector, transportation, housing, and household energy use. Efforts to balance the budget as well as to cut taxes will increase pressure to cut subsidies further. In the 1997 budget, industrial subsidies were cut with the exception of transportation subsidies. The latter will total Kc 5.8 million ($215 million). Other subsidies include agriculture, forestry, and water management (Kc 8 billion, or $296 million), and the mining industry (Kc 5.1 billion, or $189 million).

One route the government takes to push reform through hide bound state-owned monopolies is to ignore unorthodox and possibly gray-market alternatives to their service. For example, the telecommunications monopolist SPT Telecom charges extravagant prices for its slow and inefficient services. Czech regulators have effectively ignored unlicensed call-back services which base operations in low-price markets, usually the United States. Another alternative, especially for data transmission, is satellite technology which bypasses SPT entirely. SPT has begun responding to these competitors by offering improved services to corporate clients and introducing radical service improvements like itemized billing.

ECONOMY 1.75/7

1. Has the taxation system been reformed? (What areas have and have not been overhauled? To what degree are taxpayers complying? Has the level of revenues increased? Is the revenue-collection body overburdened?) The old tax system was only slightly reformed from 1990-1992. This tax system relied mainly on implicit taxation in the form of turnover taxes and confiscation of SOE profits. The Czech Republic introduced a major tax reform in January 1993, featuring new corporate and individual income taxes, and a value-added tax (VAT). There have been three major goals of tax reform since the transition. The first of these was to subject the mushrooming private sector to normal taxation, especially as the government was essentially giving away its tax base through privatization and restructuring of SOES. The second goal was to broaden the tax base; services were included for the first time. The final goal was to reduce the overall burden of taxation. This was done by lowering tax rates (which had been as high as 85 percent with further levies on profits) and increasing depreciation allowances. The new taxes also achieved this goal by being much less distortionary, which reduced taxation's excess burden on the economy.

The following taxes are currently levied in the Czech Republic: corporate income tax (39 percent), investment/pension fund tax (25 percent), value-added tax (22 percent and 5 percent for food, pharmaceuticals, books, and paper products), personal income tax (15-40 percent), social insurance tax (35 percent total), dividend tax (25 percent), interest tax (15-25 percent), royalties and fees (25 percent), and local tax on property transfers (4 percent up to Kc 20 million, 20 percent marginal rate above). There is no capital gains tax.

The VAT was reduced 1 percent in January 1995. Another tax reduction took effect in January 1996, with all income taxes, corporate and personal, dropping several percentage points. Given the current governing coalition's commitments and track record, along with the Social Democrats' willingness to reduce the national tax burden, future tax reductions are likely.

Enforcement of taxes is relatively lax, especially in small-scale enterprises. Underreporting profits and keeping two sets of accounting books (one for real, and the other for the tax collector) are fairly widespread practices. Some shops reportedly asked customers if they want to buy a product "with Klaus or without Klaus," that is to say, with or without sales tax. Czech police and tax authorities complain that irregularities in the tax and commercial codes prevent proper investigation and prosecution of tax violations. In one police estimate, only 10 percent of tax violators are caught. This problem is compounded by the frequent changes in the tax code in the early transition years, as well as the prevalence of easily hidden cash transactions.

The most spectacular decline in tax revenue in East-Central Europe over the 1989-1993 period was recorded by the Czech Republic. While this record improved in the following years, a fall off in tax revenue in the second half of 1996 has increased the government's keenness to increase tax compliance, especially in the area of the VAT.

2. Does macroeconomic policy encourage private savings, investment and earnings? (Has there been any reform/alteration of revenue and budget policies? How have any such changes served to advance economic objectives?) Czech radical reformers pushed for their reform plan to be adopted before the June 1990 election, an outline of which was agreed to in May 1990. Following the elections, the new OF government accepted the May program and announced its commitment to radical reform. After vehement debate, the parliament adopted the more detailed "Scenario on Economic Reform" in September 1990, and in November 1990 it passed the comprehensive Transformation act.

The bulk of macroeconomic reform began in September 1990. This included stabilization of the economy through a restrictive fiscal and monetary regime, and the reduction in the size and interventionism of government. Czechoslovakia had inherited not only a swollen state enterprise sector, but also an expansive and intrusive government, even by the standards of Communist Central Europe. Government revenue and expenditure amounted to 6 2.1 percent and 64.5 percent of GDP in 1989, respectively, compared with 41.4 percent and 48.8 percent for Poland. The governing coalition has reiterated its commitment to lowering government expenditures as a proportion of GDP by 1 percent yearly.

The Czech Republic has come closest to the balanced budget ideal of all transition economies, actually running a surplus in 1993, 1994, and 1995. Local governments budgets are also balanced. Fiscal discipline is in large part responsible for the moderate inflation record of the Czech Republic, which is the best in post-Communist Europe. Inflation dropped to 10 percent in 1994, 9.1 percent in 1995 and 8.8 percent in 1996. All of this allowed the Czech Republic to repay its $430 million loan to the International Monetary Fund (IMF) in 1994 a full year ahead of schedule.

The economy has grown respectably since emerging from the post-transition recession in late 1992, with a growth of 4.8 percent in 1995 and 4.1 percent in 1996. The country also boasts one of the lowest unemployment rates in the region: 3.3 percent in 1996. This low rate is not simply a reflection of an unreformed labor market. Studies have shown that while Czechs face similar chances of becoming unemployed compared to Poles and Hungarians, although Czechs face better chances of becoming re-employed more quickly.

From 1990 to 1992, the government used direct controls to constrict growth in the money supply, including interest rate ceilings (initially set at 24 percent) and credit limits on large commercial banks. Since 1992, the government began to use familiar indirect monetary policy instruments: open market operations (selling and buying state bonds), reserve ratio requirements for banks, and modified central bank discount rates. Monetary policies also drastically lowered state bank credit to SOES. This credit declined 50 percent in real terms in 1991 and 13.2 percent and 29.3 percent in 1992-3. The massive declines of this bank credit reflect the credibility of gov-

ernment monetary policy and the perception by state banks that it had shifted permanently.

The currency has remained remarkably stable in relation to the U.S. dollar since transition, thanks to a determined Central Bank and plenty of foreign exchange reserves. This is in line with government policy to maintain a stable exchange rate as one of the pillars of its economic reform policy. The Czechoslovak koruna was devalued three times against convertible currencies in 1990. In January 1991 it was pegged to a basket of five Western currencies dominated by the German Deutchemark and the U.S. dollar. It was also unified and made internally convertible in the beginning of 1991. By the second quarter of 1991, the parallel market exchange rate premium had virtually disappeared. Since May 1993, the koruna has been tied to a two-currency basket, consisting 35 percent of the dollar and 65 percent of the Deutchemark. Still, the currency was not fully convertible on the current account and for capital transactions.

The koruna was initially very undervalued. This protected firms from foreign competition in both the export market (since Czech exports became even cheaper) and the domestic market (since prices on imports rise). However, the Czech government has been the most successful in maintaining a fixed exchange rate as a nominal anchor in the economy: there have been no additional devaluations since 1990. In October 1995, the Czech koruna became fully convertible for current account transactions and partially convertible for capital account transactions. Firms are not restricted in borrowing funds from abroad. In February 1996, the central bank widened the band it uses to fix the exchange rate from 0.5 percent to 7.5 percent.

A balanced budget, moderate monetary expansion, a stable currency, falling inflation, and rising currency reserves all paint a picture of consolidating macroeconomic stability. This has been confirmed by private and government credit rating agencies. Standard and Poor's, for example, raised the Czech Republic's credit rating from BBB to BBB+ in July 1994, in the same category as Chile and Israel and far ahead of the other Central European states. In November 1995, Standard and Poor's gave the Czech Republic an "A-stable" investment grade rating, symbolizing capital markets regard for Czech economic reforms. It was inducted into the Organization for Economic Cooperation and Development (OECD) in December 1995, the first post-Communist nation to become a member. The credit rating of the country and of its firms has improved since December 1995. The Czech Republic along with Slovenia is rated the highest in the Eastern European region for credit worthiness by the Economist Intelligence Unit World Risk Ratings Review.

Unexpectedly low tax revenues in the second half of 1996 caused a balanced-budget obsessed government to make more than Kc 9 billion ($341 million) of budget cuts in this period. By year's end, the budget deficit reached Kc 1. 2 billion ($44 million)—2.3 percent of GDP.

The adoption of the 1997 budget in December 1996 represented a victory for the governing coalition, and it was accomplished because of the defection of two CSSD deputies, both of whom were later expelled from the party. The budget is balanced, and includes provisions to lower taxes by raising the taxable income threshold and expanding individual tax brackets.

Subsidies for housing will cost, 13.7 billion Kc ($507 million) in the 1997 budget, and heating subsidies will cost Kc 4.5 billion ($167 million), decreased from the previous year's Kc 6.9 billion ($256 million). The new power of the CSSD-led opposition in parliament might lead to an increase in social expenditures, since its cooperation in other areas of economic policy is needed. Nevertheless, real reform is needed in health insurance and pension programs, where an awkward mix of state and market manages to be both insecure and inefficient.

3. Are property rights guaranteed? (Are there both formal and de facto protections of private real estate and Intellectual property? Is there a land registry with the authority and capability to ensure accurate recording of who owns what? What are the procedures for expropriation, including measures for compensation and challenge?) Restitution of property nationalized by the Communists was completed by 1992. Nevertheless, because of the slow pace of courts, not all title has been transferred to new owners. This means that it is not always known who actually owns a particular property.

The Czech Republic adopted a patent code in 1990, a trademark law in 1988 and 1990. Amendments to the trademark law passed in June 1995 harmonize Czech intellectual property rights (IPR) Law on Trademarks and Copyrights with EU and TRIPS standards. These amendments make it easier to enforce, register and sell trademarks, even foreign-registered trademarks. The latter was implemented after a small scandal in which the brother of a high-ranking government official registered names like Jaguar, Toyota, Chevrolet, and Audi as his own. The Czech Republic is a signatory of the following conventions on IPR: Bern, Paris, and the Uni-

versal Copyright Convention. In April 1996, the Parliament adopted laws which strengthen protection of software.

While Czech legal protections for intellectual property are adequate, enforcement is rather problematic, as in all other post-communist countries. For example, one major difficulty in implementation is long delays in enforcing IPR laws against violators. The backlog of cases in the courts is about two years—enough time for substantial damage to have been incurred. As of the end of 1995, for example, only 366 people have been convicted of IPR crimes. U.S. firms have estimated that more than $210 million are lost yearly to copyright violations. This gap between law and practice has been recognized by the World Intellectual Property Organization (WIPO) which has recently suggested placing the Czech Republic on the list of countries impeding trade.

4. Is it possible to own and operate a business? (Has there been legislation regarding the formation, dissolution and transfer of businesses, and is the law respected? Do there exist overly cumbersome bureaucratic hurdles that effectively hinder the ability to own and dispose of a business? Are citizens given access to Information on commercial law? Is the law applied fairly?) Approximately 85 percent of government-controlled producer and consumer prices were liberalized in the beginning of 1991. After the first year of liberalization, 18 percent of GDP was valued in regulated prices, and by the end of 1992, this figure fell to 5-6 percent (down from 85 percent in 1990). The following commodity groups prices are still regulated: energy, housing rents, water, transportation (especially passenger), telecommunications, health care, and some agricultural products.

However, the government has made public its commitment to liberalizing these prices in the next several years. Even where prices are controlled, adjustments have been made consistently in the upward direction. The government has effectively suspended national wage bargaining between labor, employers, and the government under the Tripartite Council. In July 1995, wage regulation by the government was eliminated.

The Czech Civil and Commercial Codes (adopted in 1992) are based heavily on the German and Austrian codes. The Commercial Code, adopted in January 1992, replaced eighty scattered regulations and codes in establishing the framework for inter business transactions. The Commercial Code was amended in early 1996 to increase protection of both majority and minority shareholders. Many of the provisions of the codes, however, remain vague.

The courts are frequently not effective in settling disputes. This is due to the burden of a tremendous amount of new cases, an inadequate number of judges, as well as the inexperience of these judges in dealing with complex commercial issues. This leads to large time lags in rendering judgment. A large body of established precedent has also yet to take hold. The Czech Republic is a member of the New York Convention on arbitration, and as such, it is legally bound to recognize and enforce arbitration decisions.

No expropriation has taken place since the end of Communist rule. Application of eminent domain is done under standards of international law: with due process and in a nondiscriminatory fashion.

The first Czech bankruptcy law was adopted in 1991, and was followed by another in 1993. The revised bankruptcy law of March 1996 streamlines and simplifies the bankruptcy process, eliminating old bureaucratic obstacles. It now permits forced debt restructuring and prevents "looting" transactions. However, as earlier, the major Czech banks who are the largest creditors remain hesitant to force their debtors, inefficient and large ex-state owned enterprises, into bankruptcy. The political repercussions to these state-owned banks from idling thousands of workers still, for now, outweigh the financial costs incurred by not initiating bankruptcy proceedings. Moreover, bankruptcy remains an uncertain proposition for both debtor and creditor, given the three to four year backlog in bankruptcy courts and the lack of an established secondary market for seized assets. As with dispute resolution, courts do not have enough experience and resources. However, bankruptcy statistics show that, even before the recent amendments, firms and courts are gaining experience with the procedure and are disposing of cases more efficiently.

5. Is business competition encouraged? (Are monopolistic practices limited in law and In practice? If so, how? To what degree is "insider" dealing a hindrance to open competition?) The Czech competition office, as elsewhere in East-Central Europe, is dominated by staff from the price control ministries of the old regime. These people and by extension, the ministry, often see their role as enforcing economic policy rather than establishing fair rules of the game. For example, competition authorities have been involved in investigating the justification for insurance price hikes. They also meddled in industrial policy-making, allowing a firm to acquire 60 percent of the Czech coffee market in return for employment and

investment guarantees. In addition, the problem of industry "capture" of regulatory agencies seems particularly acute across post-communist Europe and the Czech Republic is no exception. A snug relationship between managers and regulators has often led to competition policy regulators actually deterring new competition.

Nevertheless, the Czech Republic has been judged to have created one of the best institutional structures for competition policy in the whole of East-Central Europe. It also has created a solid foundation for improvement. An agreement was reached in January 1996 to coordinate and harmonize the Czech and the European Commission competition policies.

One important area of enforcing fair competition rules is government procurement policy. The Czech procurement procedures are generally fair and open for large contracts at the central level. However, this is often not the case at local levels where political connections often count for much in awarding contracts. Another problem is that state-owned entities not receiving large budget transfers (such as utility monopolies) are not required to adhere to government procurement procedures. Finally, domestic firms receive a 10 percent price advantage over their foreign competitors. The impact of this is negligible, however, given the fact that most foreign investors establish Czech legal entities. Amendments to the procurement law, pushed forward by the Competition Ministry, went into effect in July 1996. These include clarification and simplification of public tender procedures on both the local and federal levels. In addition, they institutionalize transparency-building devices, such as publishing winners and winning amounts, and they force government bodies to reveal selection criteria for tenders.

6. Are foreign investment and international trade encouraged? (To what degree has there been simplification/overhaul of customs and tariff procedures, and are these applied fairly? To what degree is foreign investment encouraged or constrained? Is the country overly trade-dependent on one or two other countries?)

Investment: Generally, there is no legal discrimination against foreign firms. Foreigners can establish any form of business organization permitted to citizens. As part of its OECD accession agreement, it promised not to give preferences to domestic firms in privatization sales. Profits earned on Czech investments can be repatriated, but with a 25 percent tax (standard for EU countries), which is lowered if double-taxation treaties are in effect. There are no land-ownership restrictions on foreigners.

Nevertheless, in practice, there have been a few instances where foreign firms have been treated differently: petrochemicals, telecommunications, mass media, and the brewery industries. These sectors are highly visible as well as dominated by giant firms, and are thus politically sensitive. Moreover, there are certain sectors that are explicitly reserved for domestic firms. These so-called strategic sectors include defense-related industries, pure-alcohol distilleries, national monuments, and at least for now, telecommunications and banking. Finally, government procurement procedures, though liberalized in 1996, still give a 10 percent price advantage to domestic firms.

The government has largely ignored calls, to offer special tax incentives to foreign investors, considering them less than conducive to efficiency. Tax incentives and a temporary protective tariff on automobiles was granted to Volkswagen in 1990 in return for an investment of what was to become $3 billion in the Skoda factory.

Foreign direct investment (FDI) reached a record $2.5 billion in 1995 (on the strength of several major investment deals), but fell to a disappointing $900 million in 1996. Cumulative FDI over the 1990-1996 period was $6.4 billion. Germany is the top investor with a 30 percent share, the United States, Switzerland and the Netherlands follow, all with approximately 14 percent.

Trade: Since the Czech Republic adopted the GATT/WTO tariff code, its average tariffs are in the 5-6 percent range. Nevertheless, some imported goods (such as certain foods) are charged as much as 68 percent. The government often applies lower tariffs to European exporters than it does to non-Europeans. However, import protection levels are substantially below OECD averages.

With the exception of controlled goods, no export controls exist. Exports account for a large proportion of the Czech economy: 61 percent of 1995 GDP. The government established the Czech Export Bank in May 1994 to encourage exports by providing access to state-subsidized medium and long-term financing.

Quantitative controls on imports were almost entirely abolished in 1990. Nontariff restrictions are few, very liberal, and generally transparent where they exist. Certain imported goods require a license, but these are not difficult to obtain. Product and labelling standards, while fairly strict, are rapidly being harmonized with European and international standards. Product testing regulations were streamlined and liberalized in reforms which took effect in January 1997. In the early years, product

testing was often a bureaucratic nightmare, performed at state-run testing stations. Now testing for most products is voluntary and performed at efficient private testing stations. One problem that still exists is the lack of a national products database. This leads to duplication as importers bringing in products tested elsewhere often have to resubmit for testing. Border customs stops are generally fairly simple for goods traveling to and from Western Europe, but much more onerous for Eastern Europe.

As a member of the General Agreement on Tariffs and Trade (GATT), the Czech Republic acceded to the World Trade Organization (WTO) in January 1995. The Czech Republic is a founding member of the Central European Free Trade Agreement (CEFTA), which also includes Poland, Hungary, Slovakia, and Slovenia. All nonagricultural and food trade within CEFTA is scheduled to become duty-free in 1998. It is also a member of the European Free Trade Associate (EFTA), and has an association agreement with the European Union. The Czech Republic formally submitted its membership application to the EU in January 1996.

Since the downfall of the Communist CMEA trading bloc, Czech trade has been radically reoriented. In 1989, 44.7 percent of the Czech Republic's exports and 44.4 percent of its imports were to and from former fellow CMEA members. in the first quarter of 1996, 65-70 percent of Czech trade was with advanced Western industrial countries, and only 29 percent with post communist nations in Eastern Europe. In 1995, exports totalled $17.1 billion, and imports were $20.9 billion. Germany is the Czech Republic's single largest trading partner, accounting for 31.8 percent of exports and 25.8 percent of imports in 1995.

7. Has there been reform of the banking sector? (is the central bank independent? What are its responsibilities? Is it effective in setting and/or implementing monetary policy? What is the actual state of the private banking sector? Does it conform to international standards? Are depositors protected?) In 1990 the state monobank was split between two state-owned banks, Komercni Bank (for commercial activities) and Investicny Banka (for long-term investment). The State Bank of Czechoslovakia (now known as the Czech National Bank, or CNB) was established as the independent central bank in charge of monetary policy. The CNB began operations in January 1993. It is independent by law—Article 98 of the Constitution notes that "the main purpose of [the CNB'S] operations shall be to care for the stability of the currency; intercessions in its operations may be effected only on the basis of law." it is also autonomous in practice. It is responsible for money market policy, the money supply, regulating the banking sector, and setting interest rates.

Headed by Josef Tosovsky, one of the architects of the Czech economic reforms, the CNB is moving closer to the model of the German Bundesbank. The CNB's supervisory authority was augmented by two amendments to the banking code adopted in 1994. These amendments also established deposit insurance, which guarantee deposits up to Kc 100,000 (about $3,600).

In 1996, the Czech banking system underwent a severe crisis. The Kreditni and Investicni Banka, the nation's six largest, collapsed in August. Its fall entailed the loss of 12 billion crowns ($440 million). In September, the CNB announced that Agrobanka, the largest private bank and the fifth largest overall, was suffering from extreme liquidity problems connected with the Kreditni collapse, and that it had named an administrator to temporarily take over the bank. In all, twelve of sixty banks have failed in the last two years. Six of these are in bankruptcy and the rest under forced administration.

These collapses have shown the problems of Czech banking, including management and lending inexperience, cases of outright fraud, and inadequate supervision from above by the CNB. However, the public nature of the 1996 bank crisis has spurred the CNB into proposing needed reforms to the banking code, including the use of external auditors and the adoption of international accounting standards.

In September 1996, Czech police charged five people with fraud in connection with the Kreditni collapse, two of whom are connected with Motoinvest, a financial group which has become a large shareholder in several important Czech companies. Motoinvest also holds 13 percent in Agrobanka. The government soon established a special investigative team to examine issues of bank fraud to follow up on the collapse of the several large Czech banks. A special parliamentary commission was also constituted by an agreement between Prime Minister Klaus and CSSD leader Zeman. A state company was established in October 1996 to buy bad loans from small banks, which have been disproportionately troubled, in order to help stabilize them. Another casualty of the bank crises has been the scheduled privatization of the state shares in banks.

The banking sector is not an entire failure: the four largest banks, Komercni Banka, Ceska Sporitelna, Ceskoslovenska obchodnibanka, and Investicni a postovni

banka, have a market value of 110 billion crowns ($4.1 billion), and constitute 70 percent of the banking sector. Thus far, the collapses have only affected 4 percent of all banking assets, a large but not devastating amount. On the other hand, the four largest banks are still essentially state-owned and have not undergone the reconstruction necessary to transform them into efficient, profit-making banks in the Western mode.

One problem in the banking sector is the complex web of interlocking ownership and credit arrangement, between the banks, the investment funds, the government, and the National Property Fund. For example, the Investicnia postovni banka (IPB) directly or indirectly owns many Czech companies. At the same time, these companies are owners of the IPB bank. This sort of confused ownership undermines shareholder control of banks and leaves management free from the discipline of profit-maximizing owners. However, the CNB proposed reforms in early 1997 to begin addressing this problem. These include restrictions on ownership of nonbank firms as well as, a ban on shareholder ownership of more than a 10 percent stake in a bank.

8. Is there a functioning capital market Infrastructure? (Are there existing or planned commodities, bond and stock markets? What are the mechanisms for investment and lending?) The Prague Stock Exchange (PSE) is the highest-capitalized equity market in the region. There are some 1,700 companies on the exchange, the majority of which were created by the two waves of voucher privatization. In fact, the presence of the exchange is critical for the ultimate success of the Czech privatization program. This is because, as its creators foresaw, the dispersed ownership structures created by free voucher distribution to the entire population would not be efficient and operational along Western lines until a secondary market helped consolidate ownership and distribute it to efficient proprietors.

Unfortunately, since its creation, the PSE has experienced numerous problems and has acquired the reputation of being an insiders market. The biggest of these problems is the lack of transparency. Many of the traded companies fail to give information about themselves to potential investors, nor do they inform current shareholders about arguably important events like earnings and mergers. They are not forced to do so because a U.S.-style securities and exchange commission does not exist as yet (however, with the support of Tomas Jezek, the director of the PSE, a regulatory commission is expected in the medium-term). Liquidity is low as most of the companies on the exchange are not regularly traded on the PSE itself. Most transactions happen privately. Average daily trading volume in 1995 was only $30.9 million, an increase from 1994's average of $14.3 million.

Amendments to securities law took effect in July 1996. They increased protections for minority shareholders by requiring new majority owners to offer a buy out to all shareholders at a weighted six-month PSE share price. In addition, boards will be prevented from taking a company private without a 75 percent majority decision by all shareholders. They also increase transaction transparency by requiring the disclosure of major share acquisitions, mandating that listed firms publish their annual statements three months after the close of the fiscal year, and by establishing stock lending (previously unregulated) as a "legally binding contractual relationship."

The amendments also require licensing of investment funds, requiring the use of international accounting standards, mandating the segregation of investment fund assets from the assets they manage for their clients, and making them file quarterly reports on their portfolios. The enforcement of the last of these will be key, as investment funds in the past have ignored already—existing reporting rules.

However, the administrative capacity of the Ministry of Finance may not be up to the task of Western-style regulation of the securities industry. Jan Ververka, the head of capital markets supervision in the Ministry, complained in November 1996 that his department is only able to actively regulate 20 percent of the 800 investment funds and brokerages. Several Western investors have noted that regulators already sometimes ignore clear violations of existing rules.

Two commodity exchanges exist in the Czech Republic. The first is the Brno Farm Produce Exchange, which was founded in July 1993 and deals mainly with agricultural commodities. The more general Czech-Moravian Commodity Exchange in Kladno was established in November 1995, trading a wide variety of commodities.

As a result of a tight and well-managed fiscal policy, the Czech Republic's bond market is dominated by long-term private sector debt. However, the market is fairly small and, as a result, a mature secondary market in bonds has yet to emerge. The total nominal value of publicly traded bonds was 10.7 percent of GDP in June 1996, and bonds accounted for 3 5.7 percent of PSE trading in 1995. Liquidity and transparency in the bond market, as in the equity market, leaves much to be desired. The bond derivatives market is immature.

9. Has there been reform of the energy sector? (To what degree has the energy sector been restructured? Is the energy sector more varied, and is it open to private competition? Is the country overly dependent on one or two other countries for energy [including whether exported fuels must pass through one or more countries to reach markets]?) Energy sector reforms in the Czech Republic date from 1992, when the distribution and production subsectors were separated. Shortly afterwards, Ceske Energeticke Zarody (CEZ), the state electricity monopoly, was "privatized" (the state has yet to sell the National Property Fund's 67 percent share). Later, the country's ten large heat plants were sold to investment funds and individual shareholders. Furthermore, the privatizing of state-owned enterprises was in itself liberalizing the energy sector because these Brobdingnagian enterprises operate their own power plants. In November 1994, the parliament passed legislation establishing the legal framework for energy production and trade.

Energy sector liberalization has stalled, however, since 1994. Whereas in 1994 private firms were producing 20 percent of the country's energy, by March 1996, the private sector share had only increased to 30 percent. The inadequate 1994 energy law has not been amended, the NPF stake in CEZ has not been sold, trade in electricity on the CEZ network has not been legalized, the nation's eight distribution companies have not been privatized, the creation of an independent regulatory commission has been delayed, and pricing is still not market-driven.

Because of state regulation and subsidy policy, the price of energy does not cover production costs. These controls ensure that households receive a far lower price for electricity by being subsidized through high prices charged to industry. This has led to the inefficient use of electricity in homes for such purposes as heating. Prices are currently increased twice a year in 15 percent increments. The government's economic ministers recommended in September 1996 the total liberalization of energy prices over a two-year period. Of course, given the government's track record in the energy sector, these proposals have to be read with a grain of salt.

Domestic coal supplies a little more than half of Czech energy requirements. The country imported 80 percent of its natural gas needs from Russia. Nuclear energy supplies 22 percent of Czech energy requirements. Oil used to be imported entirely from Russia until 1995, when the construction of an oil pipeline from Germany was finished. This new pipeline will carry 2 million tons of crude oil, as compared with the 5 million tons transmitted by the Russian pipeline.

Recent developments have shown the state's willingness to allow foreign involvement in the energy sector. In October 1995, the Czech electricity transmission network was connected to UCPTE, the European transmission network. A consortium of Western oil companies, including Shell, Conoco, and Agip, finalized the purchase of a 49 percent ($138 million) stake in Ceske Refinerska in February 1996. The consortium has promised $480 million in investment. Unipetrol, the state owned holding company, controls the other 51 percent.

HUNGARY

Freedom in the World Ratings, 1988–1997

	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97
Political Rights	5	4	2	2	2	1	1	1	1
Civil Liberties	4	3	2	2	2	2	2	2	2
Status	PF	PF	F	F	F	F	F	F	F

Polity: Consolidated Democracy

Economy: Consolidated Market

Population: 10,230,000

PPP: $6,451

Ethnic Groups: Hungarian (96 percent), Romanian, Slovak German, Roma, Croat and Bosnian Muslim refugees

Capital: Budapest

POLITICAL PROCESS 1.25/7

1. When did national legislative elections occur? The first multiparty national legislative elections since 1945 occurred in March 1990. The Hungarian Democratic Forum (MDF) won the elections and its leader, Jozsef Antall, was elected prime minister in May 1990. The most recent national elections occurred in May 1994, and were declared free and fair by a number of international organizations. Following the 1994 elections, which led to a governing coalition of the victorious (former Communist) Hungarian Socialist Party (MSZP) and the liberal Alliance of Free Democrats (SzDSz), the distribution of seats in the National Assembly was as follows: MSZP, 209 seats (54.2 percent); SzDSz, 70 (18.1 percent); MDF, 37 (9.6 percent); Independent Smallholders' Party, 26 (6.7 percent); Christian Democratic People's Party, 22 (5.7 percent); Federation of Young Democrats, 20 (5.2 percent); Agrarian Federation, 1 (.25 percent); Republican Party, 1 (.25 percent). The Agrarian Federation and the Republican Party joined the SzDSz parliamentary group.

2. When did presidential elections occur? In May 1990, Arpad Goncz, a member of the SzDSz, was elected president for a five-year term by the Parliament. President Goncz was reelected to a second five-year term in June 1995. The second presidential election was controversial, as some political parties had pushed for direct election of the president. The Independent Small Holders Party presented a petition signed by more than 200,000 citizens favoring a referendum to determine the method of presidential elections, but the petition was ruled unconstitutional by the Constitutional Court. The Independent Smallholders Party boycotted the elections. Hence only 360 out of 386 members of the Parliament voted in the second presidential elections.

3. Is the electoral system multiparty-based? Are there at least two viable political parties functioning at the level of the government? Yes, the electoral system is multiparty-based since 1989-1990. Currently there are six political parties represented in the National Assembly, and local elections are contested by a range

of political parties and individuals. After the 1994 elections, the ruling coalition reduced state support for political parties. This decision may benefit the ruling MSZP in the next elections. On the local level there were at least two viable parties competing in each electoral district.

4. How many parties have been legalized? The Budapest City Court has registered close to 200 political parties since 1989, in addition to many movements and associations.

5. What proportion of the population belongs to political parties? No official figures of party membership are available. No more than 5 percent of the electorate are members or active supporters of political parties.

6. What has been the voter turnout at the municipal, provincial and national levels in the recent years? In the first round of the 1990 legislative elections the turnout was 65.1 percent. In the first round of the May 1994 legislative and local elections the turnout was 68.9 percent, the turnout in the second round was 55.1 percent. The increase in voter turnout in the first round run counter to pessimistic views expressed in the media that people had lost interest in politics. The turnout during the 1990 municipal elections was at or below 20 percent in many areas.

CIVIL SOCIETY 1.25/7

1. How many nongovernmental organizations have come into existence since 1988? How many charitable/nonprofit organizations? There has been an explosion in the number of NGOs registered since 1988. Charitable/nonprofit organizations have been set up by the hundreds during the course of the past eight years. The number of registered NGOs (nonprofit charitable organizations, associations, trade unions, interest groups) swelled to 40,000 in 1995, and some 1.2 million citizens are active members of these organizations.

There are three basic types of NGOs in Hungary. First, there are organizations representing professional bodies. The government gives them considerable authority; for example, certain lawyer associations allow individuals to practice law. This type of NGO is close to the government and may be influenced by it. Second, there are political lobbying or pressure groups, which are often composed of members of failed political parties. Third, there are service agencies, which include organizations involved in welfare, culture, education, health, and various foundations.

The structure of civic organizations and associations also went through significant changes between 1990 and 1996. Organizations that functioned mostly on a local level developed national networks and centers, and they established interest representation and reconciliation forums and joined the general system of interest reconciliation. Thus, beside the trade unions, NGOs are also actively involved in the civil round table negotiations with the government. The general agreement among the representatives of NGOs is that the law on nonprofit organizations ensures the independence of civic organizations.

2. What forms of Interest group participation in politics are legal? Except for specific rules disqualifying judges, MPs, armed forces personnel, civil servant, and so on, all forms of interest group participation in politics are legal if they are not prohibited by the penal code. Only political parties are barred from conducting their activities at the workplace.

3. Are there free trade unions? Close to 30 percent of workers, approximately 1.2 million employees, belong to trade unions. Of these, about 400,000, or one-third of all union members, are members of the unions established since 1988. The two largest independent trade unions are the Democratic Confederation of Free Trade Unions (LIGA) with 100,000 members and the Hungarian Workers Council with 150,000 members. Hungary's former Communist organization of trade unions, the National Federation of Hungarian Trade Unions (MSzOSz), survived the political changes of 1990 and now enjoys a considerable political and social influence. The MSzOSz, which represents the majority of organized workers in Hungary, is controlled by the MSZP, and is therefore not free and independent. It claims to have 1.2 million members, although the figure is probably closer to 800,000.

In the Interest Reconciliation Council (ET)—a formal forum set up by the Horn government, where government representatives discus and mediate disputes between the representatives of employers and employees—the following six trade unions are represented: 1) the MSzOSz, 66.6 percent; 2) the association of autonomous Trade Unions (ASzSz), 20.3 percent; 3) the trade Unions' Cooperative Forum (SzEF), 4) the Council of Interest-Representation Associations (ESzT), 5) LIGA, 6.4 percent; and 6) the Worker's Councils (Munkastanacsok), 2.5 percent. In general, the trade unions opposed the austerity measures proposed by the government and the employers, and defended the interests of their members. The forty major strikes

organized by trade unions in 1995 and 1996 suggest that these organizations—including the majority MSzOSz—are free and independent from the government.

4. What Is the numerical/proportional membership of farmers groups, small business associations, etc.? Many small holders associations exist and are active. Similarly, a plethora of independent entrepreneurial associations operate currently in Hungary, although the majority are localized and concentrated in Budapest. According to the National Statistical Bureau (KSH) the membership in farmer's associations is approximately 8,000, and the membership of small business associations, including regional chambers of commerce, is 27,000. In addition, it is important to note that some registered NGOs are actually businesses which sought legal classification as foundations because of the enormous tax advantages involved. These advantages include the ability to pay tax-free "scholarships" to employees rather than wages. A Budapest pizzeria, for instance, has been designated a foundation.

Civic NGOs are numerically much larger than the ones representing commercial interests (with the exception of the trade unions). The most significant civic associations are organized in the Union of Civic Associations (TESz), with 464 NGOS, and the Council of Interest-reconciliation Associations (TET), with seventy-four NGOS. The largest NGOs (outside the trade unions) are the National Association of Large Families (NOE), with registered 120,000 members, the National Chamber of Retired People (ONK), and the Association of Hungarian Women (MNSz). This suggests that among the 40,000 registered NGOs many are marginal.

INDEPENDENT MEDIA 1.50/7

1. Are there legal protections for press freedom? Yes. Although no media law had been passed until December 1995, legal protections for press freedom are explicitly guaranteed by the constitution. Though freedom of the press was nominally guaranteed even before 1989, it has been respected only since the sweeping political transformation of 1989-1990.

The Parliament passed a law regulating television and radio broadcasting in December 1995. The law has three basic sections. The first concentrates on broadcasting for general audiences. Local broadcasts have to be at least 20 percent of total by January 1999, while commercial programs should not exceed 20 percent of the total. The second section sets the rules for public and commercial broadcasting, and stipulates that the commercials should not exceed six minutes per hour. The third section deals with the regulations of public programing: 51 percent has to be made in Hungary, and 70 percent of all programs should be made in Europe. Most media experts agree that the new media law is one of the most comprehensive ones in the post-Communist states of East Central Europe, yet they suggest that the law dictates an untenable pace of change in the state-owned Antena Hungaria.

2. Are there legal penalties for libeling officials? Are there legal penalties for "irresponsible" journalism? The law stipulates penalties for the unfounded libeling or defamation of any individual, including officials. The Criminal Code specifies a number of offenses which might be committed via the press, such as defamation or incitement to hatred against the community. In those cases it is the individual writer who is primarily responsible for the criminal offense and who is sentenced, but under the general rules of the criminal law the editor may also be held responsible. Apart from liability under criminal law, there is also liability under civil law. The defendant maybe sued for damages in the case of a violation of personal rights. However, punishment for libel is extremely light and has little if any deterrent impact, particularly for the large publications.

In March 1996, the Parliament passed an amendment to the penal code that stipulates that "anyone who incites hatred or acts in any other way that is capable of inciting against the Hungarian nation or any other national, ethnic, or religious minority or race, must be punished by up to three years of imprisonment." The law was passed after several well-publicized incidents of racial hatred in recent years ended with the acquittal of the defendants based on their constitutional right to free speech. Some contemporary developments suggest, however, that the controversy between what should qualify as an incitement to hatred and what as an example of free speech, is far from being resolved. The state prosecutor, for instance, has banned not only the Magyar translation of *Mein Kampf,* but also the English version, although the work is being routinely used at Western universities.

3. What proportion of media are privatized? Some small local radio stations exist in limited markets. No national radio stations are privately owned; however, several regional stations such as Radio Juventus and Radio Bridge can be heard throughout the nation by using transmitting stations. Local cable companies are owned privately, and cable dominates the Hungarian media. Several local television stations broadcast on AM micro-channels, and there are some small private chan-

nels servicing single districts of large cities. No national television station is owned privately. Today there is a wide variety of generally high-quality, uncensored national and local papers, 80 percent of which are in private hands. There is no government-owned daily newspaper. The largest daily is a former Communist party paper that is now owned by the Bertelsmann company (BMG) based in Germany. The Communists privatized the paper before the change in the political system. The Hungarian government owns no stock in the paper. Nevertheless, what is decided by the ruling Socialist Party is reflected in the paper, since the daily is close to the governing party. There is one government agency that is responsible for sending out news received from official sources. Besides the state-owned MTI wire services there is also a private Ferenczi wire service owned by MTM Communications.

In November 1996, the draft for ten-year concessions for two national television channels was published in a bid to privatize a large part of the state-dominated television market by May 1997. The plan for privatization includes three national public service channels and two commercial channels for television viewers in Hungary. The two largest companies interested in the concessions are Compagnie Luxembourgeoise de Telediffusion (CTL), which recently merged with Germany's Bertelsmann, the Central European Development Corporation, the Westdeutsche Allgemeine Zeitung group and France's TF1. In addition, today there are around twenty-six private commercial television stations in Hungary, and thirty-one radio stations.

4. Are the media financially viable? Yes, in most cases. Given the transitional character of the Hungarian media market, there has been a relatively high turnover of new publications and many of them proved not to be viable. Generally speaking, however, private media, especially organizations with a high percentage of foreign ownership, perform successfully.

The state owned Hungarian Radio and Television are reportedly in deep financial trouble and have requested 18 billion forints from the government. Due to budgetary constraints, the government granted only 2.5 billion forints as a loan, with real estate being used as collateral. Most media experts agree that both state owned media organizations, the Hungarian TV and Radio, are chronically overstaffed by thousands of in-house employees, and that both organizations will have to make significant cuts in staff and broadcasting time to remain competitive.

5. Are media editorially independent? Legally, the media are editorially independent. Some newspapers, however, are owned by banks and trusts that are in government hands, and some local papers are in the hands of local self-governing bodies (administrations). For example, the majority state-owned Posta Bank owns at least four papers and a large private radio station, Radio Bridge. In addition, since many major publications were privatized before 1989, the leaders of the opposition argue that many editors have remained loyal to the Communist successor MSZP. State-owned radio and television, according to opposition leaders, are not editorially independent, because their heads were fired by the government in the spring of 1994. The government also announced plans to dismiss 1,000 state radio and TV employees, citing financial constraints. Critics of this move charge that it is politically motivated.

The opposition has been unable to substantiate its charges of political pressure on the media. The state radio and TV continue to suffer from significant over-manning and inefficiency; yet no employees have been fired. Reports of major corruption scandals involving members of the government suggest that the media have been able to maintain their independence. There is not a single daily newspaper that shows a clear pro-government bias. On the contrary, in May 1995, for instance, information was leaked relating to a secret transfer of state funds to the majority state-owned Budapest Bank, the president of which was the Finance Minister, Lajos Bokros. The Bank was found to have violated the law by keeping the $10 million transfer secret from shareholders and Bokros was forced to resign.

6. Is the distribution system for newspapers privately or governmentally controlled? The major newspaper distributor in Hungary is a government entity, the Hungarian Distributor's Office, not necessarily because the government wants to control or influence distribution, but rather because the distribution process is prohibitively expensive when done privately. Nevertheless, a new distribution service was created in 1995 by foreign-owned publications in response to the reported inefficiency and high cost of the state system. The new organization operates as a limited partnership.

7. What has been the trend in press freedom? Freedom House's *Annual Survey of Press Freedom* rated Hungary Not Free for 1988, Partly Free for 1989, Free from 1990 through 1992, Partly Free for 1993, Free for 1994, and Partly Free again for 1995, due mainly to mass-firings from the state owned media, and the increased pressure to reflect pro-government views. In sum, the absence of a single daily

newspaper, radio or TV station that shows a clear pro-government bias, the reporting of corruption scandals involving MPs and ministers of the Horn cabinet, as well as the positive international reaction to the new media law, all suggest that the media is editorially independent from the government and its reporting is objective. There were, however, several cases of corruption in print media, where commercial organizations bribed newspaper editors in order to get favorable reports on their products and business ventures.

RULE OF LAW 1.75/7

1. Is there a post-Communist constitution? The present Hungarian constitution is a patchwork of amendments introduced in 1989 and 1990, when the parliament changed practically the entire wording of the Communist constitution dating from 1949. While most legal experts agree that the amended constitution conforms with the requirements of a parliamentary democracy, they point out that its wording is often vague. This has led to jurisdictional conflicts among various government institutions and offices. After the 1994 legislative elections the six parliamentary parties agreed to draft a new constitution.

The six parliamentary parties selected the members of the constitutional committee, and agreed on the procedural rules that would guide the drafting and approval of the new constitution. The coalition parties agreed that the opposition will have a substantial say in the preparation of the new constitution, as well as in any changes to the Standing Order in Parliament. In addition the ruling coalition agreed that the constitutional committee will have twenty-four members instead of the proposed twenty-seven, four from each party represented in the parliament, reflecting the current proportional representation in the legislative body. Finally, Parliament amended the Constitution by saying that the new rules in the Standing Order that describe the constitutionalization process, can only be enforced by a four-fifths majority. The draft of the new constitution had not yet been approved in 1996, and it does not seem likely that the draft will be ready before the 1998 elections.

2. Does the constitutional framework provide for human rights? Do the human rights include business and property rights? The present constitution declares that Hungary recognizes the inalienable and inviolable basic rights of man and it is the foremost responsibility of the state to ensure the observance of these rights. Individual and human rights, freedom of speech and assembly, social and property rights are extensively covered in the constitution. Accordingly, parliament passed a number of amendments to the penal code, including laws regulating freedom of the press and defamation, and laws on defense of minorities in 1996. According to the experts, laws governing business and property rights in Hungary are fair and meet western standards. Yet, it has to be acknowledged that the courts and the legal bureaucracy are overburdened and rulings even on relatively simple cases can take years.

3. Has there been basic reform of the criminal code/criminal law? Since 1989 there has been substantial reform in the Hungarian criminal code. The death penalty for political crimes, aggravated detention, penal idleness, as well as reformative-educative labor have all been abolished. A new article supplementing the criminal code states that a person who violates the freedom of conscience and religion of another individual by force shall be punished with imprisonment for up to three years. The crime of "incitement against the community" was inserted into the penal code to ensure that national, religious and linguistic minorities are protected under criminal law. Finally, drug traffickers are liable to receive much more severe punishments than before, while individuals using drugs in small quantities receive offers to undergo treatment. If they agree to be treated, no criminal proceedings are initiated, or proceedings already under way are discontinued.

Between 1994 and 1996, four significant criminal laws were passed by the parliament. Amendment IX/1994 to the penal code regulates the sale and use of fire arms; amendment XLI/1995 changed the age limit for the prosecution of juvenile delinquents in cases of serious crimes; amendment XVII/ 1996 to section IV/1978 of the penal code prescribes harsh punishment for offenses against minorities; and amendment LII/1996 deals explicitly with crimes related to the smuggling of nuclear materials and acts causing environmental destruction.

4. Do most judges rule fairly and impartially? How many remain from the Communist era? The decisive majority of judges is respected for being impartial and fair. The percentage of the judges appointed before 1989 is approximately 55 percent.

5. Are courts free of political control and influence? Are the courts linked directly to the Ministry of Justice or any other executive body? As established by the constitution, the judiciary is independent from the other branches of government and subordinate only to the law. To shield the judiciary from political

influence, the constitution stipulates that judges cannot be members of any political party, nor can they engage in any political activities.

The independence judges in Hungary is guaranteed in several ways. First, the judiciary is financially independent from the executive branch of the government. Legislation in Hungary stipulates that the courts budget is also separate from the Ministry justice. Second, the system for the promotion and remuneration judges is determined exclusively by law, with no derogations allowed. Third, with the exception of the president of the constitutional court who is elected by Parliament,judges are appointed by the president of the republic on the recommendation of the Minister justice, but with the consent of the judicial Council. Fourth, a judge ceases to perform his duties either at his own request, because he is declared incapable by his peers, or because of professional misconduct when the disciplinary council recommends to the president of the Republic that the judge should be removed from his function. Finally,judges enjoy immunity from prosecution and therefore cannot be arrested and detained, or be the subject of criminal proceedings except by authorization of the president of the republic.

In 1995, the constitutional court overturned portions of law, passed by the legislature, related to economic austerity measures introduced by the Finance Minister. This was the first constitutional court ruling against the current government, and it signaled that the court will continue to function independently. Together, the constitutional court ruled on 169 cases. On average, the constitutional court rules on approximately 150 cases every year. Of these, some 35 percent are found to be unconstitutional. Experts agree that the constitutional court in Hungary is one of the most active and independent among the post-Communist states.

6. What proportion of lawyers is in private practice? Currently, about 6,000 lawyers are employed by private law firms. Companies, firms, trade unions, and associations, as well as various other organizations, employ close to 25,000 counsels, solicitors, and advisors. Together, there are close to 30,000 lawyers in private practice, which is more than 80 percent of the total. The rest are employed in the judiciary and governmental organizations. According to Istvan Soltesz, the secretary general of the Hungarian Parliament, close to 60 percent of the MPs are lawyers (including himself).

7. Does the state provide public defenders? According to the constitution and to the penal code the state is liable to provide public defenders if the accused have no means to obtain, and/or to pay for a private defense lawyer.

8. Has there been a comprehensive reform of ant-bias/discrimination laws, including the protection of ethnic minority rights? In July 1993, Parliament passed a Law on National and Ethnic Minority Rights. Two years of preparatory work and several draft texts went into it. The law bans discrimination against minorities and regards their rights to national and ethnic self-identity as part of universal human rights and basic freedoms. The law recognizes all ethnic groups that have lived in Hungary for at least a century, and whose members are Hungarian citizens but have their own language, culture and traditions. These groups include Armenians, Bulgarians, Croats, Germans, Greeks, Poles, Roma, Romanians, Ruthenians, Serbs, Slovaks, Slovenes and Ukrainians. Nevertheless, Hungary's estimated 500,000 Roma (Gypsies) continue to suffer *de facto* discrimination in employment and housing, and have been hit especially hard by the effects of economic restructuring. They have also been the victims of skinhead attacks and vigilante justice.

Parliament passed an amendment to the penal code that stipulates that anyone who incites hatred or acts in a way likely to incite hatred against the Hungarian nation or any other national, ethnic, or religious minority, will be punished by up to three years of imprisonment. The law was passed after several well-publicized incidents of racial hatred in recent years ended with the acquittal of the defendants based on their constitutional right to free speech. In addition, the 1994 election results suggest that the 3 percent minority candidates elected into local representative organs corresponds to the proportion of minorities living in Hungary. Yet only 1 percent of minority mayors were elected. Proportionally, the strongest representation was gained by the German minority, while weakest are the gypsies.

GOVERNANCE AND PUBLIC ADMINISTRATION 1.75/7

1. Is the legislature the effective rule-making institution? There is consensus among legal experts that the Hungarian Parliament is fulfilling its function as the country's supreme legislative body. Between its first session in May 1990 and March 1992, the Parliament passed over 180 laws, compared with an average of four or five per year under Communism. Beginning in the early 1990s, the substantive nature of the legislation passed indicated that a true democratic lawmaking

body was emerging. Also in contrast to lawmaking during the Communist period, government decrees are now subordinate to legislative enactments.

During its 1993 session, Parliament voted on 117 Acts, 103 Resolutions, and it issued two Statements; one was the proposition of a principle "On the Interpretation of the Limitation of Culpability," and the other was a declaration "Against Hate Provoking Extreme Manifestations." In 1994, 105 laws were passed, in 1995, 126 laws, and until November of 1996 some 70, including the Media Law.

2. Is substantial power decentralized to subnational levels of government? According to Chapter IX of the constitution on local self-government, there is substantial decentralization of political power to the subnational level. Administratively, the territory of Hungary is divided into a capital city, counties, towns and communities, with their own, subnational governments. These governments have equal rights, but their obligations may differ. The rights of subnational governments are protected by the courts, and they often turn to the constitutional court to protect their rights. Local representatives are elected through local plebiscites for a four-year term. They may develop their own framework of laws and ordinances (if not contrary to higher statutes), and may affiliate with other local bodies of representatives. A legal framework is in place which provides for the right to autonomous policy making at this level. However, some local and regional governments are in a weak financial position. Thus, the limits on their power are not necessarily politically motivated but largely the result of economic and financial constraints.

3. Are subnational offices chosen in free and fair elections? Yes, local, regional and other subnational officers are chosen in free and fair elections. An exception is at the subregional level, where Commissioners of the Republic are appointed by the government to supervise more than one county. These commissioners ensure that all local decrees correspond to national laws, and they can suspend the application of local decrees that run counter to national laws. The most recent subnational elections were held in December 1994. The 1994 Law LXII on subnational elections states that 1) the electoral system shall have one round relative majority elections at the local level, and 2) all communities (together 3,147) shall elect mayors locally. Before the 1994 law was enacted, only communities with more than 10,000 inhabitants held such elections. The turnout in the 1994 local elections was 43.4 percent (3.4 percent higher than in the 1990 elections). Together 95,000 candidates ran for office and 21,495 were elected.

4. Do legislative bodies actually function? Yes, national, regional and local legislative bodies do function. The National Assembly (Parliament) has been especially active in debating and passing laws. Local legislative bodies have enacted a large number of rules and regulations within their respective jurisdictions. According to Istvan Kukorelli, a Hungarian political scientist, the activity of local legislative bodies seems to correspond to the size of the electoral district, where larger districts are more active than the smaller ones. Hence, Budapest has the most active, as well as the most influential, subnational legislation. Most of the legislative activity on the subnational level is directed toward raising revenues at the local level, and the regulation of commercial activities.

5. Do the executive and legislative bodies operate openly and with transparency? Yes, they operate, openly and with transparency under the scrutiny of the public, and the press, as well as the State Audit Board, the Central Audit Office, and the Government Control Bureau. During first two years of the Horn government eleven ministers either resigned or were dismissed, the latest ones in the wake of a corruption scandal involving payments of millions of dollars by the State Privatization Agency (APV) to a consultant. Lajos Bokros, the Finance Minister Involved in the $10 million transfer to the Budapest Bank, was the first among ministers who resigned in 1996.

The State Audit Board was created in 1990, and the Central Audit Office in 1993, to control the economy and manage the publicly financed central institutions. By the end of 1994, the Central Audit Office was replaced by the Government Control Bureau, an independent national organ of state administration. The bureau has the right to control the two subsystems of public finance; the central budget and the separate national funds. It can also explore how cabinet decisions are implemented. Finally, the president can veto bills passed by the legislature. In December 1996, for instance, President Arpad Goncz vetoed two bills backed by the government. Political scientist Attila Ledenyi pointed out that Gonzc, a former Free Democrat (SzDSz), vetoed the bills backed by the SzDSz to show his nonpartisanship; others pointed to corruption scandals involving members of the Horn government.

6. Do municipal governments have sufficient revenue to carry out their duties? Do municipal governments have control of their own local budgets? Do they raise revenue autonomously or from the central state budget? Generally speaking, municipal governments do have revenues to carry out their duties,

although the country's difficult economic situation places a significant burden on them. A part of municipal revenues is provided directly by the central state budget, and the other part raised locally, from real estate and business taxes. Local governments raise this portion of revenues autonomously, while the portion provided from the central state budget is often earmarked for specific projects. The XLVI Law of 1996, for instance, ear-marked funds for Budapest for the construction of hospitals, the reconstruction and maintenance of national historical sites and monuments, and for the modernization of infrastructure. In addition to municipal revenues tied to administrative districts, the central state budget earmarks funds for the self-government of minorities living in Hungary These funds are proportional to the size of the respective minorities. The National Roma Minority Self-Government, for instance, received most of its revenue from this source (90 million forint) for 1997, while the Bulgarian, Greek, Polish and Armenian minority self-governments received the least (7 million forint).

7. Do the elected local leaders and local civil servants know how to manage municipal governments effectively? Yes, most of the local leaders elected during or after 1990 have proved to be competent and able to manage municipal government. To keep up with the complexities created by the transitional processes, large-scale programs to deepen the professional knowledge of those managing local government are currently under way. These programs are financed by the central state budget.

8. Has there been constitutional/legislative reform regarding local power? Has there been a reform regarding the civil service code/system? Are civil servants employees of the local or central government? In 1991, law reforming the Local Administration of Self-Governing Bodies was passed. The current socialist government modified and simplified the law in 1994, providing for single-round local elections and direct elections of mayors in every community. The civil service code/system was reformed in 1991. Unified requirements and standards were established for an exam in public administration for all those in, or wishing to enter, the civil service. This reform applies to those public officials working at both the local and the national levels. Local civil servants are the employees of local governments, although their official status as civil servants is identical with those employed by the central government. No significant changes were made in the civil service code in 1995 and 1996.

PRIVATIZATION 150/7

1. What percentage of GDP comes from private ownership? As of late 1994 about 58 percent of GDP came from private ownership. The World Bank estimated in mid-1995 that the private share of GDP had reached 60 percent. According to the Economic Intelligence Unit (EIU) Country Report, Hungary's privatization continues to be a success story. The private sector generates some 75 percent of Hungary's GDP, and the government considers that its privatization program will be virtually completed by the end of 1997.

2.What major privatization legislation has been passed? privatization started with the passage of Act No. 13 in 1989 that governs the transformation of state companies into joint-stock and limited liability firms. According to the legislation, privatization in Hungary has to take place through sale, or open or closed tender. The national (state-owned) property is privatized under the supervision of the Property-managing Organization of the National Treasury (KVS), the State Property Agency (AVU) and the State Property Management Holding Co. (AVRt), which was changed into the State Privatization and Property Management Holding Co. (APVRT) in 1995. Act No. 74 of 1990 also known as "Pre-Privatization"—set the rules for the privatization of small businesses through auctions. Act No. 7 of 1990 outlined the practical steps to be taken in cases of various types of privatization suggested in Act No. 13. Act No. 10 of 1992 declared that the goals of privatization were: 1) the modernization of technology, 2) increase of working capital, 3) import of know-how and marketing experience, 4) support for domestic and foreign entrepreneurs, 5) the development of the domestic capital market, and 6) creation of work opportunities.

A New Privatization Law was drafted in November 1994 by the Horn government, and it passed in January 1995 with ninty-nine changes. The law focuses on the privatization or liquidation of state owned, strategic industries—primarily mining, communications, transportation, banking, and energy. Instead of the three entities that ran privatization from 1990 to 1995, the APVRT was put in sole charge. The privatization process consists of two rounds. in the first round, the APVRT announces publicly the terms of a concourse for a list of state owned companies and private (domestic and foreign) entities make their bids. In the second round, the agency develops new terms for those companies which were not sold in the first

round. In the first round, held on September 29, 1995, 73 companies were listed; 104 bids were made on 71 companies, and 42 were sold. In the second round, held on January 10, 37 companies were listed and only 4 were sold. The remaining 33 companies are to be liquidated.

3. What proportion of agriculture, housing and land, industry, and business and services is In private hands?

Agriculture: The Agriculture Ministry estimates that approximately 90 percent of agricultural land is in private hands, but adds the caveat that up to half of this number is made up of limited cooperatives. The state's share in forestry remains still at 94 percent according to the 1995 data.

Housing and Land: The Agriculture Ministry estimates that approximately 97 percent of housing and land is either in private or municipal hands. Foreigners could not purchase housing or land until the law was changed in 1994. These figures did not change in 1995.

Industry: Up to 65 percent of industry was in private hands by the end of 1994. In 1995 and 1996, the proportion of industry in private hands increased to approximately 70 percent, mainly through the privatization of strategic and financial industries, as well as the sale of state utilities to foreign and domestic investors. Manufacturing, mining, utilities, transport, communications and financial services account for approximately 43.8 percent of Hungary's GDP. The ratio of domestic to foreign ownership in the private sector in industry is approximately 2 to 1.

Business and Services: From 1991 through June 1994, the number of small businesses which had been privatized was as follows: 4,066 in 1991; 3,571 in 1992; 1,428 in 1993; and 416 in 1994. Added to the relatively large number of companies privatized prior to 1989 and the plethora of newly-founded companies, over 70 percent of business and services were in private hands by the end of 1994. However, there is only one private bank, and no known health or transportation services are provided by the private sector.

By the end of 1995 only the legally approved minimum 25 percent share of the National Saving and Trade Bank (OTP) remained under state control. The share of the state in transportation, postal services, and communications remains 72 percent, but by the end of 1997 this is estimated to decline to the desired 25 percent minimum. The private sector share in health, education and agriculture reached 45 percent in the first quarter of 1996. It is debatable, however, whether banks and health services should be included in the small business and services category, because they are classified as strategic industries.

4. Has there been reform of the state sector? (What major legislation has been passed? Do authorities and state managers act within the law? Is the state sector performing more efficiently? Does it require fewer subsidies than before?) By the end of 1994 only so-called strategic industries remained in the state sector: 1) the Hungarian Electric Energy Industry (MVM); 2) the natural gas distribution; 3) the Hungarian Oil Industry (MOL); 4) state radio and TV (Antenna Hungaria); 5) the Hungarian Long Distance Telephone and Telegraph (MATAV); and 6) banking, including the National Saving Bank (OTP), Budapest Bank (BB), MH Bank and K&H Bank. In June 1995, parliament passed a law that established The Joint-Stock Company for State Privatization and Property Handling (APV). Some eight state firms and 737 industrial companies created the initial portfolio of the APV. The law also stipulated that state-owned strategic industries have to be made available on condition that they allow private investors to turn a fair profit, and that by the end of 1997 the state's share would be no more than 25 percent.

The new law for privatization of the strategic industries created a number of controversies, where, for instance, the Antenna Hungaria was placed on the market in 1995, but no interested investors were found. The insolvent media company requested 18 billion forints from the government for restructuring, but received only 2.5 billion. The APV hopes that it will find investors in 1997, under the terms of the new Media Law. The privatization of utilities also ran into difficulties when the government was forced by foreign investors to raise energy prices, but had to retreat in the face of massive public protest. Recently a Belgian investor threatened to sue the APV because he could not turn a "fair profit."

ECONOMY 1.75/7

1. Has the taxation system been reformed? (What areas have and have not been overhauled? To what degree are the taxpayers complying? Has the level of revenues Increased? Is the revenue collecting body overburdened?) The taxation system has undergone a number of reforms and changes. Between 1990 and 1996, parliament passed thirty-four laws and amendments that regulate taxation. The most significant is Law XCI/1990 on the Regulation of Taxation. It

offers a draft of laws regulating taxation and tariffs; determines the state agencies which will monitor and enforce; and outlines what objects and real estate are subject to what taxation and tariffs. Taxes on sales, income, and social security make up most of the revenues.

Mainly because of problems with the budget deficit financing, several changes in taxation were proposed by the Horn government. In 1996, for instance, it suggested an increase in social insurance taxes for small businesses from the current 10 percent to 45 percent of net income. The government argues that the increase is necessary because of the generous social rights guaranteed by the Constitution. The Chairman of the National Business Association (IOSZ) claimed that tens of thousands of small business owners would return their licenses because of the increase.

Revenues from taxation posted the most significant increase in the 1994 fiscal year, but in 1995 they remained virtually the same in spite of the hike in social security insurance. This could be attributed to taxpayer noncompliance. In 1995, tax and social insurance fraud cases numbered 480, and the amount of taxes owed in 50 of the most significant cases—committed mostly in the small business sector—surpassed the 20 billion forint mark. The scale of tax fraud suggested that the National Customs and Revenue Office (VPOP) and the Tax and Finance Control Office (APEH) were overburdened. In response, the government established a separate Department for Major Taxpayers OAFH) in February 1996 to deal with the largest taxpayers.

2. Does macroeconomic policy encourage private savings, investment and earnings? (Has there been any reform/alteration of revenue and budget policies? How have any such changes served to advance economic objectives?) The Socialist-led coalition government has made massive efforts to enact tougher macroeconomic policies. In 1995 the legislators passed a budget that would restrict social entitlements; enacted laws on supplementary budget; abolished the tax on interest from savings; and established the Committee for Coordination of Economic Protection to deal more effectively with economic criminality, estimated to be responsible for losses amounting to 30 percent of GDP. However, the constitutional court ruled that the austerity measures were not in accord with the constitutional guarantees on social entitlements. Moreover, the Interests Reconciliation Council has been unable to stifle public protest against unpopular economic measures. This suggests that the success of economic reform hinges to a considerable degree on the passage of the new constitution, in which the Socialist government intends to scale back the "social rights" that hinder the economic transition. The public is increasingly unwilling to accept the dismantling of Hungary's ambitious social-welfare system, and in 1995 and 1996 the trade unions organized strikes in education, public transport, and the nuclear and electricity sectors. Public support for the MSZP dropped from 33 percent in 1994 to 20 percent in 1995.

Analysts estimate that the 1997 budget deficit is going to be between 310 and 380 billion forint ($2.39 billion) by the expected GDP growth rate of 2.39 percent, or 4.9 percent of the total GDP. Yet, second quarter 1996 economic indicators show a massive 8.9 percent growth of the industrial output (4.9 percent for the year), a steady inflation of approximately 22 percent for the year, steady unemployment of 10.6 percent, and a decline in interest rates from 35 percent to 27 percent. This may lead to higher than expected economic growth and hence, a lower deficit. Experts believe that a reform of the social security sector, which has a deficit of 13 billion forint, is going to be instrumental for sound budgetary and fiscal politics in Hungary. The IMF announced on December 18, 1996 that Hungary met the qualifications for a $381 million stand-by loan.

3. Are property rights guaranteed? (Are there both formal and de facto protections of private, real estate and intellectual property? Is there a land registry with the authority and capability to ensure accurate recording of who owns what? What are the procedures for expropriation, including measures for compensation and challenge?) The property rights are formally guaranteed by the constitution, and are *de facto* upheld by contract and property laws. Article 9/Chapter I of the constitution states that 1) public and private property is to be equally respected and granted equal protection, and 2) that the Republic of Hungary acknowledges and promotes the right to free enterprise and the freedom of economic competition. Moreover Article 14/Chapter I guarantees the right to inheritance. The land registry accurately records the ownership and transfer of real estate, and according to Balazs Pastory, the head of a U.S. law firm in Budapest, the Central Land Registry Office does not seem to be overburdened with the increased number of claims brought by privatization. Restitutions are less common as a direct form of property transfer. Former owners and their heirs are usually granted vouchers according to the size of their claims. The vouchers can be applied toward the purchase of other state-owned property.

4. Is It possible to own and operate a business? (Has there been legislation regarding the formation, dissolution and transfer of businesses, and is the law respected? Do there exist overly cumbersome bureaucratic hurdles that effectively hinder the ability to own and dispose of a business? Are citizens given access to information on commerce law? Is the law applied fairly?) Besides the protection of private enterprises guaranteed by the constitution, there are numerous laws designed to regulate the formation of private enterprises. The Commerce Law consists of approximately 350 pieces of legislation, and, according to Dr. Pasztory, is up to Western standards, being transparent, and is applied fairly to all subjects. The Commerce Court (Ceg Birosag) is inefficient. Many complaints have been filed against it on account of its slowness.

5. Is business competition encouraged? (Are monopolistic practices limited in law and in practice? If so, how? To what degree is "insider" dealing a hindrance to open competition?) Fair competition is guaranteed by the Commerce Law and by the elimination of state monopolies. The pace of privatization in Hungary suggests that the government made substantial efforts to relinquish state monopolies in all spheres of production, and encourage competition. But the process was stained by several corruption scandals that led to the dismissal of the entire APV board and the minister in charge.

As far as competition in strategic industries is concerned, domestic investors complained that they are disadvantaged by large Western corporations. They urged a more protectionist policy in the privatization of these industries. Neither the scandals nor the complaints of domestic investors seemed to hamper the performance of the Hungarian economy in 1996. The government continued with the privatization of strategic industries and the GDP posted a robust 8.6 percent growth in the first two quarters of 1996.

6. Are foreign investment and international trade encouraged? (To what degree has there been simplification/overhaul of customs and tariff procedures, and are these applied freely? To what degree is foreign investment encouraged or constrained? Is the country overly trade dependent on one or two other countries?) Hungary leads by far the post-Soviet countries of Central and Eastern Europe (including Russia, Ukraine, Belarus and the Baltic states) in the proportion of direct foreign investment. Hungary is currently holding 32 percent of direct foreign investment ($8,506 million), compared to only 22.5 percent or $6,000 million provided to the former Soviet Union. Hungary is attractive to foreign investors because its legislation provides more safeguards than in many other countries in the region. The legislation on the privatization of strategic industries, for instance, guarantees that an investor can obtain solvent companies and their market share for a fair price through a transparent privatization process, and at a fair profit for the investor. This led to several lawsuits against the APVRT, the latest from a Belgian investor who purchased a share of the state-owned utility company, but, contrary to the legislation, the government failed to deregulate the energy prices. Moreover, the labor force in Hungary is relatively cheap and highly skilled, the country is centrally located, and enjoys a relatively high degree of political stability.

Finally, Hungary is trade-dependent. The first three quarters of 1996 show an international trade deficit of 314.4 billion forint ($2.6 billion), or 9.2 percent of total international trade. The largest trade deficit has been shown in energy ($1.26 billion), finished goods ($1.28 billion), and machinery ($1.26 billion). This is also one reason why advanced industrial countries find Hungary attractive for investment. On the whole, more that thirty of the world's top fifty multinational corporations invested in Hungary, and the average per capita foreign investment is $5 28, compared to the regional average of $41. In 1993 there were 4,286 new businesses in foreign ownership and the number of joint ventures totaled more than 20,000 in 1995.

7. Has there been reform of the banking sector? (Is the central bank independent? What are its responsibilities? Is it effective in setting and/or implementing monetary policy? What is the actual state of the private banking sector? Does it conform to international standards?) The banking sector was reformed after 1989, and according to the vice president of the National Bank, Dr. Szapari, the central bank operates independently of the government. Yet, he also suggested that a three year term is insufficient. Five years would ensure more independence and stability within the central bank.

By the end of 1995, the first year of the privatization of the state-owned banking sector, 58 percent of banks were privately owned. By the end of 1997, the government hopes to increase the private share to 75 percent. In addition to domestic banks, a number of foreign banks operate in Hungary, including Citibank, Deutsche

Bank, Hipo Bank and Bank of America, proof that banking candidates conform to international standards.

In the first two quarters of 1996, the banking sector showed a staggering 30 percent growth in net income. In some cases, however, the government was forced to repurchase insolvent banks from foreign investors because of their poor performance. The latest such case was the repurchase of the Polgari Bank from GE Capital in December 1996, after the bank posted a huge loss.

8. Is there a functioning capital market infrastructure? (Are there existing or planned commodities, bond and stock markets? What are the mechanisms for investment and lending?) The Budapest Stock Exchange (BUX), established in 1990, was one of the first such in the region. The BUX index contains seventeen stocks. To qualify for the index, a stock has to comply with three out of five criteria, including a minimum face value, defined minimum price, a minimum number of transactions, and a cumulative minimum turnover of 10 percent of the registered capital during the six months preceding the revision of the index. If more than twenty-five stocks met at least three of the five qualifications, they are selected according to their weighed average calculated across the five criteria.

The Dutch DAX index served as a blue-print for the construction of BUX. The base value of the BUX was set for 1,000 points on January 2, 1991. Through most of 1996, the BUX index operated in the range of 3,500-3,600 points, and remained mostly flat. During the end of the year rally, however, the BUX for the first time crossed the 4,000 point barrier, and on January 8,1997 it reached 4,562.83.

Total turnover on the BUX reached 1.67 2 billion forint (over $10 billion) in 1996, or over 25 percent of Hungary's GDP. Close to 75 percent of the share value was owned by foreign investors, 10 percent by domestic private investors, and 15 percent by the state. Analysts attribute the surge in BUX to the fact that the Central Bank held the interest rates steady throughout the last quarter of the year, and that the market enjoys enormous investor confidence. Morgan Stanley rated the BUX the third best exchange in the world in 1996, after the Russian and Venezuelan exchanges.

9. Has there been reform of the energy sector? (To what degree has the energy sector been restructured? Is the energy sector more varied, and is it open to private competition? Is the country overly dependent on one or two other countries for energy [including whether exported fuel must pass through one or more countries to reach markets]?) The privatization of the energy sector started in 1995, and presently 70 percent is held in private hands. An independent oversight body, the Hungarian Energy Office, was set up in July 1994 to regulate energy sales and price levels and to ensure a minimum distance between the government and the privatized entities in the energy sector. The first round of energy sector sales was held on September 18, 1995, and a 51 percent stake was sold for $460 million to eighteen investors. Six distributors and two generating plants of the electric energy sector were sold in early December 1995, and the following foreign investors acquired between a 47 percent and 49 percent share in the individual electricity-distribution companies: Electricite de France; the Belgian Powerfin; the German Bayernwerke; and the German Isaar Amperwerke. The revenues from sales totaled $1.3 billion. Domestic energy production is distributed among coal (23 percent), oil (30 percent), gas (29 percent), and nuclear and hydroelectric energies (17 percent). Approximately 50 percent of oil and gas is imported from Russia.

POLAND

Freedom in the World Ratings, 1988–1997

	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97
Political Rights	5	4	2	2	2	2	2	1	1
Civil Liberties	5	3	2	2	2	2	2	2	2
Status	PF	PF	F	F	F	F	F	F	F

Polity: Consolidated Democracy

Economy: Consolidated Market

Population: 38,613,000

PPP: $4,380

Ethnic Groups: polish (98 percent) German Ukrainian, Belarusian

Capital: Warsaw

POLITICAL PROCES 1.50.7

1. When did national legislative elections take place? Elections for the 100-seat Senate and the 460-member Sejm were held in September 1993. The Sejm is dominated by two "post-Communist" forces, the Democratic Left Alliance (SLD) and the Polish Peasant Party (PSL) which, as a result of the election law, were able to translate 36 percent of the popular vote into a "constitutional" majority of 66 percent of the seats in the Seim and 73 percent in the Senate. In the Sejm, the SLD held 171 seats; the PSL, 132; the Democratic Union (UD), 74; the Social Democratic Union of Labor (UP), 41; the nationalist Confederation for an Independent Poland (KPN), 22; President Walesa's Non-Party Bloc to Support Reform (BBWR), 16; and the German Minority, 4. In the Senate, the SLD captured 37 seats; the PSL, 36; and Solidarity, 9. The rest were split among 10 parties. The elections were free and fair. Prime Minister Jozef Oleksyof the SLD—who replaced PSL Prime Minister Waldemar Pawlak in March 1995—resigned in January 1996 amid allegations that he collaborated with Soviet and Russian intelligence. He was replaced by Sejm Speaker Wlodzimierz Cimoszewicz in February.

2. When did presidential elections occur? In November 1995, Alexander Kwasniewski, leader of the SLD, defeated incumbent Lech Walesa, who had led Poland's independence movement as head of the Solidarity trade union in the 1980s. After the first round, Kwasniewski led Walesa, 35.1 to 33.1, winning the runoff with 51.7 percent.

3. Is the electoral system multiparty-based? Are there at least two viable political parties functioning at all levels of government? Yes, Poland is a multiparty democracy. The Communist Party monopoly ended following round table negotiations between the non-Communist opposition and the military regime in 1989, which led to the legalization of Solidarity and other political reforms. The Interim Constitution adopted in 1993 enshrines political pluralism. Parties function at all levels of government.

4. How many political parties have been legalized? Most of Poland's estimated 100 political parties and associations are small. A new electoral law, adopted in April 1993, aimed at reducing the number of parties in Parliament (twenty-nine political groupings were represented in Parliament after the 1991 vote, none with more than 13 percent of the vote). Parties that failed to get 5 percent (8 percent for parties campaigning in coalition) of the national vote would not be represented. Only seven groups secured parliamentary representation after the 1993 vote.

5. What proportion of the population belongs to political parties? Despite the large number of parties, less than 2 percent of the population claims membership in any political party.

6. What has been the trend of voter turnout at the municipal, provincial, and national levels in recent years? Since 1989, overall voter turnout has decreased slightly in local elections. The turnout for elections since 1989 is as follows: June 1989 (parliamentary): 62 percent; May 1990 (local and regional): 42 percent; November 1990 (presidential): 60 percent; December 1990 (presidential run off: 53.4 percent; October 1991 (parliamentary): 43.2 percent; September 1993 (parliamentary): 52 percent; June 1994 (local and regional): 34 percent; 1995 (presidential, second round): 68.23 percent.

CIVIL SOCIETY 1.25/7

1. How many nongovernmental organizations have come into existence since 1988? How many charitable/nonprofit organizations? International organizations have estimated that there are over 25,000 nongovernmental organizations in Poland. These include professional, cultural, youth, sports, political, ecological, religious, women's and single-issue organizations. Voluntary charities, many associated with the Catholic Church, are active, as are international groups such as the Red Cross. NGOs and voluntary organizations have received broad support and technical assistance from the UN Development Program and the Open Society Network.

2. What form of interest group participation in politics are legal? The existing constitution does not include the right to petition the Constitutional Court and the public does not have the right of initiative for law- or rule-making. Article 8 of the Consultation and Referendum Act of 1987 states that authorities can carry out public consultations either at their own initiative or upon the request of trade unions, farmers' unions, or other associations and NGOS. If the request is refused, reasons must be given, but the petitioner does not have the right to appeal in court. Most lobbying activities are legal and political endorsements are permitted, Citizens use petitions, public demonstrations, letters to newspapers, and media access (radio call-ins) to air their views publicly.

3. Are there free trade unions? There are four national inter branch industrial unions registered, along with seventeen other major independent industrial branch unions and three agricultural unions. The Independent Self-Governing Trade Union Solidarity (NSZZ) claims a membership of 1.4 million as of 1996. Offshoots of mainstream Solidarity include the Christian Trade Union Solidarity and Solidarity '80. There are no reliable estimates of their membership. The National Alliance of Trade Unions (OPZZ)—the successor of its Communist-era namesake—claims 4.5 million members, but polls in early 1996 suggest that its dues-paying membership may be less than Solidarity's. Over 100 SLD deputies are, or have been, members of the OPZZ, which sponsored 63 "trade union deputies" in the 1993 elections. Other unions include the Free Miners' Union, which claims more than 300,000 members, and the National Teachers' Union. There were several strikes in 1996, including ones by coal miners and doctors. Estimates of union participation range from 30 to 40 percent of Poland's roughly 20 million workers, and the rate of unionization is low within the growing private sector.

4. What is the numerical/proportional membership of farmers' groups, small business associations, etc.? Farmers and agricultural workers are organized in local and regional associations, unions and cooperatives, although exact membership figures are unavailable. They are a potent political force, and their interests are represented politically by the Polish Peasant Party, Rural Solidarity, the Christian Peasant Alliance, and other smaller parties. There are numerous business and professional associations and groups in Poland, though membership and statistics vary widely or are incomplete. Among them are the Polish Chamber of Commerce (in most major cities), the Business Center Club, etc. There are over 400 NGOs concerned with the economy, finance, insurance and the labor market.

INDEPENDENT MEDIA 1.50.7

1. Are there legal protections for press freedom? The Bill on the Annulation of the Law on Control of Publications and Performances, the Abolition of its Control

Organs and the Change in the Press Law, adopted in April 1990, declared censorship to be abolished and confirmed agreements reached during 1989 round table discussions between the opposition and the military regime. Since then, laws and amendments have sought, in some cases, to inhibit press freedom, particularly through statutes dealing with defamation of officials and the state.

2. Are there legal penalties for libeling officials? Are there legal penalties for "irresponsible" journalism? Article 270 of the Penal Code states that anyone who "publicly insults, ridicules and derides the Polish Nation, Polish People's Republic, its political system, or its principal organs is punishable by between six months and eight years' imprisonment." Article 273 imposes a prison term of up to ten years for anyone who violates Article 270 in print or through the mass media. The law has been enforced on several occasions, bringing protests from international human rights group. The 1994 Law on State Secrets was also considered overly broad. In January 1995, the Supreme Court ruled that journalists could be forced to reveal sources whenever it was requested by prosecutors or judges. But in April 1995, the Sejm rejected a measure that would have forced journalists to reveal their sources only in the most serious of crimes. In February 1996, the editor-in-chief of the satirical weekly, Nie, was convicted of publishing secret documents, given a one year suspended sentence and fined $4,000. Amendments to the press and penal codes in December 1996 held journalists responsible not only for deliberate, but also unintentional, infringements on personal property. The regulation provided that no materials concerning a person's private life may be published, unless they are strictly connected with his or her public activities.

3. What proportion of the media is privatized? Since a 1992 law abolished media monopoly by the government, private media have mushroomed in Poland, accounting for 85 percent. There are some 3,300 newspapers and magazines (100 dailies out of 380 papers), 119 commercial radio stations (six national stations, four of which are state-owned), as well as ten commercial TV stations. The four most popular national dailies are independent: *Gazeta Wyborcza* (formerly linked to Solidarity), *Sugar Express, Express Wieczorny,* and *Rzeczpospolita.* State-run television stations, TVP-1 and TVP-2, dominate the market. Foreign ownership of newspapers and magazines is limited to no more than 45 percent. Polsat remains the most popular commercial television network. A license for central Poland was granted to TVN, which is owned by the Polish company ITI and the Central European Media Enterprises Group. There are several cable stations.

4. Are the private media financially viable? Yes, though competition among media is stiff. Annually, some 1,500 print titles appear or disappear. Market saturation, lack of advertising revenues, and printing costs are key factors in the failure of many newspapers or magazines.

5. Are the media editorially Independent? Newspapers and magazines reflect political diversity, and run the gamut from the far-left to the far-right. Party papers reflect the views of their publishers. The National TV and Radio Council (KRRT) is ostensibly independent of the government, but since its nine members are nominated by Parliament, the Senate and the president's office, politics plays a role in the Council's makeup. Personnel changes at TVP-1 led to the cancellation of programs too critical of the Communist era. Tomasz Siemoniak, director of the most popular television station, Channel 1, was fired by a TVP board of directors dominated by the ruling coalition. In March 1996, Wieslaw Walendziak resigned as TVP president after his decisions were overruled.

6. Is the distribution system for newspapers privately or governmentally controlled? Private distributors, and transport and dissemination by publications themselves are the chief means of distribution.

7. What has been the trend in press freedom? Freedom House's annual *Survey of Press Freedom* rated Poland Not Free for 1988, Partly Free for 1989, and Free from 1990 through 1996.

RULE OF LAW 1.50/7

1. Is there a post-Communist constitution? Poland is technically governed by a 1952, Stalin-era document, frequently amended since the fall of Communism. In November 1992, President Lech Walesa signed into law the so-called Little Constitution which mandated a strong presidency. The constitutional balance of power between the presidency, the government and the legislature remains amorphous, pending the adoption of a formal constitution. In 1996, Solidarity and other opposition groups wanted the constitution to be adopted after the 1997 elections. The new draft diminished presidential powers, widened the prerogatives of the Constitutional tribunal and allowed citizens a greater say in legislative matters. While a preamble was adopted in November, the PSL and the Union of Labor Party held up parliamentary ratification by opposing the three tier territorial administration, arguing

that the constitution did not guarantee basic social rights such as free medical care and public schooling.

2. Does the constitutional framework provide for human rights? Do the human rights include business and property rights? The Little Constitution guarantees basic human rights. Two governmental organizations monitor human rights in Poland: the Office of the Commissioner for Civil Rights Protection (the Ombudsman), established in 1987, and an independent internal body with broad authority to investigate alleged violations of civil rights and liberties. Poland signed the European Convention on Human Rights and Fundamental Freedoms, which came into effect in January 1993, providing recourse to the Council of Europe's legally binding machinery in the event of alleged violations of civil or political rights. Property and business rights are safeguarded. President Walesa's attempts to implement a Human Rights Charter and an Economic Principles Charter after the passage of the Little Constitution were stalled by the Sejm.

3. Has there been reform of the criminal code/criminal law? Reform of the Penal Code and the Penal Procedure Code began in 1989-90. Most of the offensive provisions dealing with political crimes were removed or changed. Subsequent draft laws introduced new offenses in the area of economic crime. There are new procedural guarantees for defendants, and limits on the use of phone tapping and house searches. Some changes have been controversial, such as measures on libel and defamation of public officials by the press, the definition of state secrets, and other infringements on freedom of the press and expression. Reform is an organic, ongoing process; in March 1996, the government submitted a draft penal code that provided for more lenient treatment of prisoners, allowing anyone sentenced to life imprisonment to petition to be released after twenty-five years. At the end of 1996, the Sejm sent several bills back to committee dealing with provision of the penal and penal procedures codes, and amended an article easing an appeal for presidential clemency.

4. Do most judges rule fairly and impartially? How many remain from the Communist era? Most judges reportedly rule fairly, and many, though not all, of the pre-Solidarity judges have stepped down or been removed. The Ministry of justice can remove judges for "betraying the principle of court independence." Trials are generally open, though the courts reserve the right to close a trial to the public in some circumstances such as divorce cases, trials in which state secrets maybe disclosed, or cases whose content can offend "public morality." This prerogative is rarely invoked.

5. Are courts free of political control and influence? Are the courts linked directly to the Ministry of Justice or any other executive body? Poland's three-tiered court system consists of regional and provincial courts and a Supreme Court. A Constitutional Tribunal may offer opinions on legislation, but its authority is limited. judges are nominated by the National Judicial Council and appointed by the president. Judges are appointed for life and can be reassigned but not dismissed except by a decision of the National Judicial Council. In July 1993, a law dealing only with appeals based on procedural issues introduced appellate courts into the Polish Judicial system for the first time since World War II. The justice Ministry faces such problems as differences of opinion about the role and position of the prosecutor's offices—in particular, whether they should return to being free from government supervision. There exists a hazy relationship between prosecutor's offices and the State Security Office (which is under the jurisdiction of the minister of internal affairs). Political parties, parliamentary commissions, the State Security Office, the government and the president's office continue to exert political pressure on the justice minister and his prosecutors.

6. What proportion of lawyers is in private practice? Privatization and the proliferation of Western companies and law firms in Poland has provided opportunities for thousands of lawyers to work full- or part-time in the private sector, but a sizable majority remain employed by the state.

7. Does the state provide public defenders? Yes. Once formal charges are filed, the defendant is allowed to study the charges and consult with an attorney provided at public expense if necessary

8. Has there been comprehensive reform of antibias/discrimination laws, including protection of ethnic minorities? The constitution and laws provide for equal rights regardless of sex or ethnic origin. Poland's population is 98 percent ethnically homogenous, with small Ukrainian, Belarussian, Slovak, Lithuanian and German minorities. The electoral law exempts ethnic minority parties from the requirement to win five percent of the vote nationwide for parliamentary representation. Minority groups enjoy cultural autonomy, and many have established institutions and native-language publications. In the 1996-97 school year, Lithuanian was taught to pupils of Lithuanian descent in twelve schools in northeastern Poland. Bi-

lateral treaties with Belarus and Poland contained provisions relating to the rights of those national minorities. In Przemysl, a cupola was torn down in the spring of 1996 from a Ukrainian Catholic Church, reportedly for safety reasons, without the consent of the Ukrainian minority in the city, an event that further fueled ongoing tensions between the Roman Catholic majority and the Ukrainian minority there. There have been sporadic incidents of anti-Semitism and anti-Gypsy violence.

GOVERNANCE AND PUBLIC ADMINISTRATION 1.75/7

1. Is the legislature the effective rule-making institution? The legislature, consisting of a Senate and a lower house, the Sejm, is the effective rule-making institution. Before the election of President Kwasniewski, Parliament and then-President Lech Walesa often clashed over the extensive power granted to the president by the interim constitution. The 1995 and 1996 constitutional drafts—which were never ratified because of political disagreements—would have reduced presidential powers. With the SLD and its allies controlling almost two-thirds of seats in both houses of Parliament, the president and Parliament have worked closely together.

2. Is substantial power decentralized to subnational levels of government? Yes, in 1990 the first Solidarity-led government introduced a local self-government law that laid the foundation for a completely new and decentralized system of local government. The *gmina,* or community of local residents, became the basic administrative unit, acquiring legal status, ownership of local assets, and responsibility for its own budget. The *gmina* elected a council, which appointed executive officials to run it in accordance with the councilors' resolutions. There are 2,465 *gminas.* In December 1996, the government coalition proposed the introduction of a third level of government, a district-county (*Powiat*), to the provincial and municipal levels.

3. Are subnational officials chosen in free and fair elections? Poland has had two elections (1990 and 1994) for over 52,000 councillors to 2,383 local councils. The elections were free and fair. The results confirmed the popularity of the two partners in the ruling "post-Communist" coalition-the Democratic Left Alliance (SLD) and the Polish Peasant Party (PSL).

4. Do legislative bodies actually function? On the national level, Parliament drafts, debates and passes laws. There has been considerable devolution of power, with local and regional councils now exercising extensive powers.

5. Do the executive and legislative bodies operate openly and with transparency? The lack of a new constitution has not helped the cause of transparency. While texts of most decrees and laws are published and available to the mass media (which enjoy free access to government officials), the Consultation and Referendum Law of 1987 does not require that all draft laws, rules, government programs and plans be publicly available.

6. Do municipal governments have sufficient revenues to carry out their duties? Do municipal governments have control over their local budgets? Do they raise revenues autonomously or from the central state budget? Municipal and provincial governments have sufficient means to carry out their duties and have control of local budgets. Municipal governments raise revenues autonomously through taxes, which are supplemented by state funds.

7. Do elected local leaders and civil servants know how to manage municipal government effectively? In many instances, local authorities tend to have a better idea of funding priorities and spend a reported 20 to 40 percent less than the central administration on the same tasks. Poland now has an increasingly competent cadre of local officials and civil servants who manage effectively.

8. Has there been constitutional/legislative reform regarding local power? Has there been a reform of the civil service code/system? Are local civil servants employees of the local or central government? The first Solidarity-led government introduced and implemented self-government legislation in 1989-90. Reforms of the civil service code and system are ongoing, and an elite school of public administration has been established to train qualified candidates to serve in government. In October 1996, under a new Civil Service Law, the prime minister appointed twenty-four politicians, civil servants and academics to a new Civil Service Council. The Council will pronounce on civil servants' professional ethics and also advise on the criteria for evaluation and promotion.

PRIVATIZATION 2.25/7

1. What percentage of the GDP comes from private ownership? In 1989, the private sector accounted for 18 percent of GDP. Today, an estimated 55 percent of GDP is produced by the private sector. It also accounts for 60 percent of total employment. The expansion of the private sector in Poland has been largely driven by the spontaneous and vigorous emergence of new enterprises, rather than privat-

ization. Nevertheless, a relatively large state sector remains, and privatization has been rather slow.

The informal economy is estimated to account for about 15 percent of GDP.

2. What major privatization legislation has been passed? The first phase of privatization occurred during the final months of Communist rule with the introduction of legislation in 1987-88 that allowed state-owned firms to issue stock and transform themselves into joint-stock companies. In August 1990, the Ministry of Ownership Transformation was created by two separate laws: The Office of the Ministry of Ownership Act and the Privatization of State-Owned Enterprises (SOES) Act.

Early Polish law defined several principal privatization strategies: sales to foreign investors; mass privatization, initial offerings on the newly organized stock exchange; and the "insider" (management and/or worker) takeover of firms through leasing or outright ownership. Due to a number of political factors such as the powerful political connections of managerial elites and strong trade union influence, Polish privatization has generally followed the "inside" path. In addition, privatization projects have mostly been handled by regional voivodship (county) offices (and not the central Privatization Ministry), making the process more spontaneous and decentralized. For these reasons, the pace of privatization has been haltingly slow and intensely controversial. As of mid-1996, Poland had still not adopted restitution (reprivatization) legislation returning properties expropriated by Germans during World War II and the Communists afterwards.

In 1990-1991, the government announced a "mass privatization" program that envisaged the commercialization of 450 of the largest state-owned industrial firms. After considerable delay, an amended version of the plan, the Law on National Investment Funds and Their Privatization, took effect in June 1993. Due to start in the summer of 1994, mass privatization was stalled by the "post-Communist" government until June 1995. These delays were the result of the PSL's and the ROP's hostility to giving foreigners property rights to Polish companies.

Mass privatization in Poland was based on giving citizens vouchers which represented an ownership stake in all fifteen National Investment Funds (NIFs), which are run by state-selected foreign and local management groups. These vouchers went on sale in November 1995 for 20 zloty (approximately $7), with 15 million of 27 million eligible Poles becoming purchasers. The distribution ended in November 1996.

These NIFs in turn took a controlling (33 percent) stake in each of 514 large and medium scale enterprises, while a 27 percent share was distributed to the other fourteen NIFS, 10 percent to the firm's workers, and 30 percent left to the state. In the next phase of mass privatization, vouchers will be exchanged for stock in individual NIFs by early 1997. With some exceptions, the process has been relatively smooth. There are early signs that individual NIF management teams have sought to become active in restructuring the firms they now control.

In February 1996, a referendum called by Lech Walesa and supported by Solidarity sought to replace the government's piecemeal asset disposal with faster privatization, but low turnout nullified the poll.

Apart from the NIFS, the pace of privatization slowed significantly in 1995 and 1996. The privatization of several major SOES, including the LOT national airline, did not take place as scheduled in 1996, and has been postponed until mid-1998—as has that of the copper giant KGHM Polska Miedz (the world's eighth largest producer).

The PSL bears a large portion of the blame. It continues to oppose further sales of property and companies to foreigners. The PSL will continue to be a factor in privatization through at least 1997. Following the October 1996 government reorganization and after much political infighting in the ruling coalition, the PSL's Miroslaw Pietrewicz was appointed the head of the Treasury Ministry which is now responsible for privatization. However, the liberal Wieslaw Kaczmarek will continue to run the program.

3. What proportion of agriculture, housing and land, industry, and business and services is in private hands?

Agriculture: In 1989, a fifth of the land was state-owned with the rest in private hands. Today, 2.1 million private farmers work on 14.3 million privately-farmed hectares. The Agricultural Ownership Agency was set up four years ago to take over and sell 1,495 state farms and 3.1 million hectares of land. By March 1993, new Polish owners were found for a mere 24,000 hectares of former state land and another 204,000 had been leased to individual owners or employee-owned companies. In the first quarter of 1994, the government took over 177 state farms.

The large private sector has not necessarily translated into a free market in agriculture, however. Protection for the agricultural sector in Poland is very significant.

According to the National Bank of Poland (NBP), this policy fuels price increases that continue to account for a major portion of consumer inflation.

Housing and Land: Poles are allowed to own private housing and land. In July 1994, the Polish Senate rejected legislation meant to enact a market-oriented "rent revolution." The bill would have affected 3.5 million apartments owned by the state and municipalities, or one-third of all units. There is a severe shortage of affordable housing. To buy land or buildings, foreigners are still required to obtain clearance from the Interior Ministry. Real estate may either be owned or leased by way of a perpetual lease. High interest rates make mortgage financing of property rare.

Industry: The private sector holds a 38 percent share of industry. "Strategic" (that is, politically significant) industries such as oil, telecommunications, metallurgy, shipbuilding, banking, insurance, mining, airlines, armaments, and portions of the chemical and tobacco industries are unlikely to be privatized for the foreseeable future. The IMF and World Bank declared that Poland needed to accelerate the pace of privatization in these sectors. The current trend, however, is to form industry-wide holding companies (such as Nafta Polska in the oil sector) and to "commercialize" rather than privatize.

Business: 89 percent of retail businesses are now private. Some 4,500 medium and large-scale firms have undergone privatization since 1990, and some 3,500 remain to be privatized.

"Small" privatization—the sale or lease of state-owned stores, shops and small firms to individuals or groups of private investors—has been relatively successful. In 1990 alone, 35,000 state owned and cooperative stores were transferred to the private sector. By September 1991, 75 percent of the retail trade was back in private hands. By 1996, over 90 percent of small business and service sector establishments were in private hands.

4. Has there been reform of the state sector? (What major legislation has been passed? Do authorities and state managers act within the law? Is the state sector performing more efficiently? Does it require fewer subsidies than before?) State-owned enterprises (SOES) continue to be subsidized directly through budget and executive agency remissions, and indirectly through tax amnesties, state guarantees of credit, and political pressure on state-owned banks to extend credit to favored enterprises. This discrimination in favor of SOEs continues despite Poland's supposed commitment to its elimination. Direct subsidies account for only 2.1 percent of budget expenditures in the new 1997 budget, but critics charge that political—not economic—considerations govern which industry receives them.

A government reorganization in October 1996 transferred responsibility for the 1,300 SOEs from the various ministries to the wojewodas (governors).

ECONOMY 1.75/7

1. Has the taxation system been reformed? (What areas have and have not been overhauled? To what degree are taxpayers complying? Has the level of revenues increased? Is the revenue-collection body overburdened?) The following taxes are levied in Poland: income (ranging from 21 to 45 percent), social security (aggregate rate of 48.5 percent on income), VAT (22 percent generally and 7 percent on specific goods such as food and medicines), and corporate income (40 percent). There are also taxes on property, agriculture and forestry, inheritance (between 5 percent and 45 percent), and stamp duties on certain transactions, such as property transfers (2-5 percent).

The current level of income tax rates was introduced in 1994 as a "temporary" measure. Following internal debate between the coalition parties, the government announced in May 1996 that income tax rates would be cut to a range of 20-43 percent beginning in 1997 (with a 2 percent reduction in the corporate income tax) at the same time that tax breaks would be reduced. This set off a political battle to define a new income tax rate structure. In September, the Sejm budget and finance committees decided to scrap this reduction, while the Sejm as a whole decided only to lower the minimum level for income tax rates to 17 percent in October. This was virulently opposed by the SDL-dominated government and Finance Minister Grzegorz Kolodko, whose position was supported by a November Senate decision to support a four-rate 20-44 percent income tax structure. The new taxes were signed into law in late November by President Kwasniewski. Corporate income taxes were also reduced by two points to 38 percent.

These high tax rates encourage private sector activity in the informal economy. According to an Institute for Private Enterprise and Democracy in Poland (IPED) survey, 15 to 22 percent of the labor force is employed informally and 22 to 25 percent of salaries are paid informally. Sixty percent of those working informally receive social security system benefits. High tax rates on wage income also have the

unfortunate side effect of making the labor market more rigid. This leads to high unemployment in spite of Poland's impressive growth rate. While it has fallen recently, Polish unemployment remains high: 13.5 percent in September 1996. The character of the unemployed pool is also problematic. Long-term unemployment represents 40 percent of total unemployment. Many of those unemployed actually work in the informal sector.

The introduction of the VAT has considerably improved revenue collection. The biggest laggards in tax payments are large loss-making SOEs in such sectors as mining, steel and shipbuilding.

2. Does macroeconomic policy encourage private savings, investment and earnings? (Has there been any reform/alteration of revenue and budget policies? How have any such changes served to advance economic objectives?) Poland was the first post-Communist nation to embark on macroeconomic reform. The "Balcerowicz program," begun on January 1, 1990 in the face of hyperinflation (600 percent in 1990), made the zloty internally convertible and pegged its value (on a downward "crawling" basis) to a basket of Western currencies. Hyperinflationary pressures were extinguished by 1992, and Poland was the first nation to emerge from the post-transition recession with real growth in 1993.

The Finance Ministry controls the state budget. Real GDP grew by 6 percent in 1996, slightly below 1995's 7 percent. The dynamism of the private sector accounts for the majority of this growth in output. In 1995, the deficit was 2.7 percent of GDP, and it has been under 3 percent of GDP since 1993. The public debt fell to 58 percent of GDP as a result of low budget deficits and the London club debt reduction plan. Government consumption grew by 2.6 percent in 1996. Foreign reserves rose from $6 billion at the end of 1994 to over $18 billion in mid-1996.

Retail prices increased by 18.5 percent in 1996, down from 1995's 21.6 percent. Wages rose 5.5 percent in real terms, and were 923 zloty ($330)per month after payroll taxes at the end of 1996. The 1997 budget, passed at the end of 1996, projects a deficit of 2.8 percent of GDP.

Its macroeconomic progress was recognized by the West when Poland acceded to the OECD in July 1996. Poland's debt rating was raised in April 1996 by Standard & Poor's from BB to BBB. In general, Polish credit ratings are now investment grade. Poland also repaid all of its IMF drawings in 1995.

One of the most important issues facing Poland is the social insurance system, particularly the national pension. Currently, Poland has the youngest retirement age in Europe. It has more pensioners below the age of sixty-five than above and 10.5 million contributors support 9 million pensioners. There is no relationship between contributions and the benefits paid in retirement. The system represents 39 percent of government expenditures and crowds out productive infrastructure investment. Demographic trends indicate that this situation will continue to deteriorate further unless reform takes place.

A 1995 move by Finance Minister Grzegorz Kolodko to index benefits to wages rather than prices failed when the Labor Ministry and its head, Leszek Miller, opposed the plan. In October 1996, union and employer representatives on the Tripartite Commission for wage and Social Issues rejected a government proposal to raise the retirement age for men from sixty to sixty-five and for women from fifty-five to sixty. Unions argued that the proposal was premature, while employers maintained the necessity of a wholesale reform of the system. Observers note that real reform of the pension system is unlikely before the 1997 parliamentary elections, given the political sensitivity of the issue.

According to a November 1996 survey, 49 percent of Poles have zero savings, a decline from 58 percent in November 1995. Reflecting increasing confidence in the currency, the number of Poles keeping their savings in zloty-denominated accounts rose from 50 percent in 1995 to 56 percent in 1996.

3. Are property rights guaranteed? (Are there both formal and de facto protections of private real estate and intellectual property? Is there a land registry with the authority and capability to ensure accurate recording of who owns what? What are the procedures for expropriation, including measures for compensation and challenge?) Article 7 of the amended 1952 constitution notes that "The Republic of Poland shall protect ownership and the right of succession and shall guarantee comprehensive protection of personal property. Expropriation may be allowed exclusively for public purposes and for just compensation." Article 15.2 of the June 1996 draft of the new constitution states that "Expropriation is admissible only for public purposes and upon fair compensation," while Article 38 adds that "forfeiture of property may occur solely in cases specified by law, pursuant to a legal court ruling." Article 216.4 states that "Laws may define the guidelines, scope, and procedure for the compensation of property losses due to

the suspension or abridgment of the rights and liberties of man and citizen for the duration of a state of emergency."

Poland recently liberalized regulations on foreign property holdings. Before, purchasing land by foreigners or foreign companies necessitated a permit from the Ministry of Internal Affairs. This procedure sometimes added months to a property transaction. Now, the following transactions can be performed without a permit: individual purchase of a residential apartment; ownership of land after a five-year residency period; and the purchase by foreign companies of up to 0.4 hectares of land in cities and up to one hectare of land in the countryside.

Regulations and applications remain difficult and confusing. Moreover, permits are not necessarily approved: between 1990 and 1995, only 16.6 percent of permit applications by foreigners were granted. Indeed, a new law requires all companies with majority foreign ownership to obtain real estate permits by May 1997. The continuing restrictiveness of these laws reflects the fears of the PSL, among others, that foreigners will come to own Poland.

A Patent Law Act was passed in 1993, followed by a Copyright Law in 1994. Three executive ordinances have been enacted by the Minister of Culture and Arts. A December 1994 ordinance establishes a Copyright Commission. The Commission, composed of Culture and Arts Ministry appointees, is charged with two tasks: approving tables of royalties proposed by "collective administration societies" for the use of works and performances; and to arbitrate disputes concerning royalties. Poland also acceded to the Berne Convention in 1994. Together, these changes in Polish legislation on the protection of intellectual property represent a considerable advance.

Enforcement has also improved. In late 1994, the Polish government closed major television broadcasters of pirated material. The government has been less effective in curtailing software piracy. The Business Software Alliance, a U.S. anti-piracy trade organization, estimates that 91 percent of software in Poland is pirated. It also estimates that U.S. software vendors lost $201 million as a result of such piracy in 1994.

Registries in land, companies, and property liens are not fully developed. For instance, if there is more than one lien on a property, the most recent has priority—the opposite of what happens in the West.

One problem created by the lack of legislation on restitution of German- and Communist Expropriated property is that land sales are hampered—and development projects slowed—by confusion over the progress of the legislation. A substantial amount of property, especially in urban areas, has very unclear titles of ownership. When such legislation is enacted, former owners will have first rights of sale or disposal, according to a mid-1996 ruling of the highest administrative court. This will create problems for the current "owners" of restituted property.

4. Is It possible to own and operate a business? (Has there been legislation regarding the formation, dissolution and transfer of businesses, and is the law respected? Do there exist overly cumbersome bureaucratic hurdles that effectively hinder the ability to own and dispose of a business? Are citizens given access to Information on commercial law? Is the law applied fairly?) In general, Polish laws regarding the creation of new businesses are fairly liberal and transparent. There was an explosion of businesses created following the transition, especially of small service firms. Thus, despite the relatively slow speed of Polish privatization, the share of the GDP produced by the private sector is in the top tier of the East-Central European countries.

Nevertheless, there is some degree of complexity and lack of transparency involved in starting and running a business. This is related to the speed with which laws related to business activity are amended. Over 220 laws, amended over 500 times, regulate business activity. This often means that even small firms must employ professional assistance to comply with the law.

Polish regulation remains a barrier to business formation and management. Arbitrary enforcement of labor, health and safety regulations is one facet of this problem. Another is access to differential levels of protection from imports. Price controls still exist on certain products such as fuel, transportation and rent.

Corruption, while present, is not seen as a significant obstacle to doing business in Poland. In July 1996, the former mayor of Gdansk was arrested for having accepted a 50,000 deutsche mark bribe from a German company for a Gdansk insulation contract.

The Polish legal system is based on French and German models. Polish accounting practice, regulated by the Ministry of Finance, is moving slowly toward meeting international standards. Poland is a signatory of four international agreements on dispute resolution: the 1923 Geneva Protocol on Arbitration Clauses, the 1958 New York Convention on the Recognition and Enforcement of International Arbitration

Awards, the 1961 Geneva European Convention on International Trade Arbitration, and the 1972 Moscow Convention on Arbitration Resolution of Civil Law Disputes in economic and scientific cooperation. The threat of expropriation is minimal.

Trade unions are unusually strong in Poland compared with the rest of East-Central Europe, and they have sometimes strongly protested restructuring and management changes in enterprises, especially in those that are newly-privatized. However, they have not seriously disrupted Polish business activity.

5. Is business competition encouraged? (Are monopolistic practices limited in law and in practice? If so, how? To what degree is "insider" dealing a hindrance to open competition?) Poland's anti-monopoly commission has attempted to attack monopolies (defined as market share by a single enterprise which exceeds 40 percent), although these efforts are not always successful. In August 1996, the Anti Monopoly Office threatened to charge Polish Telecommunications with anti competitive actions it took with regard to Centertel, a wireless phone service provider.

However, the creation of industry-wide holding companies (such as Nafta Polska in fuels) of SOEs serves to increase monopolization.

6. Are foreign investment and international trade encouraged? (To what degree has there been simplification/overhaul of customs and tariff procedures, and are these applied fairly? To what degree is foreign investment encouraged or constrained? Is the country overly trade-dependent on one or two other countries?)

Investment: The Foreign Investment Act of 1991 and later amendments to it secured the opening of Poland to foreign investment. With the exception of "strategic" sectors mentioned earlier, Poland does not require any local participation, ownership, or management in companies. Foreigners can generally enjoy complete ownership of new or existing Polish firms. Profits and dividends can be fully repatriated with no permit requirement.

Generally, domestic and foreign firms are treated equally under Polish investment law. One exception is bidding for public procurement contracts. Polish firms enjoy a mandated 20 percent price advantage, and 50 percent of materials and labor in all contracts are required to be Polish.

However, foreign investors enjoy special tax privileges, provided that the investment is at least ECU 2 million, exports total over 50 percent of production, or that the investment is made in areas with high unemployment. Foreign partners are allowed to import inputs duty free. Final restrictions on foreign investment in joint ventures were removed by the March 1996jointVentures Law. In April 1996, Poland eliminated controls on flows of capital.

Inflow of foreign direct investment (FDI) from 1990-1994 has been quite slow relative to the size of the Polish economy. This changed in 1995 when FDI grew by 60 percent to reach $2.5 billion ($6.8 billion cumulative) in 20,000 Polish firms. The U.S. is Poland's major investor, with a 25 percent share of total FDI in 1995.

One perplexing problem is that large foreign investors sometimes demand protection from imports. GM made higher tariffs on auto imports a precondition of its investment in the auto industry.

Trade: Poland's average trade-weighted tariff was 9.3 percent in January 1995. The January 1996 revision of the customs tariffs established an average 7.7 percent tariff on industrial products and a 19.5 percent tariff on agriculture goods. On top of these duties, Poland charges a general import tax rate of 3 percent (down from 5 percent in 1995). The latter was removed on January 1, 1997. Finally, certain "strategic" goods such as alcohol, cosmetics, cigarettes, confectionary items, automobiles, and fuel are charged an additional excise tax.

Poland acceded to the Uruguay round of the General Agreement on Tariffs and Trade (GATT) in July 1995, and as such is a member of the World Trade Organization (WTO). As part of its agreement with the EU, Poland has agreed to lower tariffs on European manufactured goods by 20 percent a year over five years beginning in 1996. Poland is also a member of the European Free Trade Association (EFTA) and the Central European Free Trade Agreement (CEFTA),both of which obligate a substantial reduction in import duties.

The optimistic and probably unattainable goal is to have a completely free trade regime by 1999 as Poland gears up to join the European Union. However, Poland is still plagued by a proliferating number of barriers to imports (affecting some 4,000 product groups and 25 percent of imports). Political, not economic considerations, dictate which sector will enjoy protection.

Nontariff barriers such as certification requirements (for cosmetics, among others) and quotas (especially in agriculture, fuels, alcohol and tobacco products) are growing in number. Safety Testing is yet another kind of barrier because of its nontrans-

parent nature. Overworked officials, antiquated methodology, and slow communication between Warsaw and the borders do little to facilitate trade.

The level of import protection in some sectors, such as agriculture, automobiles and steel, is enormous. The PSL, which controls the Agricultural Market Agency (ARR), has attempted to fight agricultural imports through a series of fragmented legal regulations. This tactic has been called "creeping protectionism."

Polish trade has shifted radically since transition. CMEA business with the USSR and its satellites dominated foreign transactions through the late 1980s. Since then it has become highly diversified. OECD countries account for 70 percent of trade, with Germany alone accounting for 30 percent. Russia is Poland's third-largest partner (with 8 percent of the total trade).

An October 1996 government reorganization created a new Ministry of the Economy which subsumed the former trade and foreign trade ministry functions.

7. Has there been reform of the banking sector? (Is the central bank independent? What are its responsibilities? Is it effective in setting and/or implementing monetary policy? What is the actual state of the private banking sector? Does it conform to international standards? Are depositors protected?) Poland is unique in that the National Bank of Poland (NBP), was strongly independent early on. Not surprisingly, it has implemented significant monetary restraint. This is especially so under the strong stewardship of NBP President Hanna Gronkiewicz-Waltz.

The NBP is responsible for defending the value of the national currency, the zloty, and sets exchange and interest rates. Since 1994, zloty devaluation has slowed in response to massive inflows of short-term capital. In June 1995, the IMF confirmed the zloty's full current account convertibility. The NBP revalued the zloty in December 1995 to control inflationary pressures.

The Foreign Exchange Law of October 1995 liberalized currency exchange rules. First, it allowed Polish exporters to establish their own payment deadlines (rather than the across-the-board three-month deadline). Second, the law no longer forces Polish firms to immediately resell foreign currency received from abroad. This means that it is now possible to establish foreign currency bank accounts. However, Polish firms are still required to obtain foreign exchange permits for transactions involving foreign exchange credits and loans.

By October 1996 there were eighty-eight banks in Poland, twenty-four of which were state owned. However, these state-owned banks have a 57 percent market share. The financial sector is dominated by nine banking conglomerates, five of which have been privatized. A bad debt crisis plaguing the Polish banking industry began in 1990. By 1995, nonperforming assets had been significantly reduced system-wide. By the end of the year, 16.1 percent of credit portfolios were estimated to be nonperforming. Moreover, one-quarter of this amount was actually held by one troubled bank, BGZ SA (40 percent nonperforming loans). Thirty-two of Poland's leading fifty banks have 5 percent or less of their portfolios nonperforming. The total assets of the banking system by the end of 1995 was 136.7 billion zloty ($54.7 billion). Despite significant de facto restrictions on the operation of foreign banks in Poland, they increased their capital stakes in 1995.

Bank privatization has been beset by problems since the controversial 1993 privatization of Bank Slaski. By the end of 1996, however, the NBP planned to hold tenders for Polski Bank Inwestycyjny and Prosper Bank. The tender for Powszechny Bank Kredytowy will be held by March 1997.

8. Is there a functioning capital market infrastructure? (Are there existing or planned commodities, bond and stock markets? What are the mechanisms for investment and lending?) Polish capital markets have been maturing slowly but steadily since 1990. The Warsaw Stock Exchange (WSE) was established in April 1991 with five traded companies. By the end of 1996, eighty-three firms were regularly traded. There are fifty-one brokerage houses providing underwriting, auditing, marketing, and consulting services. There are also 843,000 open investment accounts. The WSE is comparable to the Greek and Portuguese stock exchanges in terms of trading volume and quantity of transactions, but lags far behind in capitalization ($9 billion as of November 1996, 7 percent of GDP). In order to promote stability, the WSE limits daily price movements to about 10 percent. Ninety-nine percent of the Exchange's capital is held by the Ministry of Privatization.

The Polish bourse is still underdeveloped in that it lacks large institutional investor-like pension funds, and intermediaries like investment banks. Nonetheless, it is developing steadily. Further liberalizing amendments to the Securities Law will probably be enacted in early 1997.

By September 1996, trading in mass privatization ownership certificates in Poland's fifteen national investment funds made up about 10-15 percent of the daily trade volume on the Warsaw Stock Exchange. The vouchers began trading on July

15, 1996. The stock prospectus for the Eugeniusz Kwiatkowski Fund, one of the NIFS, was submitted for review to the Polish Securities and Exchange Commission in November, while the rest were submitted in December. Public trading in individual NIFs will begin in the first quarter of 1997.

Other exchanges have been late in developing. The Warsaw Grain and Feed Commodity Exchange, Poland's first commodity futures exchange, was created in late 1995. In May 1996, the Council of Ministers Economic Committee decided to establish eight national commodity exchanges and twenty-five regional exchanges. Poland's over-the-counter securities market, the Central Table of Offers, became operational in early December 1996. It was organized by fifteen brokerage houses.

Another important development in the evolution of Polish capital markets occurred in November 1996 when seventeen Polish financial institutions created Poland's first credit rating agency, the Central European Center for Ratings and Analysis. It will rate bond issues of firms, banks and municipalities.

Short-term treasury bills used to finance the budget deficit have been the major feature of Polish capital markets. This has been changing, however. In 1995, Poland returned to international capital markets with a very successful $250 million issue of Eurobonds.

The private capital markets reflect Poland's evolution. While in 1991, bank loans were the only source of capital for expanding companies, today short-term commercial paper, bonds (including convertible bonds) and share issues are now accepted methods of raising short- and medium-term capital. Currency futures and stock market options are also now available. Long-term financing is still difficult to raise because of high inflation and general uncertainty.

By the beginning of January 1997, capital outflows were to be fully liberalized.

9. Has there been reform of the energy sector? (To what degree has the energy sector been restructured? Is the energy sector more varied, and is it open to private competition? Is the country overly dependent on one or two other countries for energy [including whether exported fuels must pass through one or more countries to reach markets]?) The 1990 Law on the Liquidation of the Amalgamated Power Supply and Lignite Authority and the 1993 Law on the Transformation of Strategic Enterprises have shaped the reform of the electricity sector.

Polskie Sieci Energetyczne SA, a state-owned firm, has run the Polish electricity grid since 1990. While there are plans to admit private shareholders, the state plans to keep a controlling interest in the company.

In May 1996, Poland merged seven state-owned oil refineries and the main gasoline distribution network into Nafta Polska (an industry-wide holding company) in order to increase efficiency. It was hoped that this would attract foreign investment into the industry and the private sector. Individual refineries will be able to offer 30 percent of their shares to foreign investors within a year. The Central Petroleum Product (CPN) distribution network, while no longer a monopoly, still dominates energy distribution. It was to be incorporated into Nafta Polska by the end of 1996.

The dissolution of state ownership in the energy sector has consisted mostly of "minor privatization" or the contracting out of support services such as repair, transport, storage, and administration to private companies. The privatization of a large power plant, Zespol Elektrowni Patnow-Adamow-Konin (PAK), set for 1996, has been subject to continual delays.

The energy market is protected from imports by a number of barriers such as tariffs and quotas. As a result, imports only account for a fifth of total supply. The EU has recently agreed to allow Poland to extend this protection to the year 2000. In 1996, oil import duties and price caps were reduced so as to alleviate fuel shortages. Moreover, Poland is to have a power plant built, owned, and operated by foreigners.

The new 1996 Energy Law creates an Electricity Regulation Board, which is responsible for licensing, supervising and approving rates, levying fines, and arbitrating disputes between users and producers. The Law downgrades the powers of the National Electricity Authority which decides the fate of individual power plants.

Energy prices on the whole are controlled, but the state has pegged any increases to inflation. Electricity prices are set by the minister of finance for consumers and by the minister of industry for intra-sector trade. A price increase from the current $0.053 per kWh, to a break-even rate of $0.075 is scheduled to take place in the year 2000. However, the attainability of this goal is in question because of government-induced delays in scheduled price increases.

Electricity prices under the law will be set on a national electricity exchange. At the beginning of May 1996, regional prices were introduced for electricity. These prices will be adjusted based on a number of factors, including reliability and continuity of supply as well as distance.

The EU agreed in late 1996 to extend protection of the Polish fuel market until the year 2000. Under the agreement, customs duties would be gradually reduced beginning in 1997. In return, Poland is obligated to continue fuel price deregulation, accelerate refinery privatization, remove nontariff barriers such as quotas on fuels, and give equal treatment to all firms dealing with Polish refineries.

APPENDIX 4

HEARING OF OCTOBER 28, 1997

OCTOBER 24, 1997

MEMORANDUM

TO: Members, Committee on Foreign Relations

THROUGH: James W. Nance and Edwin K. Hall

FROM: Steve Biegun, Beth Wilson, and Mike Haltzel

SUBJECT: Hearing on the Costs, Benefits, Burdensharing, and Military Implications of NATO Enlargement

On Tuesday, October 28, 1997, at 10:00 a.m., the Committee on Foreign Relations will hold a hearing on the Costs, Benefits, Burdensharing, and Military Implications of NATO Enlargement

Senator Helms will preside.

OVERVIEW

The Foreign Relations Committee has scheduled a series of six hearings this fall to examine all elements of NATO enlargement. (One or two additional hearings will be scheduled early next year after the treaty is formally transmitted to the Senate). Previous hearings have examined the strategic rationale, the pros and cons of NATO enlargement, and the qualifications of the three candidate countries. Later in the week the Committee will examine the relationship between NATO and Russia, and on November 5 public views on NATO enlargement will be heard.

This memo, prepared with the assistance of the Congressional Research Service, provides an overview of the structure of NATO and the costs—to the U.S., allies, and candidate members of NATO—associated with NATO expansion.

MISSION AND STRUCTURE OF NATO

Military Mission

The core of NATO's military mission is the North Atlantic Treaty's Article V, in which it is agreed that an attack on one member shall be considered an attack against all; and it is further agreed that each member will individually and in concert take *"such action as it deems necessary, including the use of armed force, to restore and maintain the security of the North Atlantic area."* From this basis, and the assumption that the Warsaw Pact was the most likely adversary, NATO focused it military efforts for 40 years on 1) deterring and 2) preparing for a high intensity conflict in Central Europe.

At their 1990 London summit, NATO heads of state reaffirmed the basic aims of the alliance, but directed a comprehensive strategic review in light of the collapse of the USSR and the Warsaw Pact. The resultant new "Strategic Concept" was adopted at the 1991 Rome NATO summit. The Strategic Concept provides a much more detailed set of objectives, functions, and guidelines for NATO's military establishment, of which the most salient are:

- Maintain military capability sufficient to prevent war and provide an effective defense.
- Deter and defend against any threat of aggression against the territory of any member.
- Maintain the capability to manage successfully crises affecting the security of members by reinforcing political actions.
- Be capable of participating in United Nations missions
- Maintain an up-to-date appropriate mix of nuclear and conventional forces in Europe to provide a broad range of response options.
- Provide enhanced flexibility and mobility, and assured capability for reinforcement when necessary.

The Strategic Concept also urges priority attention to the following military capabilities:

- Surveillance and intelligence collection/processing.
- Flexible command and control

- Mobility within and between regions
- Appropriate logistics capabilities, including transport and war materiel reserves
- Ability to reinforce quickly any area at risk within the alliance's territory

To provide a framework for achieving or improving specified military capabilities, so-called "Force Goals" and associated time-lines are negotiated for each NATO member. The negotiations are closed, and the resultant Force Goals remain classified. Consequently, detailed public assessment of Force Goal achievement is not possible. In general, however, it is widely believed that Force Goals are frequently not accomplished on time, and their time-lines renegotiated. It is the failure of some allies to meet Force Goals (that have been met by the United States) that drives much of the burden sharing debate in NATO.

NATO Organizational Structure

NATO does not maintain a standing army of its own. The alliance defense is maintained through an agreed allocation of national military capabilities and is led by a permanent representation of its sixteen member states called the North Atlantic Council (NAC). The NAC (NATO headquarters) is located in Brussels, Belgium. The NAC consists of permanent representatives of each member state at the ambassadorial level, and meets twice a year at the level of foreign minister and defense minister. Occasional summits at the head of state level are held for major decisions such as the invitation of Poland, Hungary and the Czech Republic to join the alliance, which was accomplished at a July 1997, summit in Madrid, Spain.

The NATO civilian structure remains essentially unchanged from the Cold War period. Below the North Atlantic Council is a Secretary General (the senior civilian official at NATO), and the Defense Planning Committee, the Nuclear Planning Group, and the Military Committee. These latter, three organizations are the decision making bodies for NATO's core functions. The Secretary-General, selected by the NAC to manage the day-to-day operations of the NATO staff, oversees the International Secretariat and chairs all but the Military Committee. The Military Committee oversees NATO's Integrated Military Command Structure (IMCS).

In addition to decision-making bodies, NATO has two consultative and cooperative fora. The first is the newly formed Euro-Atlantic Partnership Council (EAPC), which melds the former North Atlantic Cooperation Council and the on-going Partnership for Peace program. The EAPC comprises most of the nations of Europe and the newly independent nations of the former Soviet Union. The EAPC is consultative only, and has no authority in NATO's decision-making or command structure. The second consultative body, the NATO-Russia Permanent Joint Council (PJC), was established under the May 1997, NATO-Russian Founding Act. The PJC has been described by NATO as a forum intended to promote trust and the "habit of consultation" with Russia. The PJC has no role in NATO's administrative structure or decision-making process, and is specifically barred from discussion of NATO's or Russia's "internal matters."

Since the end of the Cold War, NATO's Integrated Military Command Structure (IMCS) has undergone substantial alteration. The number of major and subordinate commands has been reduced. The two remaining major commands are the Allied Command Europe (ACE), which comprises all land, air, and naval forces in Europe and the Mediterranean, and the Atlantic Command which oversees naval and amphibious forces in the Atlantic. Both of these commands are headed by U.S. officers; the Supreme Allied Commander Europe and the Supreme Allied Commander Atlantic (SACEUR and SACLANT). Neither France nor Spain, though members of NATO, are currently part of the IMCS, however, negotiations over Spain's participation in the IMCS are in their final stages.

The subordinate commands have few, if any, active duty units under their operational control in peacetime, but serve as coordinating headquarters which will assume control of designated forces in time of war or crisis. The exception to this are the Immediate Reaction Forces discussed below, which are under SACEUR's control at all times. Otherwise, each member nation is fully responsible for the maintenance and deployment of its own armed forces whether in peacetime, crisis, or war.

The new command structure reflects the significant reduction in NATO's active duty forces over the last several years, and an increasing reliance on mobilized reserves to deal with any major conflict. According to statistics on force reductions (provided by NATO Headquarters) the following reductions have taken place in NATO using force levels in 1990 as the base line.

- 25% reduction in total peacetime force levels;
- 25% reduction of total ground force units including a 45% reduction in ground forces in the Central Region (i.e. Germany);
- 10% reduction in naval units deployed in the NATO region;

- 25% reduction in total combat aircraft assigned to NATO including a 45% reduction in the Central and Northern Regions; and
- 25% reduction in combat aircraft designated for reinforcement from North America.

The ACE Mobile Forces Land/Air (a reinforced brigade-sized force) along with the Standing Naval Force Mediterranean and the NATO Airborne Early Warning System are generally the only units under SACEUR's operational control in peacetime. The second readiness tier is the ACE Rapid Reaction Corps (approximately 5 full divisions, and 5 "framework" divisions) which comes under SACEUR control in times of crises or war. It was elements of this Rapid Reaction Corps that initiated the IFOR mission in Bosnia. Though other units have subsequently rotated in for the SFOR operation, SACEUR retains overall command.

COSTS OF NATO MEMBERSHIP

Common Costs

All sixteen members of NATO make annual contributions to the so-called "Common Costs" of the alliance, which comprise three accounts: 1) Civil Budget; 2) Military Budget; and the Security Investment Program. The Civil Budget provides for, among other things, the operating expenses of NATO's civilian headquarters, the International Secretariat (staff), NATO science and defense research activities, and some Partnership for Peace programs. The Military Budget funds the international military headquarters, the airborne early warning aircraft operations, the NATO petroleum pipeline, and the NATO Maintenance and Supply Agency.

The Security Investment Program (formerly called the Infrastructure Fund) supports a broad range of projects recommended by the SACEUR and SACLANT, in accordance with a specified planning cycle that generally requires about two years to execute. Typical project areas include the mobility and deployability of NATO forces, NATO command and control, allied reconnaissance and intelligence, and maintaining logistics and training facilities.

The total and individual contributions for the NATO Common Costs are determined through alliance-wide negotiation. New cost projections, taking into account the accession of the new members, are expected by mid-December. At least slight increases are expected for the Civil and Military Budgets to accommodate additional headquarters personnel from the new members. It is, however, the Security Investment Program that holds the greatest potential for significant increases because it traditionally funds precisely the types of projects most needed by the new members. NATO's European members have generally insisted that dramatic increases should not occur, recommending instead that some currently planned projects should be put aside in favor of more urgent needs among the new East European members. It is also generally accepted that a slight reduction in each member's percentage share of contributions will result when the new members are included in the calculation. The exact distribution of costs will be negotiated upon the new members admission to the alliance.

The inclination to keep the Common Costs roughly in line with current levels is rooted in the assumption that the threat of a major conflict will remain very low, and that the current Bosnia peacekeeping operation is representative of the most demanding scenario NATO forces will be called upon to face in the foreseeable future. Some have voiced concern, however, that without a firm commitment to a robust alliance-wide defense capability from the outset, complacency and domestic political pressures could erode NATO's ability to perform its core mission of collective defense.

NATO headquarters and the Department of Defense have provided a series of statistical breakdowns of U.S. and allied contributions to the Common Costs and of comparative national defense spending. (See Annex 2) The U.S. share for each element of the Common Costs is: Civil Budget—24.3%; Military Budget—24.1%; Strategic Improvement Program—23.8%. It should be noted, however, that funds actually appropriated may be less than the United States' allocated share. The U.S. total contribution to NATO Common Costs over the last several years, and projected for 1998 are: 1993—$318 million; 1994--$342 million; 1995 - $407 million; 1996 - $453 million; 1997 - $489 million; 1998 (est.) - $493 million. This shows a steady increase, though the rate of increase drops sharply in 1998.

In addition to funding the Common Costs, the United States has provided bilateral security assistance to the prospective new members in order to facilitate their qualification for NATO membership. The U.S. assistance has been channeled primarily through International Military Education and Training (IMET) and Foreign Military Financing (FMF) grants. IMET provides training in Department of Defense schools for Central and East European officers and civilian defense managers. The

training focuses on the role and functions of the military in a democratic society, and on civilian defense management. FMF grants have been used to fund the prospective members' participation in Partnership for Peace training exercises and to upgrade air traffic control and communication facilities. The amounts appropriated from FY1996–FY1998 for these programs are: Poland— $44.2 million; Hungary—$24.5 million; Czech Republic—$28.6 million.

Current and Prospective NATO Allies' Defense Spending

Defense spending by the United States and the NATO allies has decreased both in absolute terms and as a percentage of gross national product for the last ten years (see Annex 2). Though this could be expected with the collapse of the Soviet Union and the Warsaw Pact, there is a growing concern that declining allied defense budgets will not allow accomplishment of even the more modest military commitments of the NATO's basic mission as outlined in the 1991 alliance Strategic Concept.

The disparities between the U.S. and its NATO allies in transport, logistics, communications, and intelligence capabilities (made apparent in the Persian Gulf War and in the on-going Bosnia operations) have led some to suggest NATO could devolve into a so-called "three-tiered" alliance, with the United States, current NATO allies, and the new members having vast differences in capabilities. In order to prevent these disparities the U.S. estimates that the current allies will have to spend some $8–10 billion for force modernization (almost as much as the new members) over the next ten years to modernize their forces. Related concerns include the decline of allied government funding for defense research and development, the lack of cooperation or consolidation among European defense industries, and, despite pledges to the contrary, continued European domestic political pressures to reduce defense expenditures.

Most recently expressed by Secretary Cohen at the NATO ministers conference on October 2, 1997, this U.S. position on required modernization by the allies encountered predictable European resistance. Some allies argued that their foreign aid programs to Russia, Ukraine, and Bosnia are significantly greater than the United States', and that these funds should also be counted as security investments. In addition, there is some feeling that the United States is pushing for more rapid modernization not because of immediate security requirements, but rather to create additional markets for its domestic defense industries. While acknowledging obvious disparities in capabilities and their intent to address the problems, the NATO allies nevertheless believe that modernization need not be carried out at the pace or price indicated by U.S. NATO enlargement cost estimates.

With regard to the prospective NATO members, Poland, Hungary, and the Czech Republic, the cost analysis must consider whether candidate states have sufficient domestic support for raising defense spending, and whether their developing economies can bear such spending increases. Complicating this latter consideration, the International Monetary Fund recently recommended that all three countries avoid excessive defense spending increases. At a recent of NATO defense ministers, Secretary Cohen strongly emphasized that the new members will be expected to pay their full share of enlargement costs, including the adequate modernization of their armed forces. The positions of the IMF and NATO are not irreconcilable, but obviously a proper balance must be found. Currently, defense spending in the three countries represents the following percentage of their gross domestic product (GDP): Poland—2.2%; Hungary—1.7%, and the Czech Republic—1.5%. The overall NATO average in 1996 was 2.9%, while the European members of NATO averaged 2.3%, and U.S. defense spending stood at 3.7%

Of the three prospective members, Poland has received the highest marks for its qualifications from U.S. officials. There is very strong public support for NATO membership, and though still not on par with the more developed of the Western allies, Poland's economy is improving rapidly. In addition, Polish armed forces are generally considered to be in better condition than others in Eastern Europe. Though Hungarian armed forces are relatively small and in serious need of modernization, there is strong public support for NATO membership which could make increased defense spending more politically palatable. For U.S. Defense officials, it is the Czech Republic's low defense spending, and polls indicating around 50% public support (up recently from 35%) for NATO membership, that present the greatest concern. The Czech government has pledged a defense spending increase of .1% of GDP each year for the next five years, though this spending plan has not yet received parliamentary approval.

NATO Cost/Benefits

Since the collapse of the Soviet empire, the question of the cost/benefit analysis of NATO for the United States has received increased attention. It does not, however, appear to be a question answerable solely in terms of dollars and cents. Even to determine NATO's costs to the United States is very problematic. The amount the United States appropriated for NATO Common Costs in 1995, for example, represented less than two-tenths of one percent of the U.S. defense budget. The costs of forward-deployed forces in Europe and the Mediterranean could be ascribed to NATO membership, but their most significant operation (and their only one involving combat) was in the Persian Gulf War. Consequently, many argue that the United States would be spending as much, if not more, to maintain its defense posture without the alliance. They argue that U.S. global security challenges, not NATO requirements, drive U.S. defense spending.

NATO membership provides the United States a very strong voice in European security affairs, institutionalized with U.S. officers in key command positions. NATO's contribution to a politically stable Europe can be argued to provide substantial economic benefit to the United States. The Administration has argued that the desire to join NATO has led the newly independent East European states to abandon long-standing ethnic and/or territorial rivalries that could have recreated the tensions of the 1930s in the region. The cohesion of the alliance in the conduct of the Persian Gulf War and the on-going enforcement activities in the region lend some credence to NATO's also having an out-of-theater deterrent capability.

ANNEX 1

SUMMARY OF NATO ENLARGEMENT COST ESTIMATES [1]

The Clinton Administration

On February 24, 1997, the Clinton Administration sent to Congress a report detailing its rationale and cost estimates for NATO expansion. [2] The document, which may be viewed as the President's statement of U.S. policy, outlines the defense posture the Administration believes is necessary, presents the likely costs for its scenario, and estimates the share of costs that would be assumed by the United States, its allies, and new members.

In developing its cost estimates, the Administration assumes that "enlargement will take place in a European security environment in which there is no current threat of large-scale conventional aggression and where any such threat would take years to develop." With no significant threat on the horizon, NATO will extend Article 5 assurances to new members through improving its ability to send reinforcements if necessary, rather than through stationing substantial forces in the new territories.

The Administration lists several priorities for attaining interoperability—new members will need to train and exercise with alliance forces to become familiar with NATO procedures; they also will need to integrate with NATO's command, control, communications and intelligence (C3I) network, be able to receive and support NATO troops, operate with the alliance's air defense system, and field combat and logistical support. The goal will be not only to ensure that these countries can help NATO defend their borders, but also to enable them to deploy their own forces to assist NATO in both mutual defense and non-Article 5 missions.

The Administration notes some further assumptions for its estimate: 1) it applies to "[a] small group of nonspecified Central European countries;" 2) it will be unnecessary for NATO permanently to station a large number of forces in the new countries; 3) standard burden sharing rules would apply (members pay for their own forces and share the costs of infrastructure improvements); and 4) some of the activities (e.g., language training and air traffic control upgrades) are already underway.

The Administration states that its estimates are based not on total defense spending, but on two types of measures that are associated with enlargement: the first, those that would take place whether new members are added or not, and the second, those that are tied directly to expansion. It breaks these measures down into three categories: 1) new members' military restructuring; 2) NATO regional reinforcement capabilities; and 3) direct enlargement measures.

To *restructure and modernize* new members' armed forces, the Administration estimates that, from 1997–2009, it would cost between $800 million and $1 billion annually, or a total of $10– 13 billion. This will include such measures as modernization of ground forces, including artillery, armor and ammunition; procurement by each country of surface-to-air missiles and one squadron of combat aircraft; and training. The cost of these steps would be borne by the new countries.

For NATO *regional reinforcement capabilities,* the Administration estimates alliance costs of $600–800 million per year, or $8–10 billion total. This estimate is based on being able to deploy and sustain four divisions and six NATO fighter wings to reinforce new members in the event of a threat. Because the United States is already fully prepared to deploy forces, these costs would fall largely on current NATO allies, according to the Administration. Like restructuring and modernization, most of these steps, it is reasoned, would take place regardless of expansion plans as they are applicable to NATO's evolving strategy regarding non-Article 5 missions.

Direct enlargement costs, according to U.S. calculations, would average $700–900 million per year, or a total of $9–12 billion to attain "mature capability." These costs consist of upgrading and/or ensuring interoperability of: command, control, communications and intelligence (C3I); air defense systems; logistics support; reinforcement reception; infrastructure; and exercise facilities and staging. The report estimates that about 40% of the costs for direct enlargement activities would be paid for by individual member countries—both current and new—to improve their own forces, and the remaining 60% would be financed by NATO common funds for infrastruc-

[1] From: U.S. Library of Congress. Congressional Research Service. NATO Expansion: Cost Issues. By Carl Ek. CRS Rpt. No. 97–668 F. July 2, 1997.

[2] U.S. Department of State. Bureau of European and Canadian Affairs. Report to the Congress on the Enlargement of the North Atlantic Treaty Organization: Rationale, Benefits, Costs and Implications. Washington, D.C. February 24, 1997.

ture. Divided in this manner, the new countries would pay about 35% ($230–350 million per year, or $3–4.5 billion total); current allies—other than the United States—would contribute 50% ($350–425 million per year, or $4.5–5.5 billion total); and the United States' share would be 15% ($150–200 million annually, or $1.5–2.0 billion total). Because common funding of NATO activities would commence only after accession in 1999, the U.S. contribution is reckoned over the 10-year period 2000–2009.

Total costs for the Administration's scenario consequently range from $27 billion to $35 billion, of which new members would pay $13–17.5 billion, current allies $12.5–15.5 billion, and the United States $1.5–2.0 billion. The Administration notes that its estimates exclude programs in support of relations with Eastern and Central European countries, as well as U.S. funding for NATO's Partnership for Peace program, since neither is directly related to NATO enlargement.

Congressional Budget Office

In March 1996, the Congressional Budget Office (CBO) published *The Costs of Expanding the NATO Alliance*,[3] a study that estimates the amounts that would be necessary to fund several possible expansion scenarios. The cost analyses focus on expanding the alliance to include the four countries considered most likely at the time the analysis was written: Poland, Hungary, the Czech Republic and Slovakia.

CBO assumes two levels of threat: regional dangers, which are more likely, and a much less likely threat from Russia—the only power with the potential to mount a significant threat to the alliance. The CBO study presents five scenarios, with cumulative costs; that is, the cost of each is added to the previous ones. Costs are for the period 1996–2010.

Option 1--Strengthen Visegrad Defense Forces and Provide for NATO Reinforcement ($60.6 billion). The most fundamental and least costly single scenario, option 1 envisions current NATO members assisting the four above-named countries in defending themselves against "a border skirmish with a neighbor or a limited war with a regional power."

CBO assumes that three steps are key to enabling western NATO allies to assist the new members. The first involves instruction in NATO military doctrine and procedures, as well as large-scale exercises with the alliance. The second consists of improvements in and interoperability of new members' C3I systems. Finally, the new countries would need to upgrade their air defenses. CBO estimates total costs for such steps at $21.2 billion.

Various improvements in military capability are presumed necessary under option 1. Nearly one-third ($19.2 billion) of the cost of this option is dedicated to upgrading equipment (of new members and current allies) and acquiring new stocks, including such items as fighter aircraft and anti-tank weaponry. In addition, CBO also includes $5 billion for tanker aircraft, and nearly $7 billion for improving Poland's army and navy. In order for the new members to receive supplies and reinforcements from NATO, the alliance would also likely need to upgrade infrastructure in the new member states, which would consist of making improvements in transportation and fueling systems. CBO budgets $3 billion for such work. CBO also factors in $4.7 billion for the construction of training facilities, and $0.6 billion for purchase of fuel and ammunition stocks.

CBO estimates the total cost of option 1 at $60.6 billion over 15 years, of which the United States would contribute $4.8 billion, the new members $42.0 billion, and current members $13.8 billion. However, the study adds that, if NATO chose simply to provide for a *minimum* defense capability by employing the first three initiatives (C3I, air defense, and training), the estimated cost of expansion would fall to $21.2 billion, of which the U.S. share would be $1.9 billion.

Option 2--Project NATO Air Power East to Defend the Visegrad States ($79.2 billion). According to CBO, options 2-5 "would attempt to provide an Article 5 defense against an aggressive and militarily potent Russia." Under CBO's second scenario, NATO would project air power eastward by creating prepared or co-located operating bases and would add $18.6 billion to the cost of the first option.

Option 3--Project Power Eastward With Ground Forces Based in Germany ($109.3 billion). Option 3 adds ground forces to air power by enabling nearly all of NATO's 11 divisions to move from Germany to the Visegrad states in the event of an attack. Choosing this option would add about $30 billion to the above two options, with the U.S. share being $3.6 billion.

Option 4--Move Stocks of Prepositioned Equipment East ($110.5 billion). This option envisions storing equipment sufficient for five brigades of U.S. troops, who

[3] U.S. Congressional Budget Office. CBO Papers. The Costs of Expanding the NATO Alliance. March, 1996. Washington, D.C.

would fly in directly from the United States in the event of an emergency. Existing stocks of equipment would be moved from their current west European locations to newly built storage facilities in the Visegrad countries at an additional cost of $1.2 billion, $290 million of it funded by the United States.

Option 5--Station a Limited Number of Forces Forward ($124.7 billion). The last option entails moving nearly three divisions of U.S. and allied ground forces and two air wings from Germany to renovated bases in the new member states, where they would be permanently stationed. This option by itself would cost approximately $14 billion, with $5.5 billion paid by the United States.

RAND

In the Autumn 1996 issue of *Survival,* three analysts at RAND published another study of the possible costs of NATO expansion.[4] Like CBO, the RAND authors posit a series of enlargement options. Rather than assigning a single cost estimate to each option, however, RAND provides funding ranges for each, based on different policy choices. RAND also assumes the Visegrad four to be the most likely new members, though acknowledging that Slovakia's chances had "clearly diminished." RAND posits four alternative defense postures, somewhat similar to those constructed by CBO. RAND also develops increasingly ambitious scenarios, but provides additional flexibility within each option.

Option 1. The "self-defense support" option assumes that new member states will be responsible for defending their own borders, and that western NATO member assistance might be limited to aiding in such key areas as C3I and logistics; however, the alliance might provide other forms of aid, such as assisting new members develop better air defenses, infrastructure, munitions reserves, and helping them improve their readiness. Option 1 costs range from $10–20 billion.

Option 2. RAND's second option adds air power, through such steps as the upgrading of European air wings and the construction of co-located operating bases with munitions storage facilities in the new member territories. Once more, the cost of this option would depend on the extent of the forces used. If five fighter wings were readied for eastward deployment in the event of a crisis, costs would go up to $20 billion; if 10 fighter wings were equipped, costs would rise to $30 billion.

Option 3. The third option combines land forces with air power. Current NATO member forces would remain where they are presently based, but would be prepared to "commit armored and mechanized forces to perform a broad spectrum of missions in Eastern Europe, ranging from border defense to peacekeeping and crisis management." RAND estimated that costs for this option would range from $30–52 billion; the higher estimate would combine 10 NATO divisions with 10 fighter wings. A middle option with a $42 billion price tag is discussed in detail.

Option 4. Under the fourth option, set up to address a "worst case scenario," NATO would move significant forces—both land and air—eastward. Estimated costs for this option range from $55 billion to $110 billion; the latter estimate arises from forward deployment of the 10 divisions and air wings of option 3. RAND points out, however, that because there is no imminent threat, "[s]uch a posture is clearly not needed today."

On the topic of burden sharing, the authors note that member states currently are responsible for funding their own forces, and pay a share of the NATO common infrastructure costs. The amount that any given country will contribute to expansion will depend upon how large its share is of the common infrastructure budget and upon how extensively its forces will be used. Thus, under the first option (self-defense support), a larger share of the burden would be borne by the new members, while projecting air and/or ground forces would entail greater expenses by current members. Under RAND's above-mentioned $42 billion "middle" scenario, for example, current members would contribute approximately $25.6 billion (61%), new members would pay $8.0 billion (19%), and the remaining $8.4 billion would come from the NATO infrastructure funds. Of this amount, the U.S. share of the total package could range from $420 million to $1.4 billion--an estimate that appears to assume a redistribution of contributions.

[4] What Will NATO Enlargement Cost? By Ronald D. Asmus, Richard L. Kugler, and F. Stephen Larrabee. Survival. Vol. 38, No. 3. Autumn, 1996. pp. 5–26.

ANNEX 2

Comparative NATO Defense-spending Statistics

Table 1.—NATO ''Common Cost'' Budget Cost Sharing Formula in Percentages of the total NATO Common Budget

	Military Budget	Security Investment	Civil Budget
United States	24.12	23.2708	23.35
Belgium	2.85	4.1260	2.76
Canada	5.6	2.75	5.6
Denmark	1.68	3.33	1.59
France	16.50	12.9044	16.50
Germany	15.54	22.3974	15.54
Greece	0.38	1.00	0.38
Iceland	0.04	0.00	0.05
Italy	5.91	7.745	5.75
Luxembourg	0.08	0.1973	0.08
Netherlands	2.84	4.58	2.75
Norway	1.16	2.83	1.11
Portugal	0.63	0.345	0.63
Spain	3.5	3.2816	3.5
Turkey	1.59	1.04	1.59
United Kingdom	17.58	10.1925	18.82

Table 2.—U.S. Contributions to NATO ''Common Costs''

(in $millions)

	FY1993	FY1994	FY1995	FY1996	FY1997	FY1998 (est.)
Strategic Investment	60	140	119	161	172	176
Military Budget	216	161	248	249	273	273
Civilian Budget	42	41	40	43	44	44
Total	318	342	407	453	489	493

Table 3.—NATO Member Defense Expenditures as % of Gross Domestic Product

Country	Average 1975–79	Average 1980–84	Average 1985–89	Average 1990–94	1992	1993	1994	1995	1996e
Based on current prices									
Belgium	3.2	3.3	2.9	2.0	1.9	1.8	1.7	1.7	1.6
Denmark	2.4	2.4	2.1	2.0	2.0	2.0	1.9	1.8	1.8
France	3.8	4.1	3.8	3.5	3.4	3.4	3.3	3.1	3.0
Germany	3.4	3.4	3.0	2.2	2.1	2.0	1.8	1.7	1.7
Greece	5.6	5.5	5.2	4.5	4.5	4.4	4.4	4.4	4.6
Italy	2.0	2.1	2.3	2.1	2.1	2.1	2.0	1.8	2.0
Luxembourg	0.9	1.1	1.0	0.9	1.0	0.9	0.9	0.8	0.8
Netherlands	3.1	3.1	2.9	2.4	2.5	2.3	2.1	2.0	2.0
Norway	2.9	2.7	2.9	2.8	3.0	2.7	2.8	2.4	2.5
Portugal	3.4	3.0	2.8	2.7	2.7	2.6	2.5	2.6	2.7
Spain		2.4	2.2	1.7	1.6	1.7	1.5	1.5	1.5
Turkey	4.4	4.0	3.3	3.8	3.9	3.9	4.1	4.0	4.4
United Kingdom	4.9	5.2	4.5	3.8	3.8	3.6	3.4	3.0	2.9
NATO Europe		3.6	3.2	2.7	2.6	2.6	2.4	2.3	2.3
Canada	1.9	2.1	2.1	1.9	1.9	1.9	1.8	1.6	1.5
United States	5.0	5.8	6.3	4.9	5.1	4.8	4.3	4.0	3.7
North America	4.7	5.4	5.9	4.7	4.9	4.5	4.1	3.8	3.6
Nato total		4.6	4.7	3.7	3.7	3.6	3.3	3.0	2.9

Source: NATO.

Table 4.—U.S. and NATO Europe: Comparative Data on Military Spending, 1985–95

	Military Expenditures (Constant 1995$, Billions)		Gross National Product (Constant 1995$, Billions)		Military Expenditures (Percentage of GNP)		Population (Millions)		Military Expenditures Per Capita (1995$)	
	United States	NATO Europe	United States	NATO Europe	United States	NATO Europe	United States	NATO Europe	United States	NATO Europe
1985	353.8	213.4	5,758	6,159	6.1%	3.5%	238.5	372.9	1,483	572
1986	374.9	213.7	5,920	6,347	6.3%	3.4%	240.7	374.7	1,558	570
1987	373.0	217.6	6,085	6,526	6.1%	3.3%	242.8	376.6	1,536	578
1988	365.9	213.5	6,321	6,786	5.8%	3.1%	245.0	378.7	1,493	564
1989	364.3	215.2	6,533	7,026	5.6%	3.1%	247.3	381.5	1,473	564
1990	351.9	216.7	6,625	7,237	5.3%	3.0%	249.9	400.8	1,408	541
1991	309.7	213.6	6,555	7,373	4.7%	2.9%	252.6	403.8	1,226	529
1992	328.2	204.0	6,729	7,446	4.9%	2.7%	255.4	405.7	1,285	503
1993	312.0	197.5	6,881	7,416	4.5%	2.7%	258.1	408.4	1,209	484
1994	295.3	192.2	7,106	7,614	4.2%	2.5%	260.7	410.9	1,133	468
1995	277.8	183.9	7,247	7,784	3.8%	2.4%	263.0	413.4	1,056	445
Total (Avg)	3,706.8	2,281.3	71,760	77,714	5.2%	2.9%	250.4	393.4	1,351	529

Source: U.S. Arms Control & Disarmament Agency, World Military Expenditures and Arms Transfers, 1996, August, 1997.

Table 5.—U.S. and Selected Allies: Comparative Data on Military Spending, 1985–95

	Military Expenditures (Percentage of GNP)							Military Expenditures Per Capita (1995$)						
	United States	France	Italy	Germany	Nether-lands	Norway	United Kingdom	United States	France	Italy	Germany	Nether-lands	Norway	United Kingdom
1985	6.1%	4.0%	2.2%	3.2%	3.0%	3.1%	5.1%	1,483	892	341	885	642	766	810
1986	6.3%	3.9%	2.2%	3.1%	3.0%	3.2%	4.8%	1,558	892	356	879	648	804	797
1987	6.1%	3.9%	2.4%	3.1%	3.0%	3.4%	4.6%	1,536	917	397	879	655	865	783
1988	5.8%	3.8%	2.4%	2.9%	2.9%	3.3%	4.1%	1,493	912	399	866	645	839	737
1989	5.6%	3.7%	2.3%	2.8%	2.8%	3.4%	4.1%	1,473	918	402	857	646	849	742
1990	5.3%	3.6%	2.2%	2.8%	2.6%	3.3%	4.1%	1,408	911	382	703	625	849	742
1991	4.7%	3.6%	2.1%	2.5%	2.5%	3.2%	4.3%	1,226	914	381	643	605	828	757
1992	4.9%	3.4%	2.1%	2.3%	2.5%	3.5%	3.8%	1,285	881	377	610	601	924	679
1993	4.5%	3.4%	2.1%	2.2%	2.3%	3.2%	3.6%	1,209	865	379	550	554	867	650
1994	4.2%	3.4%	2.0%	2.0%	2.2%	3.2%	3.4%	1,133	870	370	511	535	901	624
1995	3.8%	3.1%	1.8%	1.9%	2.1%	2.7%	3.0%	1,056	826	338	496	518	804	572
Average	5.2%	3.6%	2.2%	2.6%	2.6%	3.2%	4.1%	1,351	891	375	716	607	845	718

Source: U.S. Arms Control & Disarmament Agency, "World Military Expenditures and Arms Transfers, 1996," August, 1997.

PREPARED STATEMENT OF SENATOR RUSSELL D. FEINGOLD

Thank you, Mr. Chairman.

As you know, this is one of a series of hearings on the question of the proposed expansion of the North Atlantic Treaty Organization to include Poland, Hungary and the Czech Republic. This Committee, and then the Senate at large, will soon be faced with a decision to ratify an amendment to the NATO treaty of 1949, representing the fourth such enlargement since the alliance was formed.

This will clearly be an historic decision, for, as we all know, NATO arguably has been the most critical force in maintaining peace and security in Europe over the past half century.

For the past several years, the peoples of east and central Europe have enjoyed freedoms that were unavailable to them during the Cold War. These countries have made substantial progress toward democracy and free market economics. They are our partners and our friends.

Expansion of the alliance will help assure that the people of Eastern Europe will never again be subjected to the kind of tyranny they endured under the Soviet regime, by offering a critical firewall against any new threat to peace and democracy. Curtailment of such threats are goals we all share.

I am therefore supportive of the fundamental goals of NATO enlargement. However, I do have some concerns, that I know are shared by many other Members of Congress, about the commitment -- financial and otherwise -- the United States will undertake as it pursues enlargement of the alliance.

There have been at least three major studies conducted to assess the potential costs of NATO expansion by highly respected governmental and nongovernmental entities. Yet each of these analyses makes different assumptions about what types of costs actually can be attributed to expansion, per se, and different assumptions about the potential threats that NATO will face over the next decade. Depending on which study you read, the U.S. share of the costs of NATO expansion could be anywhere form $2 billion to $7 billion. What that means is we could be up or down $5 billion depending on whose assumptions you believe.

Now I know it is extremely difficult to develop a truly accurate assessment of costs when there are probably hundreds of variables that we can not control. But we are talking about a substantial commitment on the part of the U.S. taxpayer.

I recognize that the higher figures reflected in some reports assume a resurgent Russian threat, an assumption that I hope is unlikely. But even if you remove this assumption, we are still dealing with numbers that differ by hundreds of millions of dollars.

Mr. Chairman, this year, we have finally passed legislation that will help us arrive at a balanced budget. So I have to ask myself, what are the implications of assuming a new commitment where our cost estimates may vary by hundreds of millions of dollars?

As I have indicated, I clearly support the Administration's goals with respect to NATO expansion. But I am somewhat disturbed that we do not seem to have a good handle on expected costs here.

Even though this analogy may not hold up to heavy scrutiny, I can not ignore the fact that the current estimate for the cost of U.S. troop deployment in Bosnia is now up to about $7 billion, representing a more-than-three-fold increase over the Administration's initial estimate of some $2 billion. Undersecretary Slocum might respond to that comment by explaining to me how there was little means to anticipate some of the conditions our troops faced in Bosnia back in late 1995 when the first estimates were developed. Well, that may be true. But this was a very expensive lesson for us to learn. What the United States is likely to spend in Bosnia over two and one-half years is equal to just over half of the entire foreign operations budget for fiscal 1997!

My point here is that -- in the midst of implementing what will be the most significant shift in our collective defense strategy represented by the enlargement of NATO -- I do not think the United States can afford to get this wrong. We must have a clear understanding of where this plan is taking us and what it is going to cost.

So that is why, Mr. Chairman, I welcome the zeal with which you are pursuing this issue with this series of hearings. Clearly, NATO expansion is enormously important for the President, for the Congress, for the American public, and for the people who suffered under the Soviet yolk for so long.

I am honored to be able to participate in this historic debate as a member of this Committee.

THE HIGH COST OF NATO EXPANSION

CLEARING THE ADMINISTRATION'S SMOKE SCREEN

BY IVAN ELAND*

EXECUTIVE SUMMARY

The Clinton administration's estimate of the costs of NATO expansion is fatally flawed. Even if the dubious major assumptions--that the current benign threat environment will continue and that no NATO forces will need to be permanently stationed in new member states--are accepted, the administration's estimate that the total cost of expansion will be only $27 billion to $35 billion is much too low. Its paltry estimate of $1.5 to $2 billion for U.S. costs is even more incredible.

The U.S. Department of Defense, which made the cost estimate for the administration, did not develop a detailed list of military enhancements needed for expansion, estimate the cost of each enhancement, and add those costs up for a total. Instead, in many cases DoD analysts used a "macro" approach to select a level of spending (what they termed "level of effort") for a particular category of military improvement, with little or no military rationale or analysis to back it up. In other cases, where DoD made microassumptions, they were very questionable and designed to hold costs down. In addition, DoD analysts felt constrained in how much military infrastructure they could assume would be built on the territories of new member nations. All of those dubious methods were needed because the DoD's estimate resulted from negotiations within the administration; it was not a valid estimate of costs based on military requirements.

In this study, a detailed critique is offered of the administration's assumptions and method of estimating the costs; and an alternative cost estimate, which uses the DoD's major assumptions but is based on more realistic micro assumptions and better methodology, is presented. That estimate projects the total costs of expansion at about $70 billion (although they could reach $167 billion), of which at least $7 billion would accrue to the United States.

INTRODUCTION

On July 8, 1997, at U.S. initiative, the North Atlantic Treaty Organization decided to admit Poland, Hungary, and the Czech Republic as members. The U.S. Senate--as will the legislative bodies of the other 15 members of the alliance--will be required to approve an amendment to the North Atlantic Treaty ratifying the plans for expansion. To make that ratification decision, those bodies will need good estimates of what NATO expansion is likely to cost.

When admitting new members, the alliance--under article 5 of the treaty--agrees to assist them if they come under attack. Thus, enlarging the alliance will cost new members and existing members money because armed forces will need to be improved and military infrastructure in the substantially expanded territory will need to be augmented to receive and support them. Although some observers argue that collective defense is cheaper than unilateral defense, the real question is, for whom? The new members are located near unstable areas of Eastern Europe and would benefit greatly from admission to the alliance. Even so, they expect that joining the alliance will lead to increases in their defense budgets.[1] Those nations, however, may not be able to afford even the expenses required for collective defense, because their economies are in transition from communism to capitalism and polls show that their populations do not support increases in the proportion of government spending devoted to defense.[2] Thus, upon entering the alliance, they may require subsidies from existing members to help them finance improvements to their dilapidated infrastructure and obsolescent armed forces. As a result, it is important to estimate not only the costs of expansion for the United States and its existing NATO allies but for new members as well. If the costs that new members will face are too large for them to afford, those costs could very easily become the responsibility of the alliance and its current members--most notably, the United States.

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Despite the Senate's need for good cost information on which to make its ratification decision, the Clinton administration had to be dragged into a discussion of the expenses of expansion. Although expansion became an official goal of NATO in January 1994, it was only in February 1997 that the administration issued its woefully inadequate estimate of the costs of expansion. The administration did so then only because it was required to by Congress and because estimates by the Congressional Budget office and RAND were putting pressure on it to develop an estimate of its own. The administration's attitude seemed to be that any discussion of costs would harm prospects for ratification.

Yet members of Congress and the public, when passing judgment on any public policy initiative, have a right to cost estimates that are methodologically rigorous and reasonably accurate. In the case of NATO expansion, the administration has failed on both counts. The administration's cost figure resulted from a negotiation between the White House and several offices in the Pentagon; it is not a valid estimate based on the military requirements of expansion.[3]

THE ADMINISTRATION'S COST ESTIMATE

The administration's estimate, developed by the U.S. Department of Defense, was that total costs of expansion during the period from 1997 to 2007 would be from $27 billion to $35 billion, with U.S. costs amounting to a scant $1.5 billion to $2 billion. The estimate was based on the following assumptions:

- A direct conventional military threat to new members is unlikely for the foreseeable future; such a threat, if it appeared at all, would take many years to develop.
- As long as the current benign threat environment continues, the alliance will provide an article 5 defense of the territories of new member states by reinforcing the militaries of those nations with the forces of existing members (four of the divisions and six of the air wings stationed in Western Europe) rather than permanently stationing existing members, forces in the new member states in peacetime.
- The forces of new members must be able to operate with those of existing members.
- The forces of current NATO members must be able to reinforce those of new members.[4]

As shown in Table 1, the administration's cost estimate was divided into three categories: military restructuring by new members, enhancements to regional reinforcement capabilities of current members, and direct enlargement.

Curiously, the administration listed all three categories of costs in its estimate but then stated that the

Table 1.—The Administration's Cost Estimate[1]

(billions of dollars)

Category of Costs	United States	NATO Allies	New Members	Total
Military restructuring by new members			10-13	10-13
Enhancements to regional reinforcement capabilities of current members		8-10		8-10
Direct enlargement	1.5-2.0	4.5-5.5	3.0-4.5	9-12
Total	1.5-2.0	12.5-15.5	13-17.5	27-35

[1] Source: U.S. Department of Defense, "The Military Implications and Costs of NATO Enlargement," undated briefing, p. 9.

"measures in the first two categories would, for the most part, need to be pursued independent of enlargement."[5] Military restructuring by new members included the modernization of their air and ground forces and training. Enhancements to regional reinforcement capabilities of current members included giving ground and air units mobile logistics so they can project power east onto the territory of new members to reinforce them if they come under the threat of attack. Direct enlargement included "costs directly and exclusively tied to enlargement.[6] Those direct costs included the following general subcategories of improvements in the new member states: communication, exercises, and reception facilities for reinforcements.

A breakout of costs was provided only for those three main categories and subcategories. In the direct enlargement category, a few more details were provided on what the subcategories of communication, exercises, and reception facilities included, but no costs were attached to them. The listed improvements in the new member states under the subcategories included the following: educating officers,

renovating command centers, improving the communications of military forces, enhancing air defense and air offense, increasing the amount of equipment that can operate with the equipment of existing NATO nations, and providing procedures and facilities to receive and fuel incoming NATO reinforcements.

PROBLEMS WITH THE ADMINISTRATION'S MAJOR ASSUMPTIONS

The lack of detailed cost projections in the administration's estimate is only the first indicator that something is awry. The first two of the major assumptions in the estimate--no current threat and no stationing of NATO forces in the new member nations--may prove problematic.

Although the threat environment is benign at the moment, three potential flashpoints exist that could drag a new member--and thus NATO--into a regional conflagration. The first is Hungary's tension with the belligerent Serbia over the Hungarian minority in the Serbian province of Vojvodina. Serbia actually bombed a town inside Hungary during the Yugoslav civil war. The second possible flashpoint is Poland's border with Belarus, governed by the repressive and erratic regime of Alexander Lukashenko. if unstable Belarus erupts, Poland will expect NATO's help.[7] The third flashpoint is Poland's border with the isolated Russian enclave of Kaliningrad. Russian military and security officials, concerned about the strengthening of Polish forces near the enclave, have publicly announced that Russia intends to build up its forces.[8] The second and third flashpoints could involve a confrontation between NATO and Russia. Furthermore, although Hungary's disputes with Romania and Slovakia over the rights of the Hungarian minorities living in those countries have subsided for the moment, they could flair up again in the future.

Any one of those potential flashpoints could increase pressure for NATO to permanently station forces on the territories of new members. As Ted Galen Carpenter has written about that possibility,

> On the surface that might appear to be an extremely remote possibility. But it is worthwhile to recall that the prospect of a permanent U.S. military garrison in Western Europe seemed equally unlikely when NATO was created in 1949. In fact, Secretary of State Acheson, Chairman of the Joint Chiefs of Staff Gen. Omar Bradley, and other officials of the Truman administration explicitly assured Congress and the American people that the United States would not station troops on the Continent. Less than two years after the North Atlantic Treaty was safely ratified, however, some four U.S. divisions were on their way to Europe.[9]

As Carpenter notes, one of the reasons that increased commitment was deemed necessary was the slow pace of Western Europe's rearmament after World War II. He also notes the gradually escalating nature of the rhetoric justifying the increased obligations.

> Administration leaders stressed that the assumption of additional responsibilities was not intended to be permanent, that the United States would bear them only until the West Europeans could complete their rearmament efforts. The allies had different ideas, however, and thus began the process by which the United States would come to have primary responsibility for Western Europe's defense instead of merely backstopping Western European efforts.[10]

Those U.S. troops remain in Europe today long after the disintegration of the Soviet Union.

NATO is an example of international commitments that mushroom out of control as circumstances change. Another example is the entangling alliances that led to World War I. Although a rough balance of power existed in Europe before the war, there had sprung up on the Continent a series of alliances--beginning in the 1870s and continuing through the first decade of the 20th century--that had become outdated by 1914 as the international situation changed. Those entanglements dragged the reluctant major powers--including Germany--into what turned into a global war.[11]

Similarly, during a time of uncertainty and change in post-Cold War Europe, admitting new members to an outdated NATO alliance may further inhibit the flexibility of U.S. foreign policy to respond to unexpected circumstances in the future. U.S. flexibility would be further compromised if pressure built to permanently station forces in the new member states. That scenario could easily happen--as it did in the NATO alliance after World War II--if new allies are unwilling or unable to bear the expenses of drastically transforming their marginal militaries into effective fighting forces. As the Congressional Budget office notes, Central European nations, in transition from communist to capitalist economies, may be both unwilling and unable to afford such expenses. According to public opinion polls in all of those states, their

populations do not support increases in government spending devoted to defense.[12] Jonathan Landay of the *Christian Science Monitor* concludes, "Even as talks on their admission gather speed, doubts persist over whether they can rebuild armies equipped with outdated Soviet technologies into assets that can contribute to NATO's strength."[13]

Thus, although the administration is currently selling the expansion of the alliance by promising to eschew permanently stationing NATO forces in new member states, the existence of potential regional flashpoints combined with insufficient defense efforts by new member states could require an abrupt change after ratification is secure. The U.S. military establishment is now minimizing military threats in Europe to ensure ratification of NATO expansion. It is curious that in every case except NATO expansion, the Pentagon routinely plans for and buys weapons for the worst case war scenario. After all, when was the last time the United States fought two regional wars nearly simultaneously, as the military currently plans to do? After ratification is ensured, the Pentagon might have an incentive to return to business as usual, maximizing military threats in the region to support the argument that the forward stationing of troops is needed. The U.S. military presence in Europe might be perceived as less vulnerable to congressional pressures for reduction or withdrawal if it were "closer to the action" instead of sitting awkwardly in Germany, a nation that is no longer threatened. The Congressional Budget Office also noted that permanently stationing military units in new member states could raise the cost of NATO expansion to as much as $167 billion.[14] But Congress might feel it had little choice but to fund such costs if the actual or perceived threat seemed great enough. Thus, the camels nose under the tent could lead costs to increase dramatically.

CATEGORIES OF COST

Despite the problems with the administration's assumptions of a continuing benign threat environment and a defense based on reinforcement rather than the permanent stationing of forces, for the purposes of analysis let us assume that both assumptions are valid. Even with that generous concession, the administration's estimate of the costs of expansion is questionable. Let us start with the way the estimate is structured.

Three Categories and a Curious Assertion

The administration's inclusion of three major categories of costs with the disclaimer that two of the categories--military restructuring by new members and enhancements to reinforcement capabilities of current members--were promised by those nations whether or not NATO expanded allows the administration to have it both ways. Had the administration omitted those two categories--which account for $18 billion to $23 billion of the $27 billion to $35 billion total estimate--the remaining $9 billion to $12 billion covering only direct enlargement costs would have been ridiculed in Congress as obviously too low. By using the $27 billion to $35 billion figure but including the caveat that most of the expenses would have been incurred anyway, the administration gives the appearance of being comprehensive in its methodology for costing while at the same time it touts lower costs.

Such accounting distinctions are helpful when selling the expansion of the alliance, but they are not very helpful in determining the total costs that NATO nations will probably incur or whether they can afford them. Richard Kugler, a coauthor of the RAND study on the costs of NATO enlargement and a proponent of expansion, termed the distinction between direct costs and the other two categories "gibberish."[15] The Congressional Budget Office's study included all three categories of costs, and a study by the Potomac Foundation implicitly endorsed that comprehensive analysis of costs.[16]

The argument that both new member nations and existing NATO members would need to transform and improve their militaries whether NATO expanded or not is suspect. There is a contradiction between the DoD's assumption of a continuing benign threat environment and its assumption that the new NATO nations would transform and improve their militaries even without expansion. Why would they do so unless they perceived a threat? Moreover, although all three new member nations may have promised to increase spending and modernize their militaries, actions speak louder than words. The post-Cold War track records of both existing allies and new members are not good. The defense spending of the Central European nations between the end of the Cold War and the period of serious talk about NATO expansion should give some indication of what their defense efforts would have been without expansion. From the end of the Cold War in 1989 until very recently, when they were being examined for admission to NATO, the prospective new members

spent declining real amounts on defense. During the same period, most of the European allies also had declining defense budgets.

In fact, both the DoD and the new members argue that the new members will restructure and modernize their armed forces whether or not NATO expands, at the same time that the new members claim that joining the alliance will increase their defense budgets. Hungary claims that joining the alliance will require an increase in its defense budget of 35 percent, Poland expects a 20 percent rise, and the Czech Republic has pledged to double defense spending in the next two years.[17] An increase of nearly 60 percent in the collective defense budgets of all three new members is a better estimate.

The Scope of Needed Military Improvements

Despite the decline in resources for defense, providing a credible article 5 defense for an expanded NATO will require substantial enhancements to the militaries of new member states, as well as significant improvements in the forces of existing allies. In its response to a General Accounting Office report, even the DoD admits that the failure to make such improvements could "seriously impair an enlarged alliance's military effectiveness."[18]

> In our analysis, we set out some basic tasks connected with enlargement, that an enlarged NATO will need to be prepared to carry out if it is to be able to provide an effective Article V collective defense of the new members. First, current members must make additional progress in upgrading their regional reinforcement capabilities to be able to more effectively implement NATO's 1991 Strategic Concept. Second, new members must continue restructuring and selectively modernizing so that they can enhance their self-defense capabilities. Third, new members must increase their forces' interoperability with current members' forces and they, with the Alliance as a whole, must establish the levels of command and control, air surveillance, logistics, and the like necessary for collective defense. only the last category is a direct result of enlargement, and in that sense only that category is an incremental cost of enlargement. However, without the other two types of enhancements, an enlarged Alliance would not be as militarily credible or effective as it should be, nor as equitable in its sharing of defense burdens.[19]

That passage indicates that new members--in addition to enhancing their forces so that they can better operate with those of NATO--would need to restructure and modernize their forces to enhance their self-defense capabilities. Another passage in the GAO report indicates that the DoD assumed that NATO would continue relying on its post-Cold War strategy that requires that every member have a "basic self defense capability."[20] Currently, the militaries of the new members are excessively large and in a sorry state. They have obsolescent equipment and an overly centralized command structure left over from their days in the Warsaw Pact. Those forces would need to be reduced in size and reorganized along western lines. The equipment, particularly command, control, and communication devices, would need to be compatible with that of NATO. The officers and senior enlisted personnel would need to be trained in NATO procedures and English, the day-to-day working language of the alliance. The infrastructure of new member nations--both military and civilian--is dilapidated. Ports, rails, and roads are in poor shape because of heavy use and little maintenance during the years of the Warsaw Pact. Military bases are run down and in some cases unusable because of environmental contamination. Substantial improvements to the military infrastructure will be needed if it is to adequately receive NATO reinforcements.

One French military officer is quoted as saying, "There is a big gap between [Eastern European] militaries and the European allies in NATO."[21] That admission should give proponents of expansion pause because even some of the militaries of existing allies are of questionable quality-for example, those of Turkey, Spain, and Portugal. The Clinton administration acknowledges the severe problems with the armed forces of new members: "These states emerged from the Warsaw Pact with military forces that were poorly structured and inadequately equipped for modern warfare."[22]

Yet the administration keeps insisting that the new members were planning substantial military improvements even in the absence of expansion. The new members have an incentive to play along with that line of reasoning, exaggerating what was planned. The more improvements they say were already in their plans, the smaller the costs of expansion. only a comprehensive accounting of all costs related to expansion will end that game.

Furthermore, to make their armed forces compatible with those of NATO, they will need to buy Western systems, which tend to be the most expensive. That gives rise to a worrisome potential for hidden costs to U.S. taxpayers. When new NATO

members buy new equipment to replace their aging inventories, there will be political pressure from U.S. arms exporters on the U.S. government to provide financing for those sales. Other Western governments will be providing such assistance, and the argument will be made that U.S. sellers will lose out in the already fierce competition for arms sales to the new members. Expenses for U.S. government financing of such sales will accrue to the U.S. taxpayer. That is one important reason why new members, expenses for upgrading old equipment and purchasing new equipment should be included when the total costs of expansion are considered, and U.S. financing of those purchases should be included when U.S. costs are considered. Such U.S. assistance, which could be substantial, was excluded from the administration's estimate.

Also, U.S. allies would need to make significant improvements in their forces in order to reinforce new member states in time of crisis. Unlike U.S. forces, the armed forces of the West European allies still have only a very limited ability to project power, even within the European theater, according to U.S., European, and NATO officials.[23] During the Cold War, the alliance strategy was to use an "in-place linear defense" in Germany against any Soviet attack. That changed in 1991, when NATO adopted a post-Cold War Strategic Concept that emphasized that alliance forces should enhance their flexibility and mobility.[24] Yet, since then, the European allies have had little enthusiasm for making such enhancements. Declining real defense budgets since the end of the Cold War in most allied nations indicate those nations are reluctant to make such costly improvements to their forces in the absence of NATO expansion. In fact, two proponents of expansion even advocate using NATO expansion to prod the slumbering allies to enhance the mobility of their forces so that they also can be used in operations other than defending the treaty area.[25] Those operations, such as the NATO mission in Bosnia, are called "out-of-area" operations. The operation in Bosnia has highlighted the gap between U.S. forces and those of existing NATO allies, especially in logistics and communications.[26]

Contradictory Requirements

Implicit in that argument, and explicit in the arguments of other proponents of expansion, is the assumption that the military improvements heeded to make allied forces more mobile to reinforce new members in any article 5 defense will also make them more mobile for out-of-area missions called for in the 1991 Strategic Concept.[27] To some extent, the two missions would benefit from the same improvements to forces. To improve the tactical mobility of rapid reinforcements on the ground for article 5 defense, the allied ground forces would need additional combat support (reinforcing artillery, air defense, and helicopters) and combat service support (combat engineers, military police, communications, medical units, maintenance and mobile repair units, ammunition handling and storage, and trucks and heavy equipment transporters). Allied tactical air forces would need mobile engineers, maintenance units, medical units, and other support assets. Such enhanced tactical mobility would also help allied forces conduct out-of-area missions, especially those--such as the one in Bosnia--that require overland movements from bases in Central Europe.

For some out-of-area missions, however, the allies would need to buy expensive aircraft for airlift and ships for sealift to improve strategic mobility. In addition, one NATO general has said that such missions would require the alliance to lighten its maneuver units.[28] Lightening the units will make them easier to transport by strategic lift.

But buying assets for strategic mobility will cut into the resources needed to make the aforementioned improvements in tactical mobility. In addition, making units lighter for transport by strategic lift might reduce their capability to fight in certain tactical situations--for example, reinforcing Polish forces. Poland is the most important of the three new members, if insulating Germany's eastern border from attack is the primary goal of expansion (the primary goal thus far has been hard to discern). Poland is large and flat and is best defended by heavily armored forces. Lightening such heavy forces so that they are more easily transported to out-of-area operations by strategic lift will impair their ability to conduct an article 5 defense of Poland.

To a certain extent, the competing requirements for strategically mobile forces and tactically mobile forces may cause funding dilemmas in allied nations already unenthusiastic about spending money on defense. Because any threat to new members that would require an article 5 defense is perceived as low, any money spent by the allies will probably be directed to improvements in strategic lift for more immediate out-of-area peacekeeping missions. If that is the case, the allies may have inadequate tactical mobility to reinforce new NATO members in a crisis. Thus, the alliance might be stretched too thin if it attempted to expand its mission and its territory at the same time.

In sum, to avoid impairing the effectiveness of an enlarged NATO, existing allies must have an adequate capability to tactically reinforce new members in time of crisis or war, and new members must substantially improve their obsolescent forces and infrastructure so that they can provide themselves with a basic defense. Those are inherently costly requirements.

Reasons for Flaws in the Administration's Analysis

Despite the administration's perception of a mild threat to new members, its cost estimate is supposed to be based on achieving a "mature capability" for article 5 defense of NATO states. To achieve that capability, the administration states,

> New members will continue to improve interoperability and undertake other enlargement enhancements during this phase, using a combination of national and common NATO funding. During this phase, new members will replace aging equipment stocks and it is expected that they will continue to downsize, restructure, and modernize their forces, while increasing their capacity to operate with other NATO forces in their own countries and elsewhere. During the same period, current member states will continue to modernize their forces and make them more deployable and sustainable for both collective defense and non-Article 5 operations.[29]

"Mature capability" has been deliberately defined in a vague manner, but it is supposed to be made possible by the three categories of military improvements cited in Table 1 and the subcategories under them. In reality, when the details of the subcategories are examined, they fail to form a convincing case that sufficient improvements would be made to the forces and military infrastructures of new member states to enable them to provide an adequate article 5 defense capability against even regional (non-Russian threats. (The administration's projected improvements are woefully inadequate if a resurgent Russian threat is posited.) Sometimes the details of the assumed military improvements on which the cost estimates are based are simply nonexistent, and other times the improvements are inadequate for the task.

The "Level-of-Effort" Evasion

In short, the administration's estimate is not a cost estimate at all but an "affordability" estimate. The administration did not determine a list of detailed military improvements required for NATO expansion, estimate the cost of each of the improvements individually, and add up the total. Instead, for many broad categories of military improvements, the DoD took what it called a "macro," approach by embracing the concept of "levels of effort." The levels of effort were based on DoD analysts' perceptions of how much new members could afford to spend on particular categories, not on what was needed. Moreover, no explanation was given of the genesis of those perceptions.

For example, DoD analysts simply chose a level of spending for logistics improvements--$777 million to $1.076 billion--and decided that logistics improvements would include a wide variety of items: NATO-compatible fuel nozzles, fuel standards, radios, computer systems, safety standards, host-nation support arrangements for equipment warehouses, and personnel to support NATO deploying forces. Yet when asked how many radios or how many fuel nozzles they assumed would be purchased, DoD analysts replied that they could not specify the number because the estimate was a "level of effort." They made no attempt to find out how many of those and other items new member nations would need or how many their projected level of effort would purchase. In other cases, such as improvements to road and rail systems of the new member states to allow them to transport military cargo, DoD analysts could not even specify how they arrived at their estimate or provide a detailed list of enhancements, let alone their costs. They simply decided, without any analysis, how much would be spent on that general category. In short, DoD analysts came up with seemingly precise numbers for each category, but they usually have little or no detailed cost analysis to back them up.

An evaluation of the DoD's cost estimate by the General Accounting office confirms that point:

> Many of DOD's estimates for specific cost elements could not be verified. DOD officials did not consistently document their analyses. As a result, we were unable to audit or validate estimates for most specific cost elements. DOD developed other cost element estimates on a highly aggregated basis.[30]

Implicit Political Constraints

Another important general observation is that DoD analysts admitted that they felt constrained in the amount of military infrastructure they could assume would be placed in new member states. Therefore, they tried not to leave a "big footprint."

They did not say why they felt constrained. Was it the DoD's sensitivity to Russian opposition to large amounts of new infrastructure in those nations? Or, more likely, was it the DoD's sensitivity to Congress's mounting concern about the cost of expansion? Does that caution make the new members suspicious about how effective a defense based on reinforcement can be? Perhaps it should.

Although skimping on military preparedness in new member nations might dodge some Russian and congressional sensitivities, it will probably not provide the new members with an adequate defense under article 5. Thus, NATO will have expanded into a volatile region, promising to defend new members, but be unable to do so effectively because of political and budgetary constraints. The United States should have learned its lesson in Vietnam about the perils of half-hearted security guarantees to regions of little strategic value.

A Category-by-Category Critique of the Administration's Cost Estimate

To expose the shaky foundations of the administration's estimate, it is necessary to explore certain very specific and meaningful categories of costs. At this point, it is best to throw out the DoD's three general categories of costs, because, as Kugler argued, they are gibberish. They obscure rather than illuminate the true cost of expansion. Instead of amorphous and undefined categories, such as "direct enlargement," more specific categories of improvements that have some military meaning should be used. In each specific category of military enhancements, the administration's faulty assumptions, or lack of specific assumptions, will be explored.

Training and Exercises

Total expenditures for this category were $2.5 billion to $4.2 billion. The administration estimates that the cost of "increased proficiency in individual and unit training" for the armed forces of new members would be $1 billion to $2 billion. Another $1.3 billion to $2 billion would be spent for those militaries to train with NATO units. About $200 million was added to expand International Military Education and Training, a program created to expose foreign military personnel to the methods of the U.S. military and help them to gain technical, nation-building, and English language skills. Informally, the DoD analysts who made the estimate admitted that they did not base it on what those nations would require (that is, types and numbers of exercises); they based their estimate on what they believed new members could afford.[31] They estimated expenditures for training and exercises of new members, forces by using 80 percent of the per capita costs of training and exercises for existing members' forces. That equated to about 10 percent of the military operations and maintenance budgets of the new member states.

The GAO report accurately describes the DoD approach:

> DOD's estimated cost for training is notional and actual costs may vary substantially from estimates. DOD analysts did not project training tempos and specific exercise costs. Instead, they extrapolated U.S. and NATO training and exercise costs and evaluated the results from the point of view of affordability.[32]

Specifying the types, numbers, and resulting cost of exercises would have been preferable to choosing an arbitrary percentage of NATO per capita training costs. Furthermore, because the forces of new members were formerly part of the Warsaw Pact that was vastly different in command structure and culture from NATO, they would probably need more per capita training than NATO militaries. They also might need fairly frequent exercises to learn how to operate with NATO forces. In short, according to many military planners, before purchasing expensive weapon systems, new members should spend their scarce defense resources exercising with NATO forces and buying communications equipment to facilitate such training. The $2.5 billion to $4.2 billion estimate for training and exercises is based on artificially postulated considerations of affordability. An estimate based on requirements for specific exercises at a given frequency would yield a more realistic cost estimate at the top of the range ($4.2 billion).

Command, Control, Communications, and Intelligence

The DoD's estimated total costs for improving command, control, communications, and intelligence (C^3I) were $2 billion to $3 billion. The DoD assumed that the military headquarters of new member states would be refurbished to take NATO equipment and estimated that cost at between $1.1 billion and $1.8 billion. For communications gear, the DoD added from $870 million to $1.2 billion, of which $390 million to $540 million was for a minimal number of tactical radios and $480 million to $690 million was for interface boxes. (Interface boxes connect otherwise incompatible national communication systems but only at the headquarters level.)

The DoD relied on interface boxes because they are much less expensive than providing more radios so that lower level military units of varying nationalities can talk directly to each other in the heat of battle. If interface boxes were used, two lower level units next to each other on the battlefield would need to communicate through a higher level headquarters. That could require too much time, especially if one friendly unit was in danger of being hit by another. According to the Hungarian defense attache in Washington, interface boxes are inadequate for peacekeeping missions, let alone an article 5 defense.[33] He noted that Hungary is buying tactical radios so that lower level units can communicate with NATO militaries instead of relying only on communications among headquarters.

The DoD analysts acknowledged that some people in the department argued for a more ambitious effort to provide communications equipment but failed to prevail in the debate. military planners believe that modern command centers and compatible communications equipment are vital to making an expanded alliance militarily effective. Thus, the DoD's $2 billion to $3 billion estimate for C^3I is too low. More tactical radios would need to be purchased to give critical flexibility on the battlefield. Doing so, however, would double the cost to $6.2 billion.

Air Defense

Air defense enhancement is the last of the three most critical improvements for new members. The Central European nations are no longer part of the integrated air defense system of the Warsaw Pact and are vulnerable to attack from modern aircraft. The gap in air defense coverage is particularly pronounced at medium to high altitudes. Filling that gap accounts for the bulk of the expenses for air defense improvements.

The DoD estimated that the cost of air defense improvements would total $2.1 billion to $2.9 billion. That sum includes $20 million to $23 million for identification friend-or-foe systems (those systems identify friendly aircraft so air defenses do not kill friendly forces), $185 million to $293 million for air sovereignty centers (command centers for air defense operations) and air defense surveillance, and $1.9 billion to $2.6 billion for ground-based surface-to-air missiles (SAMs).

Because air defense is so critical, the DoD's estimate should have assumed that new members would buy Patriot PAC-2 systems to fill the requirement for medium- to high-altitude SAMS. Instead, the DoD, to reduce its estimate, assumed that the three nations would buy the much older Improved Hawk system, which was originally introduced in the 1960s. It is reasonable to assume that, because of financial constraints, new members would probably not buy such systems until late in the next decade. In 2020, when any system would still have to be viable, the I-Hawk will be more than 50 years old. The life expectancy of the I-Hawk system was 30 years. In air defense--where technology is leaping ahead quickly--the value of such an old system would be nil. Equally important, ground-based air defense systems are now being used to attack the threat being posed by tactical ballistic missiles. If a capability against that threat is desired, Patriot will provide some capability, but the I-Hawk will provide little.

Although the DoD analysts acknowledged that air defense is a critical area for improvement, they still assumed the purchase of I-Hawks. Obviously, assuming that an obsolescent system is purchased cuts the cost of NATO expansion. Although it is questionable whether the new members can afford all of the military improvements needed to give them a basic article 5 defense capability, air defense is so critical to modern warfare that they should not skimp on it. The Patriot PAC-2 system is more expensive than the I-Hawk, but not prohibitive for new members. Several nonindustrialized nations--Israel, Kuwait, Taiwan, and Saudi Arabia, which have gross domestic products similar to Poland's--have already purchased the system. In addition, South Korea and the United Arab Emirates are actively exploring the purchase of the system. If the assumption is changed from purchase of the I-Hawk to purchase of a Patriot-like system, the costs for air defense improvements rise to $8 billion. If the new members want a system that will be capable against modern air threats into the future, however, they--or someone else--have little choice but to spend the money.

Modernizing the Ground Forces of New Members and Making Them More Mobile

The armored forces of the new members consist mainly of T-55 and T-72 tanks. Although the T-72 could be effective if it were upgraded with Western fire control systems and other new electronics, the T-55 is obsolete and would need to be replaced. According to one press report, "More than half of Poland's 1,700 tanks are Soviet T-55 designs from 1955 and are unusable."[34]

In addition, as is the case for the forces of existing European allies, added combat support and combat service support may be needed to enhance mobility. That is par-

ticularly true in the case of Polish forces. Poland is large and flat, making it an excellent venue for mobile warfare. Yet about half of the Polish divisions (six) were stationed in the western part of the country during the Cold War and remain there today, away from the current threats to Poland's security on the other side of the country. It is prohibitively expensive to create new bases for six divisions in eastern Poland, so making them more mobile is a cheaper alternative. (Although half of all Polish divisions need to be made more mobile, Czech and Hungarian forces may not need added mobility. Those forces have much smaller territories to defend than do Poland's forces and can probably get by without too many modifications.)

The administration assumed that "deployable logistics sustainment" was to be added to 25 percent of the divisions (4.9 divisions) of all new member states. The military rationale for that assumption is unclear. It looks as if the administration was outfitting a limited number of units in each country for out-of-area peacekeeping operations. Yet the administration's cost estimate was based on giving new members a "mature" article 5 defense capability. The added cost to make each division mobile was $925 million to $1.1 billion plus costs for operations and maintenance.

In addition, DoD analysts assumed a level of effort for the modernization of the ground forces of new members. The analysts said that they assumed unspecified upgrades of armor but no new tank purchases, even though the period of the estimate stretches through 2009 and many of the obsolete T-55s are already unusable. Also, DoD analysts stated that they assumed artillery would be upgraded and standardized. Otherwise, the analysts provided few specific details to support the level of effort chosen. The GAO report was concerned about the DoD estimate's lack of specifics. "DOD's estimate for modernization and restructuring of new members' ground forces was also notional and was based on improving 25 percent of the new members forces. However, it did not include specifics as to what would be done to upgrade the equipment and how much it would Cost."[35]

According to U.S. military planners, standardizing new members, artillery to make it compatible with that of present NATO members is very expensive (it requires the new members to buy new tubes, new ammunition, and new logistics systems) and was not a high priority militarily. Although guns from various nations that fire standardized ammunition are a plus, guns that fire incompatible ammunition, using compatible communications devices, can coordinate their fires well, the analyst contended. The planners thought that it was more important for new members to spend limited funds to train with NATO and improve air defense and command, control, and communications. Yet, when asked how many tubes they could standardize with a subset of the small amount of money they allocated for the modernization of ground forces, DoD analysts again replied that they could not specify the number because their estimate merely assumed a level of effort.

When the level of effort for the modernization of ground forces was added to the funds needed to provide deployable logistics for about five divisions, the administration's total cost for this category was $5.4 billion to $6.4 billion. A more realistic and specific program for modernizing the ground forces of new member nations and making them more mobile would add combat support and combat service support to one more division (bringing the total to six divisions), rewire T-72 tanks with Western electronics, replace a small number of T-55 tanks with new tanks over the long term, and exclude artillery standardization because of its limited military usefulness. Such a program would cost $7 billion.

Upgrading the Weapons of New Members or Buying New Ones

The administration included this category in its estimate so that the analysis would appear comprehensive but then did not include all the items needed to equip the armed forces of new members for modern warfare. Recall that the administration admitted that "these states-emerged from the Warsaw Pact with military forces that were poorly structured and inadequately equipped for modern warfare."[36] The administration's assumptions about weapons purchases by new members for the 1997-2009 period are paltry and do not coincide with the more ambitious defense plans of those nations.

Defense analysts project that by the end of 1998 one third of military aircraft in Eastern Europe will be unable to fly. By 2005, if no new aircraft are purchased, no East European country will have an air force.[37] Yet the DoD did not assume that existing Soviet-built or new indigenously built aircraft would be wired with new electronics (including electronic warfare equipment) until new aircraft could be purchased. Even worse, the DoD assumed that each nation would buy only one squadron (18 aircraft) of worn-out U.S. F-16 aircraft from the bone yard. All of the bone yard aircraft combined were assumed to cost a measly $725 million to $823 million. To add insult to injury, the DoD underestimated the cost of even the bone yard air-

craft. The GAO's analysis showed that "the cost of purchasing refurbished F-16 aircraft would be at least 11 percent higher than the high end of DOD's estimate."[38] (That example casts doubt on the accuracy of the DoD's estimates in the other rare cases in which the costs of specific military improvements were provided.)

In any case, instead of a limited number of bone yard aircraft that do not provide much capability, the three new members say they are planning to buy up to about 300 new (Western and indigenously produced) aircraft.[39] Although some of the new members may delay the purchase of such aircraft, their obsolescent air forces will compel them to buy aircraft within the period of the estimate.[40] In fact, the DoD is encouraging the sale of new U.S. aircraft by offering the new members grants, discount loans, and free leases.[41] The least the DoD could do would be to reflect in its cost estimate the prospect of some new weapon sales and concomitant security assistance to finance them.

DoD analysts assumed that air-to-air and air-to-ground weapons would be purchased for 500 total aircraft in the three nations combined but did not calculate the number of each kind of weapon needed per aircraft. Instead, the analysts chose a level of effort of from $700,000 to $800,000 per aircraft, leading to a total cost of from $350 million to $400 million. Of course, they could not specify how many air-to-air and air-to-ground munitions they assumed would be purchased with the estimated amount of money. They also specified $525 million to $600 million as a level of effort for anti-tank weapons but again could not cite the number of weapons that could be purchased for that amount. In both cases, the amount to be spent was arbitrarily chosen, not based on military requirements.

During the 1997 to 2009 period, the DoD estimated the costs for only those meager weapons purchases. The total was an embarrassingly low $1.6 billion to $1.8 billion. In contrast, weapons purchases to give new members a "mature" article 5 defense capability against lesser regional threats (assuming the absence of a resurgent Russia) would cost about $11.5 billion over a 15-year period.

That figure does not "gold plate" the Central European militaries by replacing one-for-one their obsolescent equipment with new Western hardware. Instead, it often reflects the less expensive expedient of upgrading or modernizing weapons only in areas deemed critical by military planners. The figure includes improvements such as inserting Western electronics (including electronic warfare equipment) into existing Soviet-built and new indigenously produced aircraft until about 200 new Western aircraft have been purchased gradually, according the plans of the new member nations. The figure also assumes that standard combat loads of less expensive air-to-air (Sidewinder) and air-to-ground (Maverick) munitions would be purchased for those aircraft. Specific numbers of relatively inexpensive anti-tank weapons would be purchased to reduce the number of new tanks needed. The number of anti-tank missiles purchased was based on how many standard-sized divisions the new member armies would require. Adequate Soviet-built T-72 tanks would be rewired with Western fire control devices and other electronic devises. Gradually, one-third of the obsolete T-55 tanks would be replaced with either indigenously produced or Western-built tanks.[42]

Naval Improvements

The administration did not include any funds for improving the Polish navy, even though it might need to help clear mines from Polish ports to facilitate NATO reinforcement in a regional war--for example, one between Poland and Belarus. Belarus might profit greatly from sending aircraft to drop mines near Polish ports, thus preventing or slowing resupply by NATO. If Russia were helping its ally, the Polish navy might also need improved anti-submarine warfare sonars to help NATO watch or even destroy Russian subs trying to interdict supplies moving into Polish ports. In any reasonable cost estimate, Poland should be responsible for helping to keep its ports and sea-lanes open. Some new electronics for Polish ships and new coastal radars are also needed. Even such modest improvements would cost $1.1 billion.

Port, Road, and Rail Improvements

Improvements to ports and dilapidated road and rail systems would also be needed to facilitate NATO reinforcement and resupply during a crisis. DoD analysts assumed that most port, road, and rail improvements would be undertaken for commercial reasons. For militarily critical road and rail improvements that the commercial sector would fail to undertake, the analysts simply used an aggregate number ($258 million to $462 million). When asked from what data it was aggregated, they could not provide an answer. They provided no better answer for their cost estimate for port improvements ($172 million to $201 million). It is quite curious that they can provide no details because their numbers--including the total for the entire category of $430 million to $663 million--seem very precise.

DoD analysts were right to assume that most of the improvements to infrastructure would be undertaken by the commercial sector. But they appeared to have just picked a number for militarily critical improvements.

In reality, only modest militarily critical improvements need to be made to Poland's ports. However, Szczecin, the westernmost port that would be the farthest away from any potential front, is obsolete, has poor rail access, and has a shortage of facilities for unloading roll-on, roll-off ships that haul military vehicles. Like Poland's other two ports of Gdansk and Gydnia, Szczecin would need to be dredged to accommodate fully loaded military sea lift ships.

The road and rail systems in the new member nations are another story. During the Warsaw Pact years, the road and rail systems were used heavily but received little maintenance. Detailed data from the U.S. Transportation Command, the World Bank, and the European Bank for Reconstruction and Development indicate specific improvements that are needed or planned. For a crude estimate of the militarily critical improvements, 10 percent of the total cost of this list of enhancements can be used. If this alternative assumption is used, a better estimate of port, road, and rail costs is $3 billion.

Exercise Facilities

DoD analysts assumed that five brigade-sized and one battalion-sized exercise facilities would be upgraded. Their estimate failed to specify, however, what upgrades would be made. Nevertheless, the specificity of the DoD's assumptions for this category of improvements was greater than for most other categories of costs, which contained levels of effort based on affordability. Yet the DoD's cost estimate--$325 million to $490 million--is still probably too low.

It is widely accepted that military bases and infrastructure in the former Warsaw Pact nations are in very poor condition and some installations may be unsafe because of environmental contamination. It would be prudent to assume that new large-scale exercise facilities would need to be built, or at least that the cost of needed extensive repairs and modifications to existing facilities would approach the cost of new ones. If those assumptions are used, the expenses in this category rise to $4.7 billion.

Stockpiling Fuel and Ammunition for the Forces of New Members

DoD analysts assumed that hardened bunkers would be refurbished to store ammunition for only 10 days at a cost of $100 million to $200 million. However, they assumed that no ammunition would be purchased to go in the bunkers. In addition, they did not assume that hardened fuel facilities would be built or that stocks of fuel would be purchased. They assumed that fuel would be available on the commercial market even during a crisis.

In wartime, it is questionable whether adequate fuel supplies would be available from commercial distribution systems, which might be damaged or in disarray. It seems possible that competition for limited supplies might arise between the forces of new members and incoming NATO forces. In addition, the DoD assumed that a war would last only 10 days. Some wars might last only that long, but many might not.

Furthermore, NATO, instead of permanently stationing troops in new member states, has opted for a cheaper reinforcement strategy. New member forces would have to hold out until NATO reinforcements arrived. Therefore, a better assumption to hedge against a delay in the arrival of reinforcements is that new members would need facilities for storing 30 days' worth of ammunition and fuel and the stocks of such supplies to go in those facilities. The total cost of the facilities and stocks would be $600 million.

Upgrading Airfields in New Member Nations

In time of crisis or war, the administration proposes a defense concept that flies six wings of NATO aircraft from bases in Western Europe to operate from airfields that are close to the front in new member states. To make that possible, the airfields would be improved at a cost of $2.9 billion to $3.3 billion. DoD analysts stated that those improvements include maintenance facilities, added ramp space, and base support. Runways were assumed to be adequate, and no upgrades were included; no hardened shelters for aircraft were provided. Despite listing specific upgrades, it appears that the DoD analysts did not add up the cost of each to get the total cost of airfield improvements. DoD analysts mentioned that the total cost was obtained by multiplying a standard $70 million to $80 million per aircraft squadron (plus operations and maintenance costs) times 19 or 20 squadrons (six wings) of aircraft. Thus, it seems that the cost estimate per squadron is a level of effort rather than the sum of the costs of individual improvements.

In addition, the administration assumed that the six air wings would be distributed among airfields in the three new member countries, with two air wings in each. Thus, only enough airfields to house two air wings were upgraded in each of the countries. A new member might be disappointed to learn that NATO was planning to send only two wings of aircraft--not six--to its defense if it were attacked. of course, if one new member were attacked, NATO aircraft might fly missions from airfields in the other two new members, provided neighboring countries (Slovakia and possibly Austria) allowed overflights of their territory. The main purpose, however, is to fly aircraft to operating bases close to the front so that they can drop more weapons in less time using less fuel.

Instead of using a level of effort per wing as a proxy to compute the improvements needed to airfields, the DoD should have obtained cost figures on a detailed list of enhancements for a standard NATO Colocated Operating Base (COB) already created in a country whose economic development, and thus cost of refurbishment, is similar to that of the new member nations. The list of enhancements to existing airfields includes adding air traffic control and communications equipment, building hardened shelters for aircraft, upgrading barracks and mess halls, and building maintenance shops. Given the very poor state of infrastructure on military bases in former Warsaw Pact nations, one should assume that runways would need to be repaired and reinforced. Hardened shelters are a must for any airfield near the front, otherwise aircraft might be destroyed by the enemy while they were still on the ground. In addition, the assumption should be made that sufficient COBs would be created in each of the three nations so that all six wings of reinforcing NATO air power could be housed in any of those nations in case of a threat. If those necessary measures were implemented, the cost would be $4.3 billion.

Creatinq Reception Facilities in the New Member States to Receive NATO Ground Forces

According to the administration's concept for defending new members under threat of attack, four NATO divisions would move east from their bases in Western Europe to "reception facilities" in new member states. Yet DoD analysts assumed that reception facilities would be created for only six brigades (two divisions), three of which would be in Poland. Each facility costs only $15 million to $20 million plus operations and maintenance costs. DoD analysts provided no description of what that money would buy. They did not include the purchase of short-range air defenses to protect the facilities, because they argued that those defenses would be brought with the incoming forces. In total, the reception facilities for two divisions were estimated to cost a paltry $115 million to $144 million. Although it is unclear what the DoD is buying for that small amount, it cannot be much.

Several problems exist with the DOD's assumptions. Creating reception facilities for only two divisions would require four divisions to go through them sequentially rather than simultaneously. The DoD seems to think such phased deployment is acceptable. But such a bottleneck could allow enemy forces to destroy the incoming divisions sequentially before they could mass for an attack. In addition, reception facilities are divided up among the new member countries, creating an even worse problem than exists with COBs because there are even fewer facilities per number of incoming units. For example, if Hungary is threatened and has a reception facility for only two brigades, four NATO divisions descending on it might allow the enemy to have a field day attacking that bottleneck. The problem is further exacerbated by the fact that ground forces, unlike aircraft, cannot simply deploy to facilities in Poland and the Czech Republic and then fly missions (albeit suboptimal ones) into Hungary. Ground forces must deploy to reception facilities in Hungary or they are out of position to defend against any attack on that nation.

Furthermore, reception facilities would need to consist of more than NATO-compatible fuel facilities and host-nation support for arranging logistics support. Money could be saved by building reception facilities at abandoned Soviet bases in new member nations, but the facilities would still need to include rail sidings and facilities for unloading train cars, vehicle parking lots to rearrange equipment from its configuration for transportation to its configuration for battle, hangars for helicopters, upgraded barracks and mess halls, and facilities for maintaining equipment. Reception facilities for ground forces at air bases would require extra hangars for aircraft and warehouses to store incoming airlifted equipment and supplies. Costs for short range air defenses also need to be included in the price of a reception facility, because forces being unloaded from trains will be very vulnerable to attack until they get their air defenses set up. If reception facilities are provided for four divisions in each of the three countries, the cost will be $1.2 billion--nearly eight times the Pentagon's maximum estimate.

Improving the Air Wings and Ground Forces of European Allies to Project Power

Although NATO plans to move four ground divisions and six wings from bases in Western Europe to reception facilities and airfields, respectively, in new member nations, only three divisions and five air wings need extensive modifications. One U.S. ground division and one air wing already have most of the needed mobile support assets to project power. In contrast, the forces of the European allies were designed for an in-place linear defense of Germany during the Cold War and, therefore, need significant enhancements to be able to move into the territories of new member states during a crisis or war.

The administration's estimate provides "deployable logistics sustainment" for three non-U.S. ground divisions and five non-U.S. air wings.[43] No specific definition of that term is provided. DoD analysts said that providing deployable logistics for each ground division would cost between $1.2 billion and $1.5 billion plus operations and maintenance costs. No per unit cost to outfit each air wing was cited. The estimate cites a total cost of $4 billion to $5 billion to outfit the ground divisions and the same amount to outfit the air wings. Thus, the DoD projected the total cost of augmenting allied ground and air forces at $8 billion to $10 billion.

The DoD's per unit and total cost figures to augment European ground forces for power projection seem accurate. Although the DoD did not list the specific items needed to make the ground forces of the European allies more mobile, this paper earlier provided a list of items for the ground forces of new members. The list is the same for the forces of the European allies, but the higher cost per division can be attributed to the larger size of allied divisions.

In contrast, the administration's estimate for augmenting the air wings is too low. The cost of providing an itemized list of enhancements--mobile engineers, maintenance units, medical units, and other support assets--for five air wings should be about $6.9 billion. Because the DoD provided no details on deployable logistics sustainment, it is difficult to discern why the DoD's costs were lower. With $4.5 billion needed to augment allied ground forces and $6.9 billion needed to augment allied air forces, a more realistic estimate of the total cost of improved allied power projection is $11.4 billion, not $8 billion to $10 billion.

Making U.S. Forces More Mobile

Although U.S. forces are able to project power much more effectively than are those of the European allies, a deficiency still exists in U.S. capabilities. During the Persian Gulf War, U.S. forces had a shortage of heavy equipment transporters for transporting tanks. While Germany's excellent rail system mitigated the effects of that shortage during the Cold War, the poor rail systems of the new members will not help much. The cost of adding heavy transporters for one U.S. division is $400 million. The administration's estimate did not seek to remedy the shortage and thus avoided accounting for those costs.

Systems for Storage and Transport of Fuel and Ammunition

The previous discussion of storage and transportation of fuel and ammunition pertained to new member nations. There is also the matter of fuel and ammunition for arriving NATO reinforcements.

DoD analysts admitted that they did not assume the stockpiling of fuel and ammunition for NATO forces in new member states because prepositioning is a sensitive issue. They felt constrained to minimize the infrastructure or "footprint" they assumed would be placed on the territory of new member states. In addition, they did not extend the NATO fuel pipeline to reception facilities and COBs in new member states. DoD analysts felt that incoming NATO forces could get fuel from the commercial market or from the new member governments. They did add $1.6 billion to $1.9 billion for NATO-compatible fuel systems. That sum included $900 million for enhancing the fuel storage and distribution system for air and ground forces, but the analysts never explained what improvements that sum would finance. The estimate also included $389 million to $538 million for NATO-compatible fuel nozzles and standards and $274 million to $438 million for NATO-compatible fuel facilities and other support equipment at reception facilities.

As noted earlier, it seems questionable to assume that the commercial market--which could be easily damaged or disrupted--could provide fuel needs during a war. During wartime, where will the new member governments get the fuel if it is not stockpiled (DoD added no money for either buying or storing fuel) or transported by the NATO pipeline? The forces of NATO and the new members might find themselves competing for dwindling supplies. Notably, the DoD does not assume that fuel will be readily available in its regional warfare scenarios in Korea or the Persian Gulf.

Therefore, a 30-day supply of both fuel and ammunition for NATO forces would need to be bought and stockpiled in the new member states. Hardened bunkers and fuel facilities would be needed to store those supplies. In addition, as a backup, the NATO pipeline would need to be extended to supply bases on the territory of new members. If such improvements were made, the cost would be $5 billion rather than $1.6 billion to $1.9 billion.

Distribution of Costs

Important details of how the administration distributed its estimated costs among the United States, existing European NATO allies, and new members are also sketchy. In its estimate, the administration properly assigned to existing allies the entire costs of enhancing their forces to project power. (The severe constraints on their defense spending leave open to doubt whether they will actually make those enhancements.) The estimate also assigned to new members all of the costs of restructuring and modernizing their own forces. It failed to assume that at least some of the cost of those efforts would accrue to the United States. According to the Department of State study, "Some of the efforts have been modestly supported by U.S. assistance programs. . . . Whether any such costs would be borne by the United States in the future would depend on decisions by the U.S. Congress and Executive Branch."[44]

Saying that the U.S. government has not yet decided what future assistance will be provided allows the DoD to avoid adding in what could be substantial costs. Western arms manufacturers--including those in the United States-will pressure their governments to provide security assistance for sales in a competitive arms market. The small amount of assistance already provided to the prospective new members has come under the auspices of the Partnership for Peace program, designed to make very modest improvements in the militaries of the prospective members to prepare them for international peacekeeping missions. The financial assistance provided for NATO expansion has the potential to be much larger. The GAO reports that a Polish official estimated that Poland would need $2 billion in credits just to buy multipurpose aircraft.[45] The total bill for security assistance for the entire list of weapons purchases by new members could be much higher. RAND estimated that arms purchases by new members could reach $30 billion to $40 billion, which would require $1 billion to $3 billion annually in security assistance.[46]

The details on distributing expenses for direct enlargement are murkier than they are on the administration's other cost categories. The administration assumed that new members would pay 35 percent of direct enlargement costs, the European allies would pay 50 percent, and the United States would pay 15 percent. (That assumption is based on another assumption: that 40 percent of direct enlargement costs would be funded by member nations and 60 percent would be funded by the NATO common budgets, to which nations usually contribute on the basis of their gross domestic products.)[47]

The president's report to Congress implies, and DoD analysts confirmed, that those percentages had been derived by separating out the detailed expenses of expansion into U.S. costs, allied costs, and costs to new members and then adding them up. Yet, in the DoD's macro approach to costing, levels of effort were assigned to broad areas of improvements, with no detailed costs to back.them up. How did a nondetailed DoD estimate result in detailed costs to separate out and add up into the three percentages that measure the relative sharing of burden?

For example, the DoD estimated that $777 million to $1.076 billion would be spent on logistics. That category included, among many other items, NATO-compatible fueling systems and standards, as well as host-nation support arrangements for equipment warehouses. The number and cost of the individual items did not exist because it was a level of effort estimate. Yet, presumably, NATO-compatible fueling systems and standards would be financed with common NATO funds, while host-nation support arrangements are the responsibility of the new member nations that would host NATO reinforcements in time of crisis. Since there are not enough detailed costs provided to indicate how much of the $777 million to $1.076 billion for logistics was funded commonly and how much nationally, how could overall percentages be calculated? Other broad areas of improvements that would probably have components funded both commonly and nationally, which would be difficult or impossible to sort out, would be enhancements to infrastructure; air defense; and command, control, and communications. Those subcategories make up the bulk of the direct enlargement category.

In short, the DoD's nondetailed estimate does not lend itself to the segregation and addition of individual expenses so that such global percentages could be calculated. Did the DoD just arbitrarily assign percentages of direct enlargement ex-

penses to be borne by the United States (15 percent), existing allies (50 percent), and new members (35 percent)?

THE REAL COSTS OF NATO EXPANSION

In this study, for each category of expenses, a more realistic cost estimate was developed and compared with the administration's estimate. The alternative estimates were developed by accepting, only for the purposes of analysis, the administration's assumption of a continuing benign threat environment and the strategy of reinforcing new members during a crisis with four NATO ground divisions and six air wings. Adding the alternative figures gives a total cost for expansion of about $70 billion. That number is twice the upper end of the administration's $27 billion to $35 billion range (see Table 2).

Table 2—Comparison of DOD'S Estimate with an Estimate Based on More Realistic Assumptions

(billions of dollars)

Category of Improvement	Alternative Estimate	DoD Estimate
Training and exercises	4.2	2.5-4.2
Command, Control, Communications, and Intelligence	6.2	2-3
Air defense	8.0	2.1-2.9
Modernization of ground forces of new members to make them more mobile	7.0	5.4-6.4
Upgrading the weapons of new members or buying new ones	11.5	1.6-1.8
Naval improvements for Poland	1.1	0
Port, road, and rail improvements	3.0	.4-.7
Exercise facilities	4.7	.3-.5
Stockpiling fuel and armnunition for the forces of new members	.6	1.2
Upgrading airfields in new member states	4.3	2.9-3.3
Creating reception facilities for NATO ground forces	1.2	.1
Improving allied ground forces' and air wings' capability to project power	11.4	8-10
Making U.S. forces more mobile	.4	0
Systems for fuel and ammunition storage and transport	5.0	1.6-1.9
Total	69 (U.S. share=7)[1]	27-35 (U.S. share=1.5-2)[1]

[1] both of these figures may increase. The $7 billion in U.S. costs will increase if the new members cannot pay--as is likely--the estimated $34 billion in projected costs that will accrue to them. The almost $70 billion in total costs could increase to between $125 billion and $167 billion if the administration's dubious assumptions fail to hold. Those assumptions are that the current benign threat environment will continue and that no pressure will come from new members for the permanent stationing of NATO forces on their territories. The cost of relaxing those assumptions is discussed in Congressional Budget Office, ***The Costs of Expanding the NATO Alliance*** (Washington: CBO, March 1996), pp. xiv, 51-55.

U.S. costs are estimated to be at least $7 billion, compared with $1.5 billion to $2 billion in the administration's estimate. Even $7 billion could grow if, as is likely, the new member states were unwilling or unable to pay a more realistic estimate of the expenses that would accrue to them ($34 billion). In that case, the European allies would probably expect the United States to pay more of the new members' bill because expansion was a U.S. initiative and because European defense spending is under severe constraints induced by the fiscal austerity needed to join the European Monetary Union.[48]

The $34 billion in costs would require the three new members to increase their combined annual defense budgets-currently only $4.6 billion--by almost 60 percent. More important, such expenses would require the new members to increase their meager military investment (research, development, and procurement) by about 10 times that percentage. Such spending increases would be difficult, given the transition of their economies from communism to capitalism and polls showing that their populations do not support increases in government spending for defense. In addition, while the U.S. administration is encouraging the new members to pay the bulk of the costs for expansion, the International Monetary Fund--in which the United States is a driving force--has become alarmed by that prospect and is pressuring them to hold down such large defense spending increases to avoid damaging their fragile economies.[49]

According to the Congressional Budget office, if the administration's assumption of a continued benign threat environment is abandoned and if permanent stationing of a limited number of NATO forces in new member states and larger reinforcing

forces are required, the total costs of expansion would increase to $125 billion. About $19 billion of that cost would accrue to the United States.[50]

Again according to the Congressional Budget Office, if large numbers of NATO forces needed to be stationed in new member states, the total costs would escalate to about $167 billion.[51] A large permanent presence might be needed if NATO guaranteed the security of the new members and a militarily resurgent Russia emerged, either independently or as a response to a perceived threat from NATO expansion.

In sum, even if the DoD's dubious assumptions about a continuing benign threat environment and the ability to avoid pressure for the permanent forward stationing of troops hold, the total costs of NATO expansion are likely to be much greater than the administration's estimate would indicate. To guard Congress's constitutionally mandated powers of the purse and the Senate's informed advice and consent on treaties, Congress has a right to a reasonably accurate and methodologically rigorous analysis of how much expanding the alliance is likely to cost. The administration's cost estimate is woefully inadequate in both regards.

NOTES

[1] Jeff Gerth and Tim Weiner, "Arms Makers See a Bonanza in Selling NATO Expansion," *New York Times,* June 29, 1997, pp. 1, 8.

[2] Congressional Budget Office, *The Costs of Expanding the NATO Alliance* (Washington: CBO, 1996), p. 40. Ivan Eland and Jeannette Deshong were the principal authors of the report.

[3] Steven Erlanger, "A War of Numbers Emerges over Cost of Enlarging NATO," *New York Times,* October 13, 1997, pp. Al, A10.

[4] U.S. Department of State, *Report to the Congress on the Enlargement of NATO: Rationale, Benefits, Costs, and Implications,* February 1997, pp. 10, 15.

[5] Ibid., p. 16.

[6] Ibid., p. 18.

[7] Ted Galen Carpenter and Andrew Stone, "NATO Expansion Flashpoint No. 1: The Border between Poland and Belarus," Cato Institute Foreign Policy Briefing no. 44, September 16, 1997, p 1.

[8] Ibid., pp. 11-12.

[9] Ted Galen Carpenter, *Beyond NATO: Staying Out of Europe's Wars* (Washington: Cato Institute, 1994), p. 21.

[10] Ibid., p. 32.

[11] James Joll, *The Origins of the First World War,* 2d ed. (London: Longman, 1992), pp. 42, 45-46, 47, 50-52, 54-55, 60, 62, 200, 201.

[12] Congressional Budget Office, p. 40; and Jonathan Landay "U.S.: No Free Lunch," *Christian Science Monitor,* October 7, 1997, p. 1.

[13] Jonathan Landay, "U.S. Military Outpaces Its NATO Peers," *Christian Science Monitor,* September 29, 1997, p. 1.

[14] Congressional Budget office, p. 52. Page 35

[15] Richard Kugler, now with the National Defense University, Comments at a forum on Capitol Hill entitled "NATO Enlargement--Matching Requirements and Costs: A Transatlantic Forum Roundtable Discussion," sponsored by the Potomac Foundation, 'September 8, 1997.

[16] Congressional Budget office, pp. 26-40, 44-45, 47-48; and Reiner Huber and Gernot Friedrich, *A Zero-Cost Option for NATO Enlargement: Arguments for a Comprehensive Approach* (McLean, Va.: Potomac Foundation, August 1997), pp. 10-11.

[17] Gerth and Weiner, p. 8; and William Drozdiak, "NATO Nations Balk at Paying Large Share of Expansion," *Washington Post,* October 3, 1997.

[18] DoD response, in General Accounting Office, *NATO Enlargement: Cost Estimates Developed to Date Are Notional* (Washington: General Accounting Office, August 1997), p. 11.

[19] Ibid., pp. 23-24.

[20] Ibid., p. 4.

[21] Quoted in Landay, "U.S. Military Outpaces Its NATO Peers," p. 1.

[22] Bill Clinton, response to questions on NATO enlargement from Sen. Kay Bailey Hutchison, September 10, 1997, response to question 8, p. 11 (copy in author's files).

[23] Douglas Berenson, "Officials Say NATO Must Step Up Rapid Reinforcement, Lift Abilities," *Inside the Pentagon,* July 31, 1997, p. 3; and Landay, "U.S. Military Outpaces Its NATO Peers," p. 1.

[24] North Atlantic Treaty Organization, *NATO Handbook* (Brussels: NATO Information and Press, 1995), pp. 244-45, 246-47.

[25] Huber and Friedrich, Foreword and pp. 1-2.

[26] Landay, "U.S. Military Outpaces Its NATO Peers," p. 1.

[27] Ronald Asmus, Richard Kugler, and Stephen Larrabee, "What Will NATO Enlargement Cost?" *Survival* 38, no. 3 (Autumn 1996): 9-10.

[28] Quoted in Berenson, p. 4. Page 36

[29] U.S. Department of State, p. 12.

[30] General Accounting Office, p. 9.

[31] The DoD's assumptions for specific categories of costs were discussed at a meeting with the author on April 2, 1997. DoD personnel present were Ron Moore, an analyst in the DoD's office of Program Analysis and Evaluation, and Barry Pavel and Lt. Col. Reginald Gillis in the office of the Assistant Secretary of Defense for Strategy and Resources. Subsequently, the Pentagon's assumptions were confirmed in writing.

[32] General Accounting Office, p. 10.

[33] Phone conversation with Col. Tamas Toth, Hungarian defense attache in the United States.

[34] Christine Spolar, "Applicants Offer Lots of Heart but Few Arms," *Washington Post,* June 17, 1997, p. A12.

[35] General Accounting Office, p. 10.

[36] Clinton, response to question 8, p. 11.

[37] Christine Spolar, "Aging Armies Grapple with Costly Overhaul: E. European Nations Take Aggressive Steps to Amass Price of Admission to NATO," *Washington Post,* June 19, 1997, p. A23.

[38] General Accounting Office, p. 10.

[39] Jeff Erlich and Brooks Tigner, "Czechs, Poles Seek Fighter Bids by Year-End," *Defense News,* September 22-28, 1997, p. 26; and Spolar, "Aging Armies Grapple with Costly Overhaul," p. A23.

[40] Jeff Erlich, "Central European Nations May Delay Fighter Purchases," Defense News, October 6-12, 1997, p. 10.

[41] Gerth and Weiner, pp. 1, 8.

[42] Unlike the DoD's estimate, the $11.5 billion figure does not include any funds for standardizing artillery tubes, ammunition, and ammunition-handling equipment. Military planners believe that doing so costs a great deal of money for only a modest gain in military capability.

Standardizing only a few guns, as the DoD assumed, would have almost no military value. Nations facing severe constraints on the resources they can spend on defense would best spend those Page 37 funds on higher priority items.

[43] U.S. Department of Defense, "The Military Implications and Costs of NATO Enlargement," undated briefing, p. 8.

[44] U.S. Department of State, p. 18.

[45] General Accounting Office, p. 12.

[46] Asmus, Kugler, and Larrabee, p. 10; and RAND, "The Costs of NATO Expansion: Preparing NATO and ECE Forces to Carry Out New Treaty Commitments," Santa Monica, May 1995, p. 10.

[47] Ibid., p. 19.

[48] Brooks Tigner, "NATO Rift Widens over Expansion Costs," *Defense News,* October 6-12, 1997, p. 6.

[49] U.S. Department of Defense; Landay, "U.S.: No Free Lunch," p. 1; and William Drozdiak, "NATO Nations Balk at Paying Large Share of Expansion," *Washington Post,* October 3, 1997.

[50] Congressional Budget Office, pp. xiv, 51-55. The CBO developed several options for implementing expansion that ranged from a defense that relied heavily on improved self defense capabilities under a benign threat environment to the limited stationing of NATO troops in new member states under a resurgent Russian threat. The $125 billion represents the high-end cost.

[51] Ibid.

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RESPONSES OF MR. SLOCOMBE TO QUESTIONS ASKED BY SENATOR HELMS

(QUESTIONS 8 AND 11 HAVE CLASSIFIED SUPPLEMENTS STORED BY THE COMMITTEE ON FOREIGN RELATIONS.)

Question 1. NATO is currently engaged in a review of the 1991 Strategic Concept. I am concerned that this review will de-emphasize the role of collective, territorial defense of the alliance in favor of operations other than war (e.g., the promotion of democracy, nation-building, crisis management, and peacekeeping). Will the United States government insist that any new strategic concept continue to emphasize collective, territorial defense as the centerpiece of military strategy in the NATO Alliance?

Answer. Yes. We have already made the point that the U.S. believes that "Article V" defense of the territories of allies remains the core NATO mission. The Strategic Concept was adopted by NATO in 1991. At the July 1997 Madrid Summit, NATO allies agreed to examine the Strategic Concept "to ensure that it is fully consistent with Europe's new security situation and challenges". Since then, NATO has developed an agreed Terms of Reference (TOR) document for the conduct of the review, which was endorsed by Foreign and Defense Ministers during their December 1997 meetings. The TOR confirms NATO's commitment to the core function of Article 5 collective defense and the transatlantic link.

Question 2. What are the key differences in force structure for the new NATO members (Poland, Hungary and the Czech Republic) that would be implied by a Strategic Concept based on territorial defense, versus one which is based on planning for operations other than war (OOTW)? Using the five categories of equipment limited by the Treaty on Conventional Forces in Europe (CFE) as a basis, please provide the Committee with an illustrative, side-by-side comparison of the force structures that would be possessed by each new NATO member depending upon whether emphasis is placed on territorial defense or on OOTW.

Answer. The current force structure of the three invitees (as per CFE limited categories of equipment) is as follows:

	POLAND	CZECH REPUBLIC	HUNGARY
Tanks:	1,729	952	797
Artillery:	1,581	767	840
ACV:	1,442	1,367	1,300
Helicopters:	94	36	59
Aircraft:	384	144	141

(Figures were reported at annual information exchange, as of 1 January 1997.)

Poland, Hungary and the Czech Republic are working on improving their ability to operate within NATO's integrated military command structure. We do not expect that NATO will require the invitees to significantly alter their existing force structure for operations other than war in particular. As with current allies, NATO military planning is centered on collective defense under Article Five, not on operations other than war. It therefore would be speculative to try to determine for, or compare force structures between, the two types of operations.

The term Operations Other Than War (OOTW) is defined in Joint Publication 1-02, Department of Defense Dictionary of Military and Associated Terms, as "Operations that encompass the use of military capabilities across the range of military operations short of war. These military actions can be applied to complement any combination of the instruments of national power and occur before, during and after war. Also called MOOTW." Because the scope of MOOTW is so wide and can encompass anything from a large-scale humanitarian mission to a small contingent contribution to a peace enforcement operation, specific information would be required to provide a detailed comparison assessment between a territorial defense posture and one based on MOOTW criteria. However, we believe that both current and new members' forces will remain capable of unilateral defense, while also capable of conducting a variety of other operations, including MOOTW.

Question 3. It has been suggested by some that the Administration is urging new NATO members to adopt a rapidly-deployable force structure, perhaps at the expense of the force configuration necessary for the country's territorial defense. Can you assure the Committee that this is not the case?

Answer. Yes. We have been urging the new NATO members to adopt more deployable forces, but this does not come at the expense of territorial defense. To the contrary, the keystone units that new NATO members have been developing as their elite, most ready and deployable forces, would also be critical for contributing to their initial self-defense in the case of cross-border aggression. In order to participate in NATO contingencies that increasingly require deployable forces, the new members must continue their transformation from static defense forces. These countries are in the process of determining what portion of their forces will need to be deployable, and, in consultation with NATO, how rapidly their forces should be available.

Question 4. I am concerned that NATO's proposal for a stabilized area in Central Europe places the indigenous military capabilities of the three new NATO members in direct conflict with NATO's capability to station forces. The only way a country could make room for stationed forces would be to reduce its own national holdings to create "headroom" under the territorial ceilings established in the adapted CFE Treaty. While there may be no need for stationing at this time, certainly one could envision scenarios where it would become necessary. Please explain to the Committee NATO's strategy for defending the three new NATO members while at the same time adhering to the constraints that would be imposed under a stabilized zone in an adapted CFE Treaty?

Answer. We recognize the importance of assuring that the CFE Treaty is not a constraint to fulfilling US or NATO obligations under the Washington Treaty. The proposed NATO stabilized region does indeed prevent upward revision of the territorial ceilings from their current maximum national level of holdings for the Czech Republic, the Republic of Hungary, and the Republic of Poland. Reciprocally, it also imposes the same constraint upon the Republic of Belarus, the territory of the Ukraine outside the Flank Zone, and the Kaliningrad Oblast of the Russian Federation.

In a 14 March 1997 statement, the North Atlantic Council asserted that "... the Alliance will carry out its collective defense and other missions by ensuring the necessary interoperability, integration, and capability for reinforcement rather than by additional permanent stationing of substantial combat forces." This statement succinctly describes the strategy of both NATO and the United States for defending the three new NATO members.

A critical objective of the United States in the on-going CFE Treaty negotiations is to protect the capability to carry out U.S. and NATO responsibilities with regard to defending Alliance members. We will also ensure that the provisions for temporary deployment allow needed scope for reinforcements and emergencies.

Question 5. The Joint Chiefs of Staff have determined -- and have circulated at NATO -- the minimum amount of equipment deemed necessary for deployment, on a temporary basis, of equipment to the new NATO members. Please provide the Committee with a detailed analysis of the process by which these numbers were reached, including all threat and response assessments and contingency planning conducted in connection with this determination.

Answer. No answer was received.

Question 6. Has the United States and NATO developed contingency plans for the defense of new NATO members under various scenarios? What forces and operational capabilities would be needed to satisfy the most demanding of these scenarios, such as a resurgent Russia or a nuclear scenario? We will appreciate your providing to the Committee a detailed, classified assessment which identifies possible threats to the three new NATO members, from best to worst-case scenarios. Please attach to this threat assessment an identification, using CFE Treaty equipment categories as a guide, of each force package necessary to respond to the given threat.

Answer. At this time, no contingency plans have been developed by the US or NATO to defend the new NATO members. Prior to accession NATO will initiate contingency planning for the Article V defense of the Invited Countries. Prior to any contingency planning, the NATO Military Committee will evaluate the spectrum of threat scenarios and provide guidance to planners for contingency planning.

Question 7. It would appear that NATO intends to fulfill its territorial defense commitments to the new NATO members using a strategy of rapid deployment, rather than through pre-deployment of substantial force enhancements in-country. What prompted this shift in policy? What are the advantages and disadvantages of this approach?

Answer. There has been no "shift" in policy. NATO's adoption in November 1991 of a new Strategic Concept signaled the Alliance's shift away from a forward positional defense to a regional reinforcement strategy. NATO took this important step in response to the vast changes in the European security environment as a result

of the end of the Cold War. Most importantly, there was, and currently is, no significant threat of large-scale, cross-border aggression, and any such threat would take years to develop.

Question 8. Will the United States' "nuclear umbrella" be extended to the three new NATO members? Given the Administration's pledge not to deploy tactical nuclear weapons on the territories of these new members, does this mean that the US intends to satisfy its new nuclear guarantees with strategic nuclear weapons? Will other NATO members provide an extended deterrence guarantee to the three new NATO members? Has there been any discussion within the Administration or NATO of withdrawing tactical nuclear weapons from the European theater as a means of accommodating Russian concerns? If so, please describe.

Answer. The guarantees under Article 5 of the North Atlantic Treaty pertaining to assistance to any member state which is attacked will be extended to the new NATO members upon their accession. With respect to the United States' "nuclear umbrella", the Administration's 1994 Nuclear Posture Review reaffirmed that nuclear weapons continue to play a critical role in deterring aggression against the United States, its overseas forces, its allies, and friends. That review also reaffirmed the role of U.S. dual-capable aircraft (DCA) in Europe.

The NATO Strategic Concept states that the supreme guarantee of the security of the Allies is provided by the strategic nuclear forces of the Alliance, particularly those of the United States. It also states that the Alliance will maintain sub-strategic forces, based in Europe, which will provide an essential link with strategic nuclear forces, reinforcing the trans-Atlantic link. The U.S. DCA meet that requirement.

The number of US tactical nuclear weapons in Europe has declined significantly since the end of the Cold War. However, there has been no consideration of withdrawal of the remaining forces, for any reason, including "as a means of accommodating Russian concerns about enlargement." The Nuclear Posture Review reaffirmed that the United States will maintain its current commitment of dual-capable aircraft and nuclear weapons dedicated to NATO.

Question 9. Because Hungary is not territorially contiguous to any other NATO member, some are concerned that - in some circumstances - Hungary could be denied essential NATO reinforcements during a crisis. What specific steps has the Administration taken to conclude a legally-binding agreement with Austria to allow NATO forces to transit Austrian territory in time of crisis? What steps have been taken to conclude such an agreement with Slovenia?

Answer. In the current security environment, NATO should have no difficulty in reinforcing Hungary. Both Austria and Slovenia are NATO aspirants. Our policy has been and continues to be that the door to NATO membership remains open. In the interim, as active participants in the Partnership for Peace program, both are fully supportive of NATO and could be expected to allow free passage in the event it became necessary to send reinforcements to or through Hungary. In the worst-case scenario that access to NATO was denied, NATO forces could reinforce via airlift as we once did in Berlin. In its assessment of the military requirements associated with enlargement, SHAPE has assumed the presence of a political agreement to permit access to Hungary. However, SHAPE has also identified a requirement for an Air Port of Debarkation (APOD) to assure access if the worst-case scenario were to occur. Any negotiations for NATO access would be undertaken by NATO and would not be pursued bilaterally.

Question 10. Will NATO revise the Strategic Concept in order to harmonize the mission of NATO with the level of commitment that members are willing to provide in support of the 1991 Strategic Concept? For all NATO members, please provide the Committee the Force Goals and implementation timelines devised at NATO in support of the 1991 Strategic Concept (in unclassified form if possible).

Answer. The Strategic Concept is an over-arching policy statement that establishes Alliance missions and requirements, and from which (in its force planning process), NATO has derived its new force posture. That new force posture has evolved from the Cold War-era's fixed border-static defense to one emphasizing strategic mobility and the sustainment of deployed forces; deployable C3I (Command and Control, Communication and Intelligence) systems for joint operations and air warfare; theater missile defense; capabilities to address the risks posed by NBC weapons and their means of delivery; and provision of combat support and combat service support for multinational reaction forces.

These force goals represent a commitment of military forces and capabilities to the Alliance in the future. As such, force goals are targets for nations to achieve and do not reflect nation's actual contributions in forces and capability. The planning cycle is biennial, with force goals projected for a six year planning period into the future. Implementation timelines are flexible and are driven by the availability

of resources of each committed ally. Each fall, NATO verifies and reinforces individual Allied force goal commitments and assesses the Alliance's overall capability to meet all aspects of its Treaty responsibilities. The documents requested are classified by NATO and are available to the Committee in that form.

Question 11. The report on costs of NATO enlargement provided to the Congress in February 1997 indicates that existing NATO allies must spend $8-10 billion to bring their forces in line with obligations from the 1991 Strategic Concept. What countries specifically are failing to meet their Force Goal commitments? Please break down this dollar requirement by NATO member in approximate distribution.

Answer. Force goals reflect (and are reflected in) the guidance documents, defense requirements, and national defense postures the Alliance uses to meet its Article 5 responsibilities. Force goals are biennially developed and projected for a six year planning period into the future. They represent national commitments of military forces and capabilities to NATO in the future. As a result, force goals are targets for nations to achieve and do not reflect nations' actual contributions in forces and capability. From that standpoint, Alliance force goal shortfalls are defined in terms of capability shortfalls, not by specific national shortfalls. In addition, force goals can be addressed in a variety of ways: "accepted," "partially accepted," "under consideration," "not accepted," or accepted/partially accepted but under an extended timeline. The reasons for not accepting a goal include national requirements, financial, political, and even, in some instances, a national belief that the goal is not valid. In addition, there are instances of a nation not meeting a specific goal due to national requirements but offering the capability in some other manner.

Annually, using the Defense Review Process, NATO assesses its capability to meet agreed mission requirements in light of a number of factors, including the prevailing security situation. The process culminates in "country chapters" that review each nation's contribution to the Alliance. This year, NATO determined that main defense forces are generally capable of meeting current mission requirements. Concurrently, NATO believes that capability shortfalls exist in some combat support and combat service supports areas. These shortfalls are identified, and the Alliance is taking steps to rectify them through its normal force planning process. But, shortfalls should always be taken in the context of overall contribution to the Alliance. The attached classified annex is a compendium of the country chapter sections addressing national responses to force goals. As such, it presents only a part of NATO's exhaustive evaluation of each nation's contribution, both positive and negative.

RESPONSE OF MR. ELAND TO QUESTION ASKED BY SENATOR BIDEN

Thank you for your follow-up question, which I am pleased to answer. However, I must first state the following: If your question asks if my analysis of the costs of NATO enlargement was in any way influenced by my views on the continued membership of the United States in NATO, the answer is an emphatic "no." Let me explain.

In my mind, the issue discussed at the October 28, 1997 Foreign Relations Committee hearing—my estimates of the cost of NATO enlargement—is a separate issue from my policy views on NATO enlargement or U.S. membership in NATO. As the principal author of the Congressional Budget Office report on the costs of NATO enlargement, I could not and did not take a position on NATO enlargement nor on continued U.S. membership in the alliance. Both assistance (in costing) and supervision were provided by other CBO employees, who were also committed to CBO's policies of neutrality and of not making policy recommendations. All involved CBO analysts agreed with the resulting analysis in the report.

In fulfilling my role as a CBO analyst, I developed a cost estimate that is, if anything, conservative in its projections of the cost of enlargement. I talked to military planners—both active and retired—and developed a detailed list of only the most critical improvements to armed forces and infrastructure that were needed for enlargement. The Joint Staff told me that my detailed list was a good one. CBO then simply estimated the cost of each detailed improvement—usually from data provided by the armed services or international organizations and added up the total. An example of this conservatism is in weapons purchases for new members. The RAND study assumed that, over time, new members would replace 50% of their obsolescent Soviet-built equipment with new Western equipment, with expenses totaling as much as $30 to $40 billion. CBO was more modest in its assumptions, upgrading

existing Soviet-built systems in the short-term and buying a limited number of new Western systems in the long-term. CBO's estimate for such purchases was only S19.2 billion.

The CBO study postulated five options for NATO enlargement ranging from more modest security preparations in a lesser threat environment to more ambitious defense measures in more severe threat scenarios. In contrast, DoD's later cost estimate listed a very specific scenario, which did not correspond exactly with any of CBO's options. Thus, the two studies were not directly comparable, The Cato analysis merely adjusts the CBO estimate to make it comparable to DoD's estimate, It uses the same costing factors and methodology in the original CBO report. Therefore, my policy views on whether NATO should be enlarged or whether the United States should remain in NATO had no impact either the CBO estimate or Cato analysis.

Reasonable people differ about whether NATO is the optimal institution for securing and promoting U.S. interests in Europe. It should be noted that many prominent defenders of NATO in its current form nevertheless vehemently oppose enlargement. I personally believe that we should at least consider options other than a "NATO forever" policy, but that is a separate issue from the Wisdom of proposals to enlarge the alliance. It is even more distinct from the issue of how much such enlargement will cost.

PREPARED STATEMENT OF DR. STEPHEN A. CAMBONE, SENIOR FELLOW, POLITICAL-MILITARY STUDIES PROGRAM CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES, WASHINGTON, DC

EXECUTIVE SUMMARY

The CATO Institute has just released a new study on the cost of NATO enlargement. "The High Cost of NATO Expansion: Clearing the Administration's Smokescreen" is written by CATO's director of defense policy studies, Ivan Eland, author of a earlier CBO study on enlargement. That CBO study estimated enlargement costs to be as high as $125 B.

The new CATO study sets the cost at $70 billion using what it says is a more "methodologically rigorous and reasonably accurate" estimating process than the one used by the Office of the Secretary of Defense (OSD).

CATO declares the cost of enlargement to be at least twice OSD's high estimate of $35 B. CATO's $70 B figure is based on assigning new members nearly $34 B in additional costs related specifically to enlargement. But these additional charges are not justified by a clearly articulated and validated set of requirements based on threat analyses, force capabilities and operational plans. It is based on the author's view-rejected by current and prospective allies—that NATO should have a robust, forward deployed capability to defend the new members and that new members themselves should be more robustly armed to conduct intense operations for 30 days on the old Cold War model.

It is not surprising that this study is marred by the same assumptions that guided the CBO study since it is done by the same author.

INTRODUCTION

For more than a year the cost of NATO enlargement has been growing as an issue. It began with an estimate provided by the CBO that put the cost at anywhere from $60-125 B. This estimate followed one prepared by the RAND Corporation that put the total at anywhere between $10-110 B though a subsequent article in *Survival* by the report's authors suggested $42 B as a reasonable estimate of costs. Both these estimates were followed by a report from the DOD that put the costs at $27-35 B.

Most observers found the CBO numbers too high. The estimate was rooted in an assumption that defense planning should be based more on Cold War requirements than those likely to obtain in the coming decades. The RAND estimates were not nearly as wide as they appeared at first. Taking reasonable assumptions about the effort made by new members to improve their national capabilities, the force package NATO would need to provide to reinforce those national capabilities and the cost of preparing the glue to hold it all together—C3I, infrastructure, road, airfields, etc., RAND suggested a price of about $42 B. OSD's estimate was greeted initially as being too low. But the difference between it and the RAND estimate (apart from

a few differences in priorities internal to the estimates) can be accounted for by the additional cost assumed by RAND in assigning one more ground division to the NATO reinforcement package.

There the matter has sat for about a year. In the interim the GAO issued a report suggesting that costs could be higher than OSD (and by implication RAND) estimated due to a number of factors that have historically, but not universally, affected cost estimates. But the GAO also said that the CBO and RAND estimates were "more reliable" than OSD'S.

A new round of debate is now likely to be touched off by a report released in late October, 1997 by the CATO Institute of Washington, DC. Prepared by one of the two analysts responsible for the CBO report, Ivan Eland, the CATO report declares that the costs of enlargement will be about $70 B and could rise to $167 B. The US share of the cost, estimated by OSD at 1.5-2.0 billion over 10 years is estimated by CATO to be $7 B over the same time frame.

The report appears at a time the US Senate is attempting to come to grips with costs. This, by itself, would assure attention was given CATO's effort. Additional attention is likely to be generated by allied countries already worried that the approach to costing by the US—CBO, RAND, OSD, GAO and CATO alike—are all to high and likely to reduce support for enlargement among their publics. And in Poland, Hungary and the Czech Republic CATO's numbers are likely to elicit both concern and disdain. The concern is for the affect on public opinion which, while it has finally come to accept the additional costs enlargement will impose, is hardly ready to absorb the bill CATO would assign to it, some $34 B. Governments are likely to be disdainful because they have already begun to plan and calculate their own programs on the roughly $10-13 B cost estimated by OSD.

But attention is likely to be focused on CATO's estimates for another reason. The libertarian think-tank is noted for its opposition to enlargement and, among some of its scholars, the view that the US ought to withdraw from the alliance altogether. CATO's attitude toward the alliance is evident in its characterization of NATO as "outmoded" and its worry that it is akin to the pre-WW I alliance system that plunged the "reluctant major powers... into a global war." In light of the introduction one is put on notice by the author himself to look for inflated military requirements and costs as the leading edge of a broader argument that the US should reduce, and maybe even end, its NATO commitments—whatever they may be. Being apprised of CATO's attitude at the beginning of the report—no one can say they do not know where it stands on the issues—the reader expects that the author has taken pains not only to criticize what has been done by OSD, but to be more accurate in his own estimates. In short, despite the provenance of the report, indeed precisely because of it, and its potential political effect, the reader is led to expect that CATO has held itself to a higher standard and for that reason the report should be read with care.

CATEGORIES OF COST

Three basic categories of cost are being used by all analysts.

The first relates to the expenditures by the new members to make of themselves competent allies. These expenditures fall broadly in two subcategories. The first is national expenditures, i.e., those associated with providing national defense forces by downsizing and modernizing forces acquired during the days of Warsaw Pact. The second is expenditures specifically incurred to make those national forces "interoperable" and "compatible" with NATO forces. These two subcategories can be very difficult to distinguish. What fraction of the ground-force improvements made by Poland go in the first, and which in the second, category? For some allies, like Germany, the difference in the past has been non-existent in practical terms; all of its forces were assigned to NATO. Nonetheless, Germany's defense costs were all counted as national, and not NATO costs. Judgment is needed in apportioning costs among the subcategories. This judgment is particularly open to question because it will drive estimates of enlargement costs dramatically up or down.

The second relates to the expenditures made by the current allies to assure that they can meet their collective obligation to support the new members in case any of them is subject to aggression. This reinforcement capability is currently estimated at four ground divisions and six air wings. But here again two categories of cost can be identified. The first is the changes or additions being made to force structures and postures among the current non-US allies (the US is exempt on the belief that its forces are structured and postured adequately) to enhance their role in strictly national policies. The second category is that being done specifically to meet the needs of reinforcing the new members. The distinctions here are even less obvious than in the case of the new members. Most allies would argue it is a distinction

with no difference. The French effort to restructure its forces, downsize them and develop a rapid reaction corps of 40,000 professional soldiers is not driven by NATO enlargement. The German effort to develop the KRK, its crisis reaction corps, is not animated by enlargement but a national decision that Germany should play a larger role in NATO and EU security affairs in Europe and around its periphery. The UK's restructuring and reposturing was begun long before enlargement was mooted and its major procurement programs—C-13OJs, APACHE helicopters and new amphibious shipping—set in place before enlargement was agreed. The multinational and integrated Eurocorps, German/Dutch brigade, Franco-Spanish-Italian naval units, etc., are being animated by EU concerns, not NATO enlargement.

That said, all of the changes in hand will make the forces of NATO allies far more compatible and far more capable of meeting NATO's new "force projection" doctrine for both collective defense and "out of area" operations. Assigning these essentially national commitments to NATO enlargement is an American habit strongly resisted by allied governments. In their view it inflates the cost of enlargement in ways that are both misleading and unnecessary. They might accept the penchant of American's to mislead themselves into thinking that they can so easily leverage and direct European national programs if it weren't the case that the inflated costs unnecessarily drive down public support for enlargement among allied publics. Thus, in making an estimate it is important Americans distinguish what is integral to enlargement and what is tangential. If we are not to count the costs of procuring and operating our own military over the last ten years, an effort costing hundreds of billions of dollars, then why should we count what the allies will spend in the next ten years on their own national programs?

The American answer, of course, is that the Europeans haven't spent the money yet and the capability they promise to buy is essential to fulfilling the collective defense commitments of the alliance. That is fair enough; but both France and German are already embarked on the modernizations outlined above. The KRK will begin standing up in 2000. The French FAR is about two years behind the KRK. It would seem that unlike the 1970s and early 1980s when its was to the advantage of the allies to place the costs of European security on the US, today that is no longer the case. The nascent EU is being nurtured in part on the milk of defense industry spending and the honey of military modernization and integration aimed at a common security policy. Neither Germany nor France can falter in these efforts lest they cede the leadership of the EU's security policy to the other. In this case the interests of the US and its allies for a modem, force projection capability among the European allies is quite similar, albeit generated by very different motives.

The third category of costs is direct costs, i.e., those imposed on all concerned to assure that forces are interoperable and compatible. The first refers to different equipment operating effectively together. The latter refers to employing equipment that meets the same standards. For our purpose it is easier to refer to the two as rendering the forces complementary. This latter term introduces the notion that a certain amount of "making do" is both to be expected and acceptable. The US is not buying nor will it operate the forces of new or old NATO allies. It, and they, must settle for the friction imposed on operations by equipment and procedures generated by the national requirements of 16, soon to be 19, countries. That said, there are agreed items and actions that need to be procured and funded. These direct costs are distributed among the allies themselves as well as a common NATO-funded account, the latter itself funded by assessments on the members.

This brief review of cost categories makes it plain that considerable discretion is permitted to an analyst in which category a given cost is listed and then, within the category, where it apportioned. What makes precision in such costing difficult—apart from being certain that the requirements for capability are firm, that the system-level costs are well known, that economic factors are agreed, etc.—is that money is fungible. A *zloty, forint or koruna* spent on radios can be assigned to at least two categories and charged against at least four accounts. But the critical point is that the radios are bought, distributed, deployed, and employed in exercises and training.

A second factor making precision difficult is the always vexing questions, "how much is enough?" Up to a limit more radios are a good thing; below a certain limit too few radios is a bad thing. The question we are facing in costing NATO enlargement is how many are needed between too few and too many when the same money used to buy those radios can be used to upgrade artillery systems or to fund airfield improvements? Again, one analyst is likely to differ from another. In the end it comes to a judgment about priorities in capability over time.

COMPARING ANALYSES

Analytic outcomes depend in large measure on the methodologies used to chose data inputs and to assess outputs. The CATO study promises "a detailed critique of the administration's assumptions and method of estimating the costs..." and promises a cost estimate that is "methodologically rigorous and reasonably accurate." With these words CATO implies the OSD study was neither rigorous nor accurate. To underscore the point, CATO dismisses the OSD estimates by charging the result it offered "resulted from a negotiation between the White House and several offices in the Pentagon; it is not a valid estimate based on the military requirements of expansion."

Evidence for this serious charge is drawn from a *Washington Post* story, not from CATO's own knowledge. But this is beside the point. The document produced by OSD was subject to interagency discussion and coordination. That is how the work of government is done, irrespective of administration, on matters of major policy importance. To charge that "negotiations" took place as the final document was prepared is of significance if, and only if, the charge is that the figures were "cooked" in this process—a charge implied but for which CATO provides no evidence.

That brings us to methodology. CATO charges the OSD analysts used a "level-of-effort" methodology—given what the new members had to spend, how much could be bought in the categories of capabilities deemed appropriate. The OSD analysts have "little or no detailed cost analysis to back them up," charges CATO. In support of this position they cite the GAO and statements by three OSD analysts. In place of this level of effort analysis CATO implies that we will receive from it an estimate that determines "a list of detailed military improvements required for NATO expansion, estimates of the cost of each of the improvements individually, that add[s] up [to] the total."

On the level-of-effort analysis, this criticism may have some truth to it. However, the RAND analysis from which OSD drew the framework of its own report was based on actual requirements. OSD's analysis, drawing on RAND's work, was based on requirements; the costs were not presented on a year-by-year basis but rather as a "level of effort" or average over the 1997-2009 period. Such an approach is not illegitimate. The alliance as a whole and the individual allies are in the midst, as suggested earlier, of recasting requirements and restructuring forces. The candidate states are in the same position. OSD analysts do have a good idea of what it takes for the US, and by experience for a number of allies, to make a ground division more mobile, to provide an air wing with a bare-base capability for a forward deployment, etc. Treating this spending in aggregate—based on expectations of allied resources and those of the new members—may not yield the fine distinctions that "counting of eaches," a term used by the military for exaggerated and often misleading bean-counting, but it certainly provides a good "level-of-effort" estimate.

It is doubtful CATO analysts went to the level of "counting eaches," either. The accounting systems and methods needed for such an approach do not now exist. But the evidence that their approach was not so fine is in the sections of the report that deal with estimates of cost category by category. In the category of "training and exercises" for example, we are told OSD analysts admitted to basing the estimate on what new members could afford and setting costs at 80% of that current members. CATO's conclusion: "[t]he 2.5 billion to $4.2 billion estimate... is based on artificially postulated considerations of affordability." This critique leads us to expect a more rigorous treatment of the subject. Instead, CATO leaves us with the following: "An estimate based on requirements for specific exercises at a given frequency would yield a more realistic cost estimate at the top of the range [provided by OSD] ($4.2 billion)." No more than this is offered.

The same lack of rigor is evident in the discussion of C3I: "Thus, the DOD's $2 billion to $3 billion estimate for C3I is too low. More tactical radios would need to be purchased to give critical flexibility on the battlefield. Doing so, however, would double the cost to $6.2 billion" No evidence is offered for the conclusion or the price.

The analysis improves in the discussion of air defense. Here CATO makes a substantive argument that the I-HAWK systems OSD proposes for the new members ought to be replaced by PATRIOT PAC-2. The reason offered, primarily, is that HAWK had a life expectancy of 30 years; in 2020 it will be 50 and new technology will have passed it by rendering "the value of such an old system ... nil." Perhaps; but in reaching this conclusion (one shared by the RAND analysis) one might have expected a discussion of the significance of the I-HAWK upgrades funded by BMDO to enhance both their air defense capability and provide.a measure of capability against short range ballistic missiles—a deficiency CATO calls out as affecting I-HAWK. In addition, one might have expected an analysis of the contribution of allied counter-air operations to the missions of the alliance. But again, a lack of the

promised rigor leaves the reader without a basis for deciding whether OSD's assumptions or those of CATO are more appropriate—assumptions because no requirements are offered by CATO.

The section on modernizing ground forces returns to high-level estimates, but this time coupled to a confused discussion of new members' mobility needs. On this latter point we are treated to a long discussion of bases, whether 5 or six divisions should be enhanced, artillery compatibility, etc. OSD is criticized for assuming that five divisions among the new members in aggregate need to be made more mobile and that updating of T-55 tanks was not necessary and new tank purchases not costed. But we know that the T-55s are being retired as the candidates draw down their forces and that upgrades to the T-72s are not prohibitively expensive (especially if the Israelis do them) and that new tank fleets are not the first order of business in any allied army. To be critical of OSD for not costing new tank purchases would seem to miss the point of requirements on which CATO's analysis is said to be based—that upgraded T-72s are equal to the threats they will face. The discussion of artillery compatibility leads no where productive and ignores the program the US has underway to buy kits to allow its forces to fire ammunition of different caliber. After nearly two pages of discussion, CATO concludes that its analysis, with neither requirements nor specific programs provided, costs $600 million more than OSD's top-end "level-of-effort" estimate!

CATO's discussion of the candidate's need for aircraft upgrades or replacement seems more compelling than OSD'S. But the reason is not increased rigor of analysis by CATO but the fact that OSD did not treat this issue in detail. OSD proposed that only one squadron of replacement aircraft would be provided to each new member, an approach consistent with OSD's preference that new members not focus on rebuilding their air forces. However, given the sorry state of air forces in the three countries, and the likelihood that governments will want to make a start on refurbishing their fleets, funds are likely to be spent on aircraft.

But even if this is so, in the end CATO cannot account for the $11.5 billion price tag it provides in this section. Industry estimates for "fly-away" costs for early model F-16 A/B aircraft in US storage is $1-2 million. An F-16 A/B with a mid-life upgrade of the kind currently being done around the world would result in a fly away cost of $12 million. A new F-16 C/D would cost $24 million to fly away. The mix of possibilities here for replacing about 300 aircraft among the candidate is quite broad. But even if we suppose all purchased at $12 million per aircraft, the total is still only $3.6 billion—$2 billion higher than OSD estimated but well short of the CATO estimate. Even if we add weapons for the 300 aircraft (and the other weapons CATO includes as part of this discussion) it is difficult to understand how the remaining $8.0 billion in their estimate is to be made up. CATO provides no clue. Moreover, is not obvious that the costs, whatever they might be, should be charged exclusively to the enlargement account. Aircraft purchases are likely to be pursued on a national rather than a NATO basis.

CATO adds a category of capability OSD did not estimate, i.e., naval improvements. After worrying a bit about Russia providing landlocked Belarus (!) with submarine support (!), CATO adds $1.1 billion in cost.

Port, road and rail improvements are estimated to cost some $2 billion more than OSD estimated. After asserting that these facilities received little maintenance during the Cold War and citing detailed reports from the US TRANSCOM and from the World Bank and EBRD for civil improvements, CATO then asserts that "for a crude estimate of the military improvements, 10% of the total cost of this list (presumably compiled from the above organizations) of enhancements can be used." What relevance this "list" and the costs associated by CATO have to the reports coming into OSD from its survey teams now in the field, who are reporting that the facilities are not as bad as assumed, is hard to know.

Exercise facilities are another category in which CATO does not provide the rigor it promised. After dismissing the OSD estimate—which had greater specificity than others according to CATO—CATO's report reaches this conclusion: "It would be prudent to assume that new large-scale exercise facilities would need to be built, or at least that the cost of needed extensive repairs and modifications to existing facilities would approach the cost of new ones. If those assumptions are used, the expenses in this category rise to $4.7 billion." This is at least $4.2 billion more than OSD estimated. This could be a serious problem. But we have no idea whether CATO's "assumptions" are any better than OSD'S. CATO does not review the state of current facilities, the improvements being made as a result of PFP training, the use by the UK, Belgium and others of facilities in Poland, etc. One longs for the rigor promised and in its absence is left to wonder why it is not provided?

Stockpiles of fuel and ammunition is another category where the issue of whether to charge costs to nations or enlargement is appropriate. CATO faults OSD for cost-

ing only the refurbishment of existing bunkers adequate to store only 10 days supply. Here CATO offers differing assumptions about local fuel supplies and then worries a war might last more than 10 days. On the basis of this worry it turns to NATO's new doctrine of force projection and implies NATO could not put its forces forward fast enough and the new members would have to hold out—presumably with only modest help—not for 10 days but for 30. This is certainly possible. But more likely is that NATO, currently working to a standard that would allow it to project its ARRC headquarters for nonarticle 5 operations in 10-14 days, could do better under war time conditions—especially if it had any tactical warning, leave aside strategic warning, at all. Moreover, NATO air forces are the most modern in the world. The Polish plains are a ready-made killing ground for all-weather aircraft. But these issues do not enter CATO's analysis even though it adds $4-500 million to OSD's estimate.

The upgrade of airfields comes in next for treatment by CATO. In this category we can see most clearly CATO's own concept of what an Article 5 operation in the time frame of interest might be in terms of threat and response. Both are substantially more robust than allied governments foresee. While this does not make the allies right and CATO wrong, there remains still the question of whether in a more stressful environment CATO's recommendations—and the associated costs—make sense.

After criticizing OSD for a level of effort estimate for forward basing of only two of the six air wings designated by NATO to reinforce the new members in the event of article 5 operations, CATO argues estimates should be used derived from cost data for creating collocated operating bases in countries of similar economic development and then using the funds to assure that bases for all six reinforcement wings are available in each new candidate country. In considering this recommendation one looks for evidence that the improvements already in hand are accounted for. Take for example the Regional Air Initiative (RAI). The RAI will have already created a new air traffic control system in the region in the next year or so and gone a long way to assuring mutually recognizable IFF systems. Also, preliminary reports suggest the airbases are not so bad as some supposed. Other recommendations may not be appropriate. For example, the insistence that hardened shelters for aircraft "are a must" is surely open to question.

Most questionable, however, is the assertion—based on CATO's own notion of what an Article 5 contingency would be and how to meet it—that facilities must be prepared in all three countries to receive all six reinforcement wings. It is hard to see where the Czech Republic would put them and why it is not acceptable to distribute them among Germany, Poland and the Czech Republic when defending Poland. But these are smaller points. The main point is that one looks in vain for the military logic (other than being close to the front so aircraft "can drop more weapons in less time using less fuel") and requirements about threat characteristics, axes and rates of advance, range of adversary air and missile threats, rotational schedules for allied aircraft, etc., went into CATO's decision that the "necessary measures" it says are needed for a cost of $4.3 billion, or at least $1 billion more than OSD estimated.

CATO's Article 5 assumptions are also at the root of its differences with OSD on ground reception facilities in new member countries. Rather than prepare facilities sufficient for a phased deployment of reinforcing units, CATO asserts that facilities for all four reinforcing divisions are needed in each country. Otherwise, bottlenecks would be created allowing an enemy—who and how they might do so unsaid—to destroy incoming forces "sequentially before they could mass for an attack." The role of air power (and the additional PAC-2 units CATO would purchase) in defending the facilities and conducting offensive operations to disrupt and prevent such attacks, the availability of aircraft to transport forces, the locus of a battle, NATO campaign plans, etc., are all elements of analysis that would help the reader to agree with CATO's preference for moving all four divisions simultaneously to any country and to accept the additional $1 billion cost.

CATO turns next to improvements to allied forces needed to make them more capable of projecting forces to the east. They accept OSD "level of effort" estimate for ground forces, but reject them for the air forces. It adds $2-3 billion in cost to provide mobility logistics to allied air forces—with no evidence provided either of allied estimates of equipment needed or how CATO arrived at its estimates.

The need to enhance US capabilities does not go without comment, with an additional $400 million cited as needed to buy tank transporters.

The last category of interest reviewed is systems for storage and transport of fuel and ammunition. Here CATO criticizes OSD—fairly it would seem—for not being more realistic in planning for the needs of arriving allied forces. But the final estimate of $5 billion is driven by the same 30 day war requirement as used earlier.

If this is the proper number, then evidence should be offered for it. Otherwise, we have only CATO's preference.

Looking for Bottom Lines

The CATO analysis presents itself as a detailed cost analysis of NATO enlargement. A closer looks leaves the reader uncertain on two points: the source and veracity of the costs it purports to add up and whether those costs are properly assigned to enlargement.

With respect to the costs themselves, the reader is rarely presented with the cost analysis on which CATO's alternative estimate is based. To take the last category, for example, the reader does not know what mix of weapons CATO would stockpile and against what requirement, by weapon type, drove the mix and the total. Nor is the reader given a justification for the 30 day stockpile requirement beyond CATO's own assumptions about Article 5 threats and operations. To criticize OSD for over-reliance on commercial sources of fuel may be reasonable; but that does not validate the conclusion.

The discussion of upgraded airfields again shows a lack of thoughtfulness on CATO's part. The idea that all three new members need bases for all of the reinforcing air wings seems false on its face, at least as it applies to the Czech Republic. And, while it is true that the presence of Slovakia between Hungary and Poland could render assistance from one to the other difficult, the reader is curious to know what contingency would require all four reinforcement wings and in the context of which Slovakia's status would not be clarified? None that CATO suggests would seem to require each new member to have a full complement of air wings on its territory.

There are two categories of cost to which this critique of CATO's costing does not apply: air defense and aircraft modernization. But in each case the alternative CATO cost is derived not from a close analysis of military requirements, but broad—dare one say "level-of-effort"—analyses. In the case of air defense the I-HAWK is declared obsolescent and PATRIOT PAC-2 the preferred alternative. No effort is made to examine I-HAWK's BMDO-sponsored upgrades nor the real value of PAC-2, which by 2009 will be inferior to the PAC-3 model. No effort is to made to evaluate the impact of offensive counter-air operations or strategic warning in moving allies' PAC-2 systems forward and the need to do so against the technically inferior (vis a vis NATO as a whole) air and missile threats that would be present in the contingencies that CATO postulates.

The discussion of aircraft modernization strikes the reader as a reasonable concern. But even here the estimate of cost—$10 billion more than postulated by OSD—is hard to understand. First, it is mixed in with the purchase of anti-tank missiles, which does not help. Second, fly-away and life cycle costs are not separated or identified. Third, type of aircraft, the character of the modernization, etc., are not detailed. But even assuming all of these can be reasonably accounted for, we come to the issue with which this review of cost estimates began—what fraction of cost is to be charged to "enlargement" and what to "national" costs. CATO has decided to charge all of the aircraft modernization to NATO enlargement. This would seem mistaken if no other reason than that the aircraft CATO rightly points out need to be replaced would need replacing without NATO enlargement.

Coming to Grips

CATO's analysis does not deliver on its promise. It charges OSD with "level-of-effort" and "macro" analyses and promises to deliver "rigorous and reasonably accurate" estimate based on actual costs. The reader is left to trust the authors with respect to the accuracy of their estimates; no sources are offered. It is the rigor of the analysis, however, that is hard to credit. The much higher costs postulated by CATO derive from its own belief about the military requirements to dampen the flashpoints it identifies—Hungary in conflict with Serbia; Poland affected by Belarus or by Kaliningrad. While one can agree that all three may be flashpoints, it is not obvious that they are the source of "regional conflagration" approaching WW I standards that CATO implies. But even if we accept that they can be dangerous and vexing, it is not obvious that the force structure or posture that CATO recommends is necessary to meet these contingencies. If CATO is to be persuasive in its recommendations, the reader is going to need a discussion of adversary force capabilities, NATO force capabilities, NATO strategy and operational plans, etc.

CATO is obliged to provide this information as part of its analysis for one compelling reason: of the additional $35 billion it estimates NATO enlargement will cost, nearly $34 B—for C3I, air defense, air force upgrades, port, road, rail facilities, exercise facilities, stockpiles of weapons and fuel, airfield upgrades and reception facili-

ties—is directly attributable to CATO's unstated assumptions about threat, force capabilities, strategy and plans. The CATO report carries over many of the same assumptions that marred the original CBO report, undoubtedly because the two have the same author. In addition to these assumptions, all of it is attributed solely to NATO enlargement; none of the additional cost is seen as being home by national budgets for national purposes. This does not seem, on its face, to be a common sense allocation of cost. So large an increase in estimated cost and so stringent an assumption about who pays has to be explained and justified. CATO does neither. That there is room for improvement in OSD's $27-35 B estimate is undoubtedly true; that those improvements will result in the doubling of costs as asserted by CATO remains to be proven.

It is equally true that OSD did not provide adversary force capabilities, NATO force capabilities, NATO strategy and operational plans, etc. But the burden of proof in this case is on CATO. It is CATO that imposes military requirements drawn from its own analyses. It is CATO that has based its additional costs on those requirements. It is CATO that declared categorically that OSD's costs are "not a valid estimate based on the military requirement of expansion." On balance, however, CATO does not measure up to the standard it has set for itself and its readers. Until CATO can justify the more stressing technical threat environment it implies, and then actually puts military requirements on the table, presents an evaluation of existing and planned allied capability and those of potential adversaries, and provides the detailed costs for developing the capabilities they assert as necessary for the defense of NATO, its charge against OSD rings hollow. One is left to wonder if CATO is not guilty of the charge it levels at OSD—that its interest in NATO enlargement (in CATO's case its long-standing opposition to NATO and its enlargement) of the alliance has colored its judgment.

APPENDIX 5

HEARING OF OCTOBER 30, 1997

OCTOBER 29, 1997

MEMORANDUM

TO: Members, Committee on Foreign Relations
THROUGH: James W. Nance and Edwin K. Hall
FROM: Steve Biegun, Beth Wilson, and Mike Haltzel
SUBJECT: Hearings on NATO-Russia Relations

On Thursday, October 30, 1997, at 9:30 a.m. and at 2:00 p.m., the Committee on Foreign Relations will hold a two-part hearing on the NATO-Russia relationship.

Senator Helms will preside in the morning session and Senator Hagel in the afternoon.

OVERVIEW

The Foreign Relations Committee has scheduled a series of six hearings this fall to examine all elements of NATO enlargement. (One or two additional hearings will be scheduled early next year after the treaty is formally transmitted to the Senate). Previous hearings have examined the strategic rationale for NATO enlargement; the pros and cons of NATO enlargement; and the cost, burdensharing, benefits and military implications of NATO enlargement. Thursday's hearings will examine the NATO-Russia relationship, and next week the Committee will hold a final hearing to solicit public views on NATO enlargement.

This memo, prepared with the assistance of the Congressional Research Service, provides an overview of the evolving NATO- Russia relationship.

THE ORIGINS OF NATO STRATEGY TOWARD THE SOVIET UNION

In 1949, after such events as the Soviet blockade of Berlin, a Soviet-backed coup in Czechoslovakia, and Soviet support for Greek Communists in the Greek civil war, NATO was formed to provide for the collective defense of Western European democracies against the Soviet Union. However, the North Atlantic Treaty, under which NATO was created, makes no specific reference to the Soviet Union. Article 5 of the Treaty states only that if an "armed attack" is made against a party to the Treaty, each of the other parties will take "such action as it deems necessary, including the use of armed force to restore and maintain the security of the North Atlantic area."

Throughout the Cold War, the United States deployed significant conventional forces in Europe to back up its commitment to defend Western Europe from the Soviet threat. However, the Soviet Union had even more conventional forces in Europe, and U.S. nuclear superiority remained the linchpin of NATO's deterrent. The growth of Soviet nuclear capabilities in the 1950s and 1960s led the alliance to adopt the doctrine of "flexible response" under which NATO would respond to a Soviet conventional attack: first with conventional weapons and, if necessary, with tactical and theater nuclear weapons and, ultimately, with the U.S. strategic nuclear arsenal. Acknowledging the beginnings of detente, NATO adopted the "Harmel doctrine" in 1967, which called for a dual-track policy of continued commitment to collective defense, while working to ease tensions with the Soviet Union.

NATO-RUSSIAN RELATIONS AFTER THE COLD WAR

The collapse of Communist regimes in Central and Eastern Europe in 1989-1990, and of the Soviet Union in 1991, led NATO to revise its fundamental strategic concept to de-emphasize the Soviet threat. NATO forces and the U.S. military presence in Europe were dramatically reduced and restructured. While collective defense remains NATO's core function, NATO has agreed to take on new roles, such as crisis management and peacekeeping. NATO also engaged in efforts to promote cooperation and partnership with the countries of Central and Eastern Europe and the former Soviet Union. The North Atlantic Cooperation Council (NACC) was set up in December 1991 to provide a forum for consultation and cooperation on a wide range of political and security-related issues among member states of the Con-

ference (later Organization) for Security and Cooperation in Europe. Russia joined the NACC after the formal dissolution of the Soviet Union at the end of December 1991.

In January 1994, NATO set up the Partnership for Peace (PfP) program. The program was designed to build on the efforts of the NACC to establish partnerships between NATO and NACC countries. Russian officials initially hailed the PfP concept, mainly because they viewed it as an alternative to NATO enlargement. However, Russia put off joining the PfP program until June 1994, partly in anger over NATO air strikes in Bosnia and partly because some in Russia felt PfP did not sufficiently single Russia out as a "great power." The signature of Russia's Individual Partnership Program, which sets out specific cooperation projects, was delayed until May 1995, due to Russia's objections to NATO's enlargement plans. NATO-Russian relations finally entered a new stage of semi-cooperation in December 1995, when Russia agreed that its troops would serve under U.S. command as part of a NATO-led Bosnia implementation force. Russia participates in the Euro-Atlantic Partnership Council (which has replaced the NACC) and has indicated that it will participate more fully in the enhanced PfP program.

RUSSIAN ATTITUDES TOWARD NATO AND NATO ENLARGEMENT

At the end of an August 1993 visit to Warsaw, President Yeltsin signed a joint declaration with President Lech Walesa which said that Poland's desire to join NATO did "not run counter to the interests of any state, including Russia." Soon afterwards, Russian officials backtracked on this statement saying that although Poland as a sovereign country had a right to join NATO, Russia was concerned that NATO enlargement would isolate Russia.

In September 1993, Yeltsin sent a letter to the leaders of the United States, France, Britain and Germany that reportedly stressed that any enlargement of NATO must take into consideration Russian security concerns. The Russia-NATO relationship was subsequently strained for three years by strident Russian opposition to NATO enlargement. The tone of the hardening Russian line was set at a time when President Yeltsin dismissed most reformers from his government and relied increasingly on hardline officials to shape Russian foreign policy. In conjunction with this hardline shift were the Russian refusal to observe elements of the CFE Treaty, Russian political defense of the Bosnian Serbs against NATO efforts to end the war in Bosnia, the brutal Russian invasion of Chechnya with tens of thousands of civilian casualties, and Russian backed efforts to undermine the sovereignty of neighboring states that once constituted the Soviet Union.

Since the shift in 1993, most Russian political leaders have been opposed to NATO enlargement. This anti-enlargement consensus permeates all government institutions, from President Yeltsin's staff to the foreign and defense ministries, to virtually all factions of the Russian parliament. Only a handful of democrats, such as former Foreign Minister Andrei Kozyrev, criticizes the anti-NATO enlargement consensus that has developed in Russia. (The leaders of most countries formerly in the Soviet Union openly support NATO enlargement, including Ukraine, Georgia, Azerbaijan, as well as the non-Soviet states Lithuania, Latvia and Estonia.)

Opinion polls have shown that many ordinary Russians instinctively oppose NATO enlargement, but that the importance of the issue pales in significance when compared to the very real challenges of their own economic situations. For example, in an April 1997 USIA poll, 69% said that they had heard or read "not very much" or "nothing at all" about NATO. (This despite a steady drumbeat of official criticism of enlargement in the Russian media). Of the minority who claimed to be fairly well-informed about NATO, 62% expressed opposition to enlargement, 18% supported enlargement and 20% were unsure.

Most Russian leaders, with their views shaped largely by Soviet-era propaganda, see NATO as a Cold War anachronism whose purpose is to defend against a competing bloc (the Warsaw Pact) that no longer exists. Many are skeptical that NATO can be reformed to take on new functions more relevant to the demands of post-Cold War Europe (such as peacekeeping and resolution of ethnic conflicts), let alone serve as the centerpiece of European security. Most will admit that an expanded NATO is not a military threat to Russia, although those that do think so—especially some communists and extreme nationalists—make wild statements about NATO's aggressive intentions without any challenge by Russian officials who know better. NATO can do very little to assuage such baseless, nationalistic concerns aside from the continued dissemination of accurate information about the defensive nature of the alliance and the stabilizing benefit of enlargement (NATO will operate an information office in Moscow for this purpose), and a willingness to invite Russia to participate in a dialogue with NATO.

The broadest concern among the Russian elite is that Russia will be isolated by NATO enlargement and that key questions of European security will be decided without its participation. Some observers believe that NATO enlargement will give a political boost to anti-Western forces in Russia, because the views of most ordinary Russians of NATO remain colored by over 40 years of anti-NATO Soviet propaganda.

Some Russian leaders have claimed that NATO's commitment to enlarge the alliance is a betrayal of an oral commitment by the United States during German unification talks in 1990 that NATO would not expand to the east of Germany. Those present at the talks in Germany, including then-Secretary of State James Baker, then-Soviet Foreign Minister Eduard Shevardnadze, and German government officials, deny that such a commitment was ever given, although former U.S. Ambassador to Soviet Union Russia Jack Matlock has said the United States did give Russia such an assurance.

Although a few pro-Western Russian, non-governmental analysts have advocated Russian NATO membership as a way of easing possible Russian isolation, Russian government officials and most Russian analysts sharply reject such an idea. They would be reluctant to tie themselves into an alliance which puts Russian forces under U.S. command in NATO, and they believe such a move would ease the way for NATO to admit an avalanche of new members, including the Baltic States and Ukraine.

NATO-Russia Founding Act

The failure of Russian efforts from 1994 to 1996 to stop enlargement by expressing unyielding opposition and threatening countermeasures led Russian officials to alter their tactics. While still opposing enlargement, Russia began to seek concessions from NATO to ameliorate the potentially negative impact that it believed enlargement would cause to Russian interests. In March 1996, Russian Foreign Minister Yevgenii Primakov asked for legally-binding guarantees that no nuclear weapons, foreign forces, or any NATO military infrastructure would be moved onto the territory of new members.

NATO has resisted any permanent constraints on the military capabilities that would lead new members in Central and Eastern Europe to be less secure than other members of the alliance ("second class membership"). Nonetheless, NATO formally declared on March 14, 1997, that "in the current and foreseeable security environment the alliance will carry out its collective defense and other missions by ensuring the necessary interoperability, integration, and capability for reinforcement *rather than by additional permanent stationing of substantial combat forces."* In specific regard to the deployment of nuclear weapons, NATO stated on December 10, 1996 that its members have "no intention, no plan, and no reason" to deploy nuclear weapons in new member states.

In September 1996, in order to bridge differences with Russia on NATO enlargement, Secretary of State Warren Christopher endorsed the concept of a negotiated agreement to create the foundation for cooperation between an enlarged NATO and Russia. NATO approved the idea in December 1996, and NATO-Russia talks on the proposed document began in January 1997. At the Helsinki summit between Presidents Clinton and Yeltsin on March 20-21, 1997, President Yeltsin reiterated Russia's opposition to enlargement, but dropped Russia's demand for a legally-binding treaty, settling for a political document signed by the heads of state of the NATO countries and Russia.

NATO and Russia formalized consultative procedures in a document called the "Founding Act on Mutual Relations, Cooperation and Security between NATO and the Russian Federation", which was signed by President Yeltsin, President Clinton and the leaders of other NATO member states in Paris on May 27, 1997. The Founding Act established a "NATO-Russia Permanent Joint Council" (PJC) to "provide a mechanism for consultations, coordination, and to the maximum extent possible, where appropriate, for joint decisions and joint action with respect to security issues of common concern."

In testimony before the Senate Armed Services Committee, Secretary of State Albright said that the PJC is a "forum for consultation, cooperation, and—where possible—joint action. It will not have the power to dilute, delay, or block NATO decisions, nor will it supplant NATO's North Atlantic Council." The document says consultations will not extend to internal matters of either NATO, NATO member States or Russia. It adds that the Founding Act does not "provide NATO or Russia, in any way, with a right of veto over the actions of the other...". The Permanent Joint Council will meet at the level of foreign ministers and defense ministers twice a year and at the level of ambassadors monthly. The Council will be chaired jointly

by representatives of Russia, NATO and a rotating representative of NATO member governments. Council working groups and committees may be set up to deal with specific issues.

The Founding Act outlines many areas for possible NATO-Russia cooperation. These include conflict prevention; peacekeeping operations; Russian participation in the Euro-Atlantic Partnership Council and the Partnership for Peace; exchange of information on strategy, defense policy, military doctrine and military budgets; arms control; nuclear safety; non-proliferation of weapons of mass destruction; "possible cooperation in Theater Missile Defense"; air traffic safety; "possible armaments-related cooperation"; defense conversion; civil emergency preparedness and disaster relief; terrorism and drug trafficking; and other areas.

A particularly important section of the Founding Act deals with nuclear weapons and conventional weapons deployments in new NATO member states. The Founding Act says that NATO member states "reiterate that they have no intention, no plan and no reason to deploy nuclear weapons on the territory of new members...and do not foresee any future need to do so." The document adds that NATO "has no intention, no plan and no reason to establish nuclear weapon storage sites on the territory" of new members or to refurbish old Soviet ones left over from the Warsaw Pact.

On the issue of conventional forces, the Act calls for the adaptation of the Conventional Forces in Europe (CFE) Treaty, including "a significant lowering" of treaty limited equipment levels for all parties to the Treaty. The Act says that CFE adaptation should also "enhance military transparency by extended information exchange and verification..." The Act also says that "NATO reiterates that in the current and foreseeable security environment, the Alliance will carry out its collective defense and other missions by ensuring the necessary interoperability, integration, and capability for reinforcement rather than by additional permanent stationing of substantial combat forces. Accordingly it will have to rely on adequate infrastructure commensurate with the above tasks. In this context, reinforcement may take place, when necessary, in defense against a threat of aggression...", peacekeeping missions, or military exercises. Russia pledged to engage in similar restraint in the deployment of its armed forces.

THE PERMANENT JOINT COUNCIL

The first meeting of the Permanent Joint Council was delayed by procedural disputes over who should chair Council meetings. After a compromise was reached under which the Russian representative, the NATO Secretary General and a representative of a NATO member state will rotate chairing individual agenda items during each meeting, the first meeting of the Permanent Joint Council took place on July 18, 1997. A second meeting on September 11 focused on Bosnia. In a performance that dashed the hopes of those who hoped that the PJC would usher in an era of NATO-Russia cooperation, the Russian ambassador to NATO, Vitaly Churkin, used the meeting to criticize NATO for putting pressure on hard-line Bosnian Serbs and allegedly exceeding the mandate of the NATO-led peacekeeping force.

The Council held its first ministerial-level meeting in New York on September 26, 1997. Russian Foreign Minister Primakov, Secretary of State Albright, and the other NATO foreign ministers discussed the situation in Bosnia, the PJC work program for the rest of 1997, and had an exchange of views on the issue of peacekeeping. The work program will include discussions on proliferation of weapons of mass destruction, terrorism, defense and military cooperation and transparency on military strategy and doctrine. Practical cooperation activities will include civil emergency planning, scientific and environmental projects and retraining of retired military officers. Secretary of State Albright praised the results of the meeting, and urged that by the end of the year a Russian military representative to NATO be established, as well as liaison missions between Russian and NATO military commands, and that NATO should open an information center in Moscow. On October 20, Russia named Lieutenant-General Viktor Zavarzin as Russia's military representative to NATO.

Implementation of the Founding Act may ease Russia-NATO tensions over enlargement in the short term, but there are several potential problems that could impair the effectiveness of the Founding Act in the longer term. One is that Russian officials now appear to be trying to draw another line against further enlargement to the east. President Yeltsin and Foreign Minister Primakov have warned that if the Baltic states, or any states of the former Soviet Union are invited to join NATO, Russia would re-evaluate its policy of cooperation with the alliance. NATO has refused to rule out membership for these or other European countries.

A second potential problem is differing views over the nature of the new Russia-NATO relationship as outlined in the Founding Act. In the short term, the Founding Act may be useful to Russian leaders because it gives them political cover for having been unable to stop NATO enlargement. Nonetheless, U.S. and NATO officials have repeatedly stressed that Russia will have no veto power over NATO decisions, a position that has been publicly contradicted by some Russian government officials.

ADAPTATION OF THE CONVENTIONAL FORCES IN EUROPE (CFE) TREATY

The Founding Act calls for adapting the CFE Treaty to the new situation in Europe, including "a significant lowering" of treaty limited equipment (TLE) levels for all parties to the Treaty. The Act also calls for enhanced information exchange and verification provisions in the adapted Treaty.

CFE adaption talks got under way in Vienna in January 1997. In February 1997, NATO put forward its adaptation proposal. NATO proposed that the outmoded bloc-to-bloc and zonal limits in the Treaty be replaced by national limits for each country's forces, as well as territorial limits that would include national TLE, plus TLE deployed by foreign forces on that country's soil. NATO proposed the establishment of a new stabilizing zone, which would include Poland, Hungary, the Czech Republic, Slovakia, Russia's Kaliningrad region, Belarus and western Ukraine.

In this stabilizing zone, territorial limits would be set no higher than the current entitlement levels for these countries or areas. This means that if foreign forces were stationed on the territories of these countries, they would have to reduce their own forces to remain under the territorial limit. Additional information would be exchanged on the stationing of foreign troops in the zone and on foreign troops temporarily deployed there for military exercises. There would also be special inspection quotas for certain sites in the zone.

In a March 1997 Russian CFE adaptation proposal, Moscow agreed to move to national limits, but also sought limits that would have prevented NATO from stationing any foreign TLE on the territory of new member states. Russia also proposed overall TLE limits for alliances (i.e. NATO).

On July 23, 1997, the United States, Russia and the other 28 signatories to the Treaty reached agreement on "basic elements" for CFE Treaty adaption. These elements included an acknowledgment that the bloc-to-bloc structure of the Treaty should be replaced by individual TLE limits for each country's forces, and that these country limits should not exceed current country allocations. Another element was that each country would also have a territorial ceiling that would include both its own national limits plus foreign troops stationed on its soil.

Although the "Basic Elements Document" represents significant progress, difficult negotiations on the details lie ahead. Many observers are nevertheless optimistic about a successful outcome to the talks, given that NATO proposals do not significantly constrain Russia's already weak conventional forces, while the proposals could assuage Russian fears of an aggressive NATO buildup in Central Europe.

COMPETING VIEWS ON NATO-RUSSIA RELATIONS

The Clinton Administration hailed the Founding Act as a step toward a Russia-NATO partnership. On July 3, 1997, President Clinton said that the Founding Act "would make it crystal-clear that NATO is no longer an organization designed to contain Russia; NATO is an organization designed to work with all free countries to respect the territorial integrity of its members, to protect the security of its members, and to work with its members and their allies—Russia, soon to be Ukraine, and those in the Partnership for Peace—on common security problems like the problem in Bosnia." President Clinton has also said that the new consultative ties with Russia will give Moscow "a voice, but not a veto" in NATO decisions.

Other Administration officials have stressed that the Founding Act does not alter NATO's core mission of collective defense. They say the Founding Act is an attempt by NATO to engage Russia in a cooperative relationship but that NATO will still provide insurance in case of negative developments in Russia.

Administration officials stress that the Act merely restates current NATO policy on the deployment of foreign forces on the territory of new members, the adaptation of the CFE Treaty to new realities in Europe, and on the non-deployment of nuclear weapons on the territory of new member states. They assert that the Founding Act in no way limits the rights and responsibilities of the new member states and that the door to NATO membership remains open for the Baltic States and other countries not invited in this round of enlargement.

During an October 7, 1997 Senate Foreign Relations Committee hearing, Secretary of State Albright stressed that NATO will not *negotiate* with Moscow in the PJC over NATO's strategic doctrine, strategy, readiness or any other NATO internal

matter. She said all NATO polices will be established by consensus within the alliance before any discussions with Russia in the PJC. She added that, since the agenda for the PJC is set by consensus, the United States will always be able to prevent the PJC from discussing any issue that it does not want to discuss for any reason.

Several NATO allies, particularly Germany, France, and Italy, were initially concerned that enlargement would jeopardize improved relations with Russia and inspire a nationalist backlash injurious to Western interests. In this view, an angry Russia would cause instability and tension in Central Europe. NATO endorsed the Founding Act to avoid such a development. In fact, the Founding Act had its origins in a French idea for a Russia-NATO charter. European officials have stressed (perhaps as much if not more than U.S. officials) the need to engage Russia in a cooperative relationship while moving forward with enlargement.

Proponents of the Founding Act see this measure as a definitive symbol of NATO's desire to work with, not against Russia. It addresses a widely held view—including among potential members of NATO in Central Europe—that isolating Russia would undermine European security. It establishes a forum for Russia to have a voice in European security, and it has allowed Russian leaders who have employed heated rhetoric against NATO enlargement to save face as NATO proceeds toward that goal.

Critics of the Founding Act contend that it will allow Russia to obstruct NATO decision making. They point out that because difficult decisions at NATO are not made by casting votes or using vetoes, but rather through a careful process of building consensus, the "voice but not a veto" construct actually gives the Russian government equal footing with members of the alliance on virtually any subject considered in the Permanent Joint Council.

On a separate matter, critics contend that the PJC provides Russia with an official status inside NATO in advance of the Central and Eastern European states seeking membership. Furthermore, Russia's status has been achieved through a political agreement among NATO members, while Central European states are required to gain the approval of member states through ratification.

Finally, skeptics assert that while a NATO-Russia dialogue has some appeal in the abstract, when held up against the concrete, contemporary challenges of European security, the ability to reach a common approach between NATO and Russia on issues such as Bosnia will be problematic if not impossible.

In a June 8, 1997 op-ed article in the Washington Post, Henry Kissinger said he was "gravely concerned" that the Founding Act will dilute NATO into a "U.N.-style system of collective security" by "grafting an elaborate and convoluted machinery for consultations with Russia at every level of the alliance." Kissinger conceded that the Founding Act gives Russia no formal veto over NATO decisions, since if the Permanent Joint Council is deadlocked on an issue, the North Atlantic Council (NATO's chief policymaking body), in which Russia does not sit, could still act.

Finally, Kissinger warned that the NAC and the Permanent Joint Council will tend to merge in practice, because countries will hesitate to meet without Russia for fear of damaging ties with Moscow. Kissinger urged the Senate in giving its advice and consent to enlargement to make clear that nothing should detract from the NAC as NATO's chief policymaking body. He added that Congress should adopt a joint resolution calling for the countries invited to become new NATO members to be admitted to the Permanent Joint Council while the ratification process is underway.

APPENDIX 6

HEARING OF NOVEMBER 5, 1997

October 21, 1997

THE HON. JESSE HELMS
Chairman,
Committee on Foreign Relations,
U.S. Senate

Dear Mr. Chairman,

We, the Ambassadors of the Czech Republic, Hungary and Poland to the US, warmly welcome the initiative of the Committee on Foreign Relations of the Senate to hold a series of hearings on the enlargement of NATO.

We view the enlargement of the Alliance as a historic step that will extend the zone of stability and security eastward. This is a unique opportunity for our countries to rejoin the community of democratic nations with whom we share the same values, interests and goals. We are convinced that our accession to the Alliance will contribute to further projecting stability, freedom and democracy in our region.

As our Foreign Ministers jointly pledged at their meeting with you and your fellow Senators on Capitol Hill in September, the Czech Republic, Hungary and Poland intend to become full-fledged members of the Alliance and are ready and able to assume all obligations, tasks and responsibilities, as well as costs resulting from membership. Our countries not only want to enjoy the benefits of security guarantees provided by the Alliance but are also willing and able to contribute to common security. We have all embarked on a comprehensive reform of the armed forces with the ultimate objective of achieving the required level of compatibility and interoperability. This will enhance our capabilities to fully participate in all Alliance missions. To this end, our countries have shown firm determination to allocate the necessary financial and other resources to both individual and collective defense.

As prospective members of the North Atlantic Alliance, our countries are equally committed to good faith efforts to build consensus on all issues, and in general to strengthen the cohesion of the Alliance.

Mr. Chairman,

We, the Ambassadors of the Czech Republic, Hungary and Poland firmly believe that under your able leadership the Committee on Foreign Relations of the US Senate will play an instrumental role in bringing the historic process of NATO enlargement to a successful outcome.

ALEXANDR VONDRA,
Ambassador,
Czech Republic.

GYÖRGY BÁNLAKI,
Ambassador,
Republic of Hungary.

JERZY KOZMINSKI,
Ambassador,
Republic of Poland.

SUPPLEMENTAL MATERIAL SUBMITTED BY PAULA STERN, U.S. COMMITTEE TO EXPAND NATO, WASHINGTON, DC

NATO ENLARGEMENT

SECURITY, PROSPERITY & FREEDOM

NATO enlargement has been called "the most far reaching U.S. foreign policy initiative since the end of the Cold War" for good reason. It represents an historic opportunity to expand security, peace, prosperity and freedom across Europe in a way that increases American security, expands American prosperity, and reinforces American freedom.

Nearly 50 years ago, twelve nations came together with a commitment stated clearly in the preamble of the North Atlantic Treaty, to "safeguard the freedom, common heritage, and civilization of their peoples, founded on the principles of democracy, Robert B. Zoellick individual liberty, and the rule of law." Those twelve nations grew to 16 and today, NATO enlargement offers this commitment and its promise of security, prosperity and freedom to the nations of Central and Eastern Europe.

NATO membership remains the best guarantee of European peace. NATO no longer draws its strength from a common enemy but from a shared vision of a secure, prosperous and peaceful future. It is a military alliance, but it is and always has been much more, as Vaclav Havel, President of the Czech Republic, wrote in the New York Times (May 13, 1997): "It must see itself as a guarantor of Euro-American civilization and thus as a pillar of global security."

SECURITY

NATO is a military alliance offering a collective defense against military threats. There is a continuing need for this most effective military alliance in history. The threats to U.S. security are as real as war in the former Yugoslavia, rampant terrorism, and the spread of nuclear weapons. In 1989, we were told the Cold War was over. Two years later, America was in the Persian Gulf with the largest deployment of U.S. troops since 1945.

NATO enlargement will strengthen NATO's collective defense capability by expanding the number of countries willing to work together and defend each other for a more stable Europe.

We are already seeing the contributions that nations such as Poland, Hungary, and the Czech Republic can make. They were with us in the Gulf War. Their soldiers joined NATO forces in Bosnia. Hungary even provided military bases. They are working to expand democratic principles and respect for human rights. They are contributing to the security and stability of Europe.

History shows that, when uncertainty and instability prevail, conflict follows. NATO enlargement offers increased stability and security. And a stronger, broader alliance in NATO makes the threat of force more compelling while making it less likely NATO will need to actually use that force.

PROSPERITY

History also has shown that security and prosperity are inseparable. American leadership brought the Marshall Plan to help rebuild a postwar Europe. NATO, since its founding, has helped secure the peace that made prosperity possible. Enlarging NATO can help the new democracies in Central and Eastern Europe work toward both security and prosperity, expanded trade, increased investment, and economic growth.

The prospect of NATO membership already is giving rise to new regional agreements contributing to increased, long term security in the region. That security is essential to growing businesses and jobs and to sustaining the practices of a market economy. Already, Central and Eastern Europe are growing faster than much of the rest of Europe as nations move from the economic constraints of communism toward free markets.

Increased stability, increased security and political democracy, and free markets will make Central and Eastern Europe an increasingly important trading and business partner for American exporters and investors. These nations are growing at 4 to 5 percent annually in real terms and our exports to the region are increasing by double digit rates. State industries are being privatized. Infrastructure is improving. Well-educated workers are eager for jobs. Demand is increasing from everything from computer chips to home furnishings, creating valuable opportunities for American businesses.

NATO enlargement will help preserve the security central to bring prosperity and growth for Europe and the United States. Half a century ago, NATO helped bring stability, security and economic growth to Western Europe. Today, an enlarged NATO can do the same for Central and Eastern Europe, ensuring that the region's strong economic growth is sustained and free market democracies are fostered.

FREEDOM

Twice in this century Americans have crossed an ocean and given their lives to defend freedom. Twice in this century, Europe has been devastated by world war and then divided by Cold War. America has invested heavily: more than a half million lives; more than $13 trillion. We have received much in return; security, prosperity, peace. It is time once again to invest in freedom to preserve that security, prosperity and peace.

NATO enlargement will bring into the alliance nations that share our values and our dreams. Their struggle against totalitarianism offers an impressive historical example of commitment to independence and freedom. Hungarian freedom fighters died heroically in 1956. The Prague Ppring in 1968 offered the hope of freedom only to be crushed by Soviet tanks. Solidarity in Poland waged a decade-long campaign

for freedom that found success in the events of 1989. Few countries on earth have bled more for their freedom.

The countries of Central and Eastern Europe should not be punished because history left them on the wrong side of the Cold War line between freedom and tyranny.

NATO ENLARGEMENT

KEY QUESTIONS ANSWERED

Q: With the Cold War over, hasn't NATO outlived its purpose? Shouldn't it be disbanded instead of expanded? Why does America still need NATO?

America still needs NATO because America still needs a Europe that is free and democratic, safe and secure. This is not a question of idealism or charity. It is a question of self interest. Despite all the recent attention given to the Asian market, Europe is still a critical economic partner to an American economy increasingly dependent on trade and investment abroad. But more than economics are involved here. It is the nations of Europe that most share our basic values. It is the nations of Europe who have been our most reliable allies in meeting challenges to our interest and advancing our common values in the world.

For Europe to play this critical role, it must be secure from external attack and at peace within itself. Three times in this century—two hot wars and one cold one—America has come to the defense of Europe whether threatened by war, racism. or Communism. History has taught us that only if the United States stays engaged in the security of Europe can the safety and security of the continent be assured.

NATO is the vehicle for America's continued engagement in the security of Europe. But it is also the vehicle by which the Western Europeans have organized their own security and have learned to put aside the historical rivalries and conflicts among themselves. For half a century, NATO has in this way helped to ensure the stability, security and economic growth of Western Europe. Today, by expanding NATO, it can do the same thing for Central and Eastern Europe, and move us closer to the goal of an undivided Europe, democratic, free, safe and secure.

Q: Does NATO advance the national interests of the United States? How?

Since its inception, America has stood for freedom and democracy, human rights and the rule of law, individual initiative and market economy. It has believed that a world in which these principles are broadly accepted is a better world not only for the people of—other nations, but also for the people of the United States. No peacetime alliance in history has been as successful as NATO in advancing these principles. It protected Western Europe as it rebuilt its war-torn political and economic systems based on these principles. It can provide similar reassurance to Central and Eastern Europe as they engage in the same task after the ravages of Communism. By enhancing our values in the world, it advances our interests.

Just the prospect of NATO membership has given Central and Eastern Europe greater stability than at any other time in this century. Hungary has resolved border disputes and minority issues with both Slovakia and Romania. Poland has resolved similar issues with Ukraine and Lithuania. Romania has followed a similar course. An expanded NATO can contribute to a more stable and secure Europe. In this way, an expanded NATO will reduce, not increase, the risk that future American men and women in uniform might have to give their lives once again in a European conflict.

Q: If we enlarge NATO, don't we risk diluting the military effectiveness and political cohesion of the most effective military alliance in history?

No. A judiciously-expanded NATO would gain in military effectiveness and political cohesion. At present, several NATO members have considerable less military capacity than Poland, and a number have less combat power than Hungary. The new states from Central and Eastern Europe will increase the military capacity of the Alliance. Several of them made significant military contributions, in terms of forces, support and bases during the Gulf War and again during the Bosnia crisis.

Perhaps as important, however, the infusion of fresh energies and commitment from these enthusiastically democratic states will help revitalize NATO. These states showed their commitment to freedom particularly during the waning days of the Cold War. They understand from their history the cost of inadequate national

defense. They are likely to be among the more sturdy members and contribute to a stronger, not weaker, Alliance.

Q: Even if we wanted to enlarge NATO, isn't the cost prohibitive? Who is going to pay the bill?

The costs directly attributed to expansion are those required to make it possible for the forces of the new members to operate with those of the Alliance. This requires such things as adopting NATO procedures, assuring the forces can communicate with each other, and training with NATO forces. These costs are estimated by the Pentagon to run about $700 million to $900 million per year, of which the U.S. share would be $100 million to $150 million per year. The remaining costs attributed to NATO expansion are either costs associated with steps that current members should take whether or not NATO expands, or costs the new members must assume to upgrade their own forces.

Some of us forget the "ground zero" level of many European militaries in the early days of NATO. Germany needed to start from scratch in building the Budeswehr, which soon became central to NATO's defense. That was at a time of much greater peril to the peace of Europe. By contrast, the current security situation is much less threatening. This allows the new member states to spread over a decade or more the costs of improving their defense forces. These costs are much less than the costs the new members would have to incur if they were to try to provide for their security outside of the NATO alliance.

Even if all of these costs were attributed to NATO expansion, the total would be modest compared to the benefits. And the potential costs of not expanding would be vastly greater. For failing to pay now the cost of assuring the stability of Europe may require the United States—as it has twice before in this century—to bear again the much more painful cost of instability and conflict in Europe.

Q: What countries are we inviting to join NATO? Why?

Poland, Hungary, and the Czech Republic will almost certainly be among the first nations invited to join an enlarged NATO. These nations played a critical role in the fight for freedom in Europe and the fall of Communism. They have made great progress over the last seven or eight years in developing democratic political systems, reformed market economies, and the rule of law. They have worked hard to prepare themselves through the Partnership for Peace program to become members of the Alliance and assume the responsibilities that go with it. They have resolved outstanding territorial and ethnic disputes.

Many of America's European allies and many Americans believe that Romania and Slovenia are also ready to join the first round of NATO expansion. Others believe that the extraordinary sacrifices of Estonia, Latvia, and Lithuania argue for early consideration. How many countries are invited in the first round and the timing of the following invitations is a question for NATO authorities and the governments of the member countries. President Clinton has said that the first countries to be invited to join NATO will not be the last. This will reassure those not included in the first round that the door to NATO has not been closed on them.

Q: Aren't we really buying into a lot of border disputes and ethnic conflicts that ultimately will cost American lives? Are we really going to send U.S. troops to defend Warsaw?

Poland and the Czech Republic have no internal ethnic conflicts. Only Hungary has an ethnic minority outside its immediate neighbors (largely in Romania and Slovakia). Just the possibility of NATO membership has become a catalyst for new regional agreements designed to resolve these and other longstanding ethnic and border tensions. For example, the Polish Lithuanian Treaty of 1994, the Hungarian Slovakian Treaty of 1996, the 1996 agreements between Poland and Ukraine, the 1996 treaty between Hungary and Romania, and the 1996 agreement between the Czech Republic and Germany.

By agreeing to the entry of Poland into NATO, the United States will be committing itself to send U.S. troops to defend Warsaw—just as it has committed itself to send troops to defend Oslo, Athens, or Ankara. But the commitment is designed precisely to reduce the risk to American lives. For it is the paradox at the heart of deterrence that by committing to defend Warsaw—and unambiguously maintaining the military capability to do so effectively—NATO in fact reduces the risk of the kind of crisis that might require it to make good on that commitment.

Q: The Founding Act was negotiated to answer Russian complaints about NATO enlargement. Haven't we simply caved in to the Russians and, in essence, allowed the "fox" into the "chicken coop"?

The Founding Act, signed May 27, 1997 in Paris, gives Russia an important voice and an important role in European security and stability. It recognizes that Russia has as much to gain from increased European stability, security, and prosperity as any other country. And it recognizes that NATO enlargement is not about excluding Russia but instead about encouraging democratic reform across a united Europe, including Russia. It represents an historic change in the relationship between the United States and Russia and between Russia and NATO. It is a change that recognizes the positive transition Russia is trying to make to democracy and free markets.

The Founding Act does create a number of forums for consultation between NATO and Russia. Some have argued that an obstructionist Russia could use such forums to disrupt the Alliance and compromise its ability to make decisions and take action to protect the interest of its members. But the Administration has said and the Congress can confirm that this is not what the Founding Act contemplates or what the United States will permit to occur. Rather, the North Atlantic Council will remain the supreme body of Alliance decision making, will not be subordinated to any other institution or procedure, and Russia's "voice but not a veto" will not diminish the Alliance's right and ability to act to defend its members and its interest as it deems necessary.

Q: Won't an expanded NATO place Russian democrats at risk and stall progress toward democratic reforms?

Opinion polls reveal that Russian voters care very little one way or the other about NATO expansion. The average Russian is concerned about securing a job in a growing economy and about safety and security. In the long run, an expanded NATO will further the case of Russian democrats by guaranteeing the stability of nations near Russia's borders and by encouraging democracy and economic prosperity in these states. To give in now to the complaints of Russian extremists would only undermine the democratic forces. And NATO enlargement has motivated NATO to offer Russia a new partnership that will ultimately strengthen the democracies by strengthening Russia's ties to the West.

As Secretary of State Madeleine Albright told the Senate Armed Services Committee (April 23, 1997), "The people of Russia have a chance to achieve the deepest and most genuine integration with the West that their nation has ever enjoyed."

Q: What are the consequences for those countries not invited to join NATO? Isn't this destabilizing?

The first new members invited to join an enlarged NATO will be just that—the first new members. The door will be open to others and the prospect of inclusion in a stronger, larger NATO will continue to be a catalyst for reform in those states. The inclusion of a first set of new members will strengthen the security of those not included by bringing NATO closer to their borders.

Q: What the new democracies of Central and Eastern Europe really need are more economic opportunities not military expenses. Why not just work to enlarge the European Union?

There is a critical link between security and prosperity and no reason to believe that the new democracies of Central and Eastern Europe will settle for anything less than full membership in all the Western associations. Expanding the European Union is important but prosperity will not come without the security NATO offers. In addition, expanding the European Union will take time as nations must make significant changes to their regulatory and legal systems. NATO expansion can proceed today. NATO alone can ensure a stable Europe that is strongly connected to the United States.

NATO ENLARGEMENT & MILITARY EFFECTIVENESS

The addition of new NATO members from among the Central and Eastern European states who have proven themselves ready for membership will strengthen the Alliance. A number of NATO's current members have less combat power than Hungary, for example, and Poland represents a significant military contribution to NATO. These states showed their commitment to freedom particularly during the

waning days of the Cold War. Several of them have made significant contributions both during the Gulf War and in the Bosnia crisis. Because of their history, they understand firsthand the cost of inadequate national defense and are likely to be among the more sturdy members of the alliance on hard-core military issues. On balance they will make a net contribution both to the military capability of the Alliance and to its political cohesion.

Adding these new members will not overextend NATO or leave it with defense commitments that are beyond its capabilities. Although the defense budgets and military force levels of the United States and the rest of the NATO allies have been significantly reduced since the end of the Cold War, this simply reflects the fact that the massive Soviet military threat that dominated NATO military planning during that period no longer exists. The military forces currently available to defend NATO and those planned for the future are more than adequate to the task of defending an expanded Alliance from current and projected threats.

No additional army divisions, combat air wings, or naval ships above current levels are required to defend adequately a NATO that has prudently expanded to include appropriate Central and Eastern European states. NATO has revised its defense strategy from one of a massive "forward defense" to reliance on smaller, more capable conventional forces able to move quickly to the area of conflict or need. For this reason, NATO has no military requirement to station permanently substantial combat forces or nuclear weapons on the territory of the new member states and has said so publicly.

As a consequence, the cost of NATO enlargement is modest. The costs directly attributed to enlargement are those required to make it possible for the forces of the new members to operate with those of the Alliance. This requires such things as adopting NATO procedures, assuring the forces can communicate with each other, and training with NATO forces. These costs are estimated by the Pentagon to run about $700 million to $900 million per year, of which the U.S. share would be $100 million to $150 million per year. The remaining costs often attributed to NATO expansion are either costs associated with steps that current members should take whether or not NATO expands, or costs the new members must assume to upgrade their own forces. But these costs can be spread over the next decade or two and the costs to new members are much less—than the costs that the new members would have to incur if they were to try to provide for their security outside of the NATO alliance.

These costs are more than outweighed by the benefits and there are potentially even greater costs if NATO does not expand. Failing to pay now the cost of assuring the stability of Europe may require the United States—as it has twice before in this century—to bear again the much more painful cost of instability and conflict in Europe.

NATO ENLARGEMENT & RUSSIA

As the North Atlantic Alliance takes its historic step of enlargement, it is simultaneously engaged in a dialogue with Russia to ensure a cooperative relationship with Moscow in building a new Europe that is undivided, secure, and free. This dialogue has produced a series of mutual understandings and reassurances that should ensure, for example, that the achievements of arms limitation that marked the end of the Cold War will continue. This dialogue culminated the summit-level signing, in Paris on May 27, of the NATO-Russia "Founding Act". As President Clinton declared at the signing, NATO "will work with Russia, not against it. And by reducing the rivalry and fear, by strengthening peace and cooperation, by facing common threats to the security of all democracies, NATO will promote greater stability in all of Europe, including Russia".

NATO's enlargement cannot threaten Russia. NATO has always been a defensive alliance, and it poses no offensive military threat. Nor does enlargement aim at anything other than consolidating the stability and security of a region whose instability and insecurity have propelled all of Europe—and the world into so many cataclysms in this century. To foreclose, once and for all, future ambiguities or power vacuums or crises over Central and Eastern Europe is a service to wider European and global peace. Russia is invited to be a partner in this enterprise, in collaboration with the Atlantic Alliance.

Russia's future relations with the West will depend on the statesmanship with which all sides approach future challenges that may arise. Opportunities for co-

operation will be many—witness Bosnia. The future of Russia's democracy rests with Russia's people and leaders; it will depend above all on their ability to confront their many internal challenges, from corruption to job creation. The Russian people, surveys indicate, are not opposed to NATO enlargement; they are focused on domestic issues such as jobs, housing, and crime.

President Clinton has also made clear that the new Permanent Joint Council created by the "Founding Act" gives Russia a voice but not a veto in NATO's own deliberations, which take place in the North Atlantic Council. Nor does anything in the "Founding Act" or any other document diminish the Alliance's right or ability to defend its members or its interests as it deems necessary.

As Secretary of State Madeline Albright told the Senate Armed Services Committee on April 23, 1997: "In this new Europe, the United States and Western Europe have a chance to gain new allies and partners who can and will contribute to our common security. The people of Central Europe have a chance to see the erasure of a Cold War dividing line that has cut them off from the European mainstream. The people of Russia have a chance to achieve the deepest and most genuine integration with the West that their nation has ever enjoyed."

NATO ENLARGEMENT

The Road From Madrid

July 1997	**Invitations extended:** At Madrid Summit, heads of Government of NATO nations invite at least three Central European nations (Poland, Hungary, and the Czech Republic) to join NATO.
July 1997 - December 1997	**Agreements negotiated:** NATO officials will negotiate with each of the nations invited the terms of their admission to NATO in so-called ascession negotiations.
December 1997	**NATO Ministerial:** NATO Ministers are expected to sign an amendment to the NATO Treaty
1998	**Legislatures ratify:** The amendment to the NATO Treaty adding new member nations is sent to the legislatures of existing NATO members for ratification. (Other NATO members are expected to postpone meaningful action until the U.S. Senate takes action. U.S. Senate action is hoped for by mid-1998.)
April 1999	**NATO 50th Anniversary** **New nations admitted for membership**

NATO ENLARGEMENT

SPEAKING OF SUPPORT

"Today, I want to state America's goal: By 1999, NATO's 50th anniversary, and 10 years after the fall of the Berlin Wall, the first group of countries we invite should be full-fledged members of NATO."

—President Bill Clinton, Detroit, Michigan
October 22, 1996

"Let us begin by reaffirming that Europe's security is indispensable to the security of the United States, and that American leadership is absolutely indispensable to the security of Europe."

—Bob Dole, Philadelphia, PA
June 5, 1995

"Now the new NATO can do for Europe's east what the old NATO did for Europe's west: vanquish old hatreds, promote integration, create a secure environment for prosperity, and deter violence in the region where two world wars and the Cold War began."

—Secretary of State Madeleine Albright, *The Economist,*
February 15, 1997

"...NATO remains a force for stability, as it has been for five decades. It keeps America anchored to Europe and Germany peacefully anchored to its neighbors. And once you recognize NATO's value, there's no justification for excluding those reborn democracies of Central and Eastern Europe, which the Soviet Union forcibly cordoned off and which now want to resume their rightful places..."

—The Washington Post, Editorial "A NATO-Russia
Agreement", May 15, 1997

U.S. COMMITTEE TO EXPAND NATO

The U.S. Committee to Expand NATO was created by American citizens committed to the admission of additional European nations to membership in NATO as a way to strengthen democratic institutions and market economies in these nations

The U.S. Committee seeks broad bipartisan political and public support for NATO enlargement, ultimately expressed by U.S. Senate ratification of the accession of new members to the NATO alliance. The Committee believes that such a course will promote the national security of the United States and that of its allies by enhancing security for all Europeans and by reaffirming U.S. leadership in the Atlantic Alliance. The Committee believes that an expanded NATO will play a critical role in promoting a Europe that is undivided, democratic, and free. The Committee believes that such a Europe win be a more secure Europe and one less likely to require American men and women in uniform to go in harm's way.

The U.S. Committee is seeking to help support U.S. lawmakers in their consideration of this important issue and to provide substantive assistance to U.S. Senators as they prepare for their important role in the ratification debate.

The U.S. Committee to Expand NATO was incorporated on November 1, 1996 as a Washington, DC nonprofit corporation. It is operating under Section 501 (c)(4) of the Internal Revenue Code. It is governed by a bipartisan Board of Directors of up to 15 persons who share a common commitment to the national security of the United States and to the goal of expanding NATO. Its work is supported by a board of Senior Advisors, including political leaders, former Secretaries of State and Defense, retired senior military officers and prominent business leaders.

BOARD OF DIRECTORS

FACT SHEET

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Former CEO of Homepower, Inc., advisor to various public and private organizations and institutions active in Central Europe, and holder of senior positions with Republic New York Corporation, Citicorp, and Dime Bancorp. A former Trustee of the Teachers Insurance and Annuity Association (TIAA-CREF) and the Women's Campaign Fund, currently President and General Manager of G.E. Capital Mortgage Services, Inc.

Sheila Burke

Former Chief of Staff to Senate Majority Leader Bob Dole and Deputy Staff Director of the Senate Committee on Finance. Currently serves as Executive Dean of the John F. Kennedy School of Government, Harvard University.

Landon Butler

Former Deputy Assistant to the President in the Carter Administration; coordinated the ratification of the Panama Canal Treaty and SALT II Treaty ratification efforts and for liaison with organized labor. Currently Vice-chairman of Poland Partners, L.P., a venture capital fund investing in Poland and President of Landon Butler & Company.

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Former Deputy Director, Office of Business Liaison of the Commerce Department in the Clinton Administration. A member of the Board of Advisors of the Democratic Leadership Council. Currently Director of Government Relations, International for Tenneco Corporation.

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Paula Stern

Former Commissioner and Chair of the U.S. International Trade Commission and Senior Legislative Assistant to Senator Gaylord Nelson. Currently President of the Stem Group, an economic analysis and trade advisory firm in Washington, D.C.

Gregory F. Treverton

Former Vice Chairman of the National Intelligence Council and former member of the National Security Council Staff in the Carter Administration. Currently Director of the Center for International Security and Defense Policy at RAND.

Robert Zoellick

Former Undersecretary of State and White House Deputy Chief of Staff in the Bush Administration and former Counselor to the Secretary of the Treasury in the Reagan Administration. Currently serving as the Vice President for Housing and Law at Fannie Mae.

PREPARED STATEMENT OF THE LITHUANIAN-AMERICAN COMMUNITY, INC.

It is with a deep of sense of history and moral obligation that the Lithuanian American Community, Inc. adds its voice in support of NATO enlargement and urges the members of the United States Senate to vote for the admission of Poland, Hungary and the Czech Republic into the North Atlantic Treaty Organization (NATO).

Distinguished and renowned scholars of foreign policy have already addressed this committee over the past few weeks concerning the fundamental issues at stake in NATO enlargement. It may seem a harsh judgment, but the critics of NATO enlargement seem to us to be driven by calculations of short-term gain. However, as recent history has demonstrated, long-lasting security and long-term development are best achieved by clear, serious, steady and firm investments. Whatever short-term gains in reducing defense spending the United States might achieve by failing to enlarge NATO would be outweighed by the risks to security created by a weak eastern half of Europe never fully integrated into transatlantic structures.

Half a century after WW II and the creation of NATO, the western half of Europe still relies on the United States for leadership on key issues of security and cooperation. This was amply demonstrated by the West Europeans failure (first within a United Nations mandate and later among themselves) to stop, let alone resolve, the bloody conflict in southeastern Europe which created one of the worst genocides in recent history. American leadership was the key element in mobilizing Europe's resources, both West and East, and without that leadership the carnage would have continued.

We view the present debate over NATO enlargement as a debate concerning American values and American influence. The Russian government's attempt to block NATO enlargement is a direct challenge to the spread of American influence and the strengthening of American values in the eastern half of Europe. There is nothing in the historical experience of the nations of Eastern Europe that should relegate them to a Russian sphere of influence for time immemorial. The colonizing armies of Russia, whether Czarist or Soviet, failed to alter the national traditions of these countries. Western beliefs, values and customs survived even the totalitarian repressions of Soviet imperialism during this last half of the twentieth century. We will see a consolidation of democratic institutions and practices in the countries of Eastern Europe, if American influence remains in these countries.

American interests are already established in the nations of Eastern Europe. Now the question remains as to whether the United States government will support the growth of those interests. Our members who have financial, professional and personal interests in Lithuania are deeply concerned that the Clinton Administration, at times, has not shown enough resolve in defending American interests in Lithuania. For instance, in a report issued October 28, 1997 by President Yeltsin's advisory Council for Foreign and Defense Policy, entitled, "Russia and the Baltics", the report states that, "... the United States is prepared to allow the restoration of Russian influence in the Baltic states..." If the United States Congress would fail to support the enlargement of NATO in this first round, thousands of Americans would reconsider their commitments to the area, fearing a return of Russian influence over the long term.

There is a tendency among some critics of NATO enlargement to romanticize the development of Russian democracy, forgetting that the resources of the Russian state can be harnessed to advance the economic interests of Russia which are in large part in the hands of state and private monopolies. Russian ideas and values are not attractive to the peoples of Eastern Europe, nor do Russian economic interests compete effectively in a free trade environment. If NATO fails to expand, we will soon see momentum among the economic and political forces in Russia urging the reestablishment of Russian military bases in Eastern Europe as a way of securing a wider field of opportunity. It is highly questionable if American business and professional interests would stay to compete in an area where a foreign, non-indigenous, army holds fort.

Just as Russia has economic interests, it has geostrategic interests as a continental power with nuclear weapons. One should not underestimate the desire of Russian military planners to regain access to strategic assets they have lost over the last decade. In Lithuania alone, Soviet forces, inherited by Russia, numbered over 50,000 with thousands of battle tanks and the largest strategic bomber base in the entire region. The recent offer by President Yeltsin to Lithuania's government to grant unilateral security guarantees to Lithuania is but the first salvo in a political campaign to regain access to those strategic assets, while denying them to NATO and the United States.

Numerous critics of NATO enlargement have invoked the security status of Lithuania, Latvia and Estonia as a reason to prevent NATO enlargement arguing that the admission of Poland into NATO will provoke a Russian pre-emptive strike against Lithuania. Even accepting the sincerity of the critics of NATO enlargement, this seems a curious scenario to advance. The Lithuanians, having fully considered the risks, have themselves applied for NATO membership and are vigorously working to achieve NATO interoperability. Therefore, the short-term risk is overstated.

As Americans who regularly travel to the region, we can assure the committee that the presence of NATO forces just across the border from Lithuania will enhance the security climate for American business and visitors in Lithuania. As the trans-atlantic zone of stability expands into Eastern Europe, it will enhance the security of the democracies in the region. If the United States remains engaged in Lithuania, helping Lithuania achieve NATO interoperability, we have every confidence that Lithuania will qualify for the second round of NATO enlargement.

However, we need a successful first round of NATO enlargement to begin the process. The Lithuanian-American Community, Inc. supports the admission of Poland into NATO because we understand how deeply the Poles are committed to the development of a democratic, peaceful and prosperous Europe. We are pleased to give testimony to this commitment because we remember very well the risks taken by Poles a few short years ago to come to the assistance of Lithuania's fledgling democracy.

In January, 1991 when Lithuania's democratically-elected parliament was threatened with imminent attack by paratroopers of the Soviet Union and dozens of Soviet battle tanks, a delegation of eight members of the Polish parliament crossed the heavily patrolled border to come to the assistance of Lithuania. They reached Vilnius and stayed inside the parliament building with Lithuania's parliament members from January 13-17 until the immediate danger of attack had passed. Unlike the American President, these Polish parliamentarians did not question the necessity of taking risks in the defense of liberty and democracy. Their names will long be remembered in the annals of East European democracy: Adam Michnik, now the editor-in-chief of Gazeta Wyborcza, the current Marshall of the Polish parliament Alicija Grzeskowiak, Andrzej Selinski, Krzysztof Dowgela, Jacek Kuron, Jan Litynski, Zbigniew Janaw, Boltromiej Kolodziej, and Antoni Tokarszuk.

Much like America's revolutionaries of the 18th century, the democratic leaders of Eastern Europe have understood the necessity of working together to ensure the success of democracy and freedom in an area too long dominated by the forces of dictatorship and imperialism. The words of Benjamin Franklin at the signing of the Declaration of Independence, "We must all hang together or assuredly, we shall all hang separately." aptly describes the relationships forged over the last decade of struggle in the region; although the Poles might rightly invoke their eloquent battle cry of the 19th century, "For your freedom and ours". The question now faced by Americans and America's political leaders is whether we will remember our own commitment to democracy and liberty? Can we be reliable allies to the democrats of Eastern Europe?

If the United States Senate fails to ratify NATO admission for Poland, Hungary and the Czech Republic over the coming months, the democracies of Eastern Europe, including Lithuania, will continue their everyday struggle to secure their future. All of them have armies with fine young soldiers committed to defending their homes and their loved ones. They will continue trying to build a zone of stability where free markets can prosper and the full talents of their people can be developed.

Lithuania and Poland have established joint institutions at the presidential, ministerial and parliamentary level to enhance their bilateral cooperation and geostrategic partnership. This is a serious effort to achieve regional cooperation which still respects the sovereignty of the people, unlike the commonwealth model promoted by Russia in its relations with neighboring states. There is an intensive working relationship between Lithuania and Poland in military affairs. Poland has been generous in providing Lithuania's armed forces with critical equipment: armored personnel carriers, light weapons and ammunition, as well as five MI-2 heli-

copters. In January, 1997 the two countries signed an agreement to create a Joint Peacekeeping Battalion (LITPOLBAT) which will be fully trained and equipped by December 1998. The battalion will be based in Orzysz, Poland and the battalion will be commanded first by a Lithuanian, followed by a Polish officer assigned in a yearly rotation.

The countries of Eastern Europe have a long and rich history. There has been as much cooperation as there has been conflict in the region. Lithuania enjoys a positive relationship with both the Hungarians and the Czechs which stretches back to the XIV and XV centuries. At the Battle of Tannenberg in 1410, Czech forces fighting with Lithuanians under the command of Lithuania's Grand Duke Vytautas helped crush the Order of the Cross, the germanic knights, who had been plundering and subjugating the nations of the region. That battle also involved Polish forces commanded by the King of Poland, an ethnic Lithuanian. In that same century, Lithuanian students were attending the University of Prague which was one of the few universities in Central Europe. In the XVI century, the Hungarian Stephen Bator was elected the King of Poland and the Grand Duke of Lithuania. In 1579 he signed the charter establishing the University of Vilnius which continues today as a major center of learning in Eastern Europe.

Today the cooperation between Lithuania, Hungary and the Czech Republic is substantive and multifaceted. Hungary was the first of the former Warsaw bloc countries to reestablish diplomatic relations with Lithuania. In the interwar period Czechoslovakia maintained both a legation and a consulate in Lithuania, and today maintains an embassy in Vilnius which serves Czech interests in the wider region. The Czech Defense Ministry has provided Lithuania armed forces with technical equipment for both the army and air force. Lithuanian officers are attending the Czech military academy at Brno. Shortly, when Lithuania and Hungary sign their negotiated agreement, Lithuania will become a member of the Central European Free Trade Association (CEFTA). Although Lithuania currently has a sizeable trade deficit with both Hungary and the Czech Republic, entry into the CEFTA will aid the development of Lithuania's industrial sector and lead to a more balanced trading relationship. During this past summer's floods, Lithuania provided financial, material and human resources to Poland, Hungary and the Czech Republic to alleviate some of the hardship inflicted by the flood waters and to help rebuild the towns and villages.

The democracies of the eastern half of Europe are building an integrated network of prosperous and just societies. They seek to contribute to the solution of humanity's problems, not create new ones. The people of those democracies know full well the costs of freedom and are prepared to make further sacrifices so their children will live in freedom as well. That is precisely why they have applied for NATO membership.

In the euphoria of 1992 as the Soviet Union and its Warsaw bloc dissolved, there was great optimism for the future of all of the countries stretching from the Baltic to the Black Seas. Today, a number of those states have growing dictatorships such as in Belarus and are lost to this family of new democracies. Looking back, who can pinpoint the exact date that Belarus was lost to us? Or was it incremental; an accumulation of missteps and missed opportunities? Without the successful enlargement of NATO, we risk, over time and inattention, the loss of more of these states. We therefore, urge the members of the United States Senate to remember our American values and to vote for the ratification of the admission of Poland, Hungary and the Czech Republic in this first round of NATO enlargement.

The Lithuanian-American Community, Inc. is a non-profit, community-based organization providing educational, cultural, and social services to our membership in 67 local chapters in 28 states and the District of Columbia. Serving the interests of over one million Americans of Lithuanian heritage, LAC, Inc. is in the forefront of supporting the growth of democratic institutions and economic reform in Lithuania.

PREPARED STATEMENT OF MR. ARMAND SCALA, PRESIDENT OF THE CONGRESS OF ROMANIAN AMERICANS

I am the President of the Congress of Romanian Americans. Romanian Americans, approximately 1 million people in the U.S., join with some 22 million other Americans, whose origins are in Central and Eastern Europe, to ask you, and your other colleagues in the Senate, to overwhelmingly ratify the expansion of NATO, beginning with an invitation to Poland, Hungary and the Czech Republic.

Since 1949, the NATO Alliance not only helped to protect its members from outside aggression, but brought peace and stability within its membership. Expansion now, and further expansion in the future, will accomplish the same end for the nations and people of Central and Eastern Europe. This furthers the interests of the United States and the American people.

Some say there is no longer a threat in, or to, that part of the world. That notion is wrong. On a daily basis, some nations' leaders threaten the principles held high by NATO member nations and directly threaten specific NATO member nations. The current NATO members, Poland, Hungary, the Czech Republic and other prospective NATO members have much in common with one another. Many of the remaining of the world's nations do not share the values and heritage which characterize the Europeans and the Americans. As Americans, we are fearful of the result of extreme differences in values and heritage that may threaten the future of our democracy, freedom and economic system. A strong, fully developed, expanded NATO, to include all of those who wish to participate, is the greatest deterrent to threats from the outside and within NATO as well.

NATO's continuance is the most effective means for the U.S. to maintain influence in Europe.

The expansion of NATO in stages is an excellent method to develop and control an effective process. It sets attainable goals and minimizes errors. Building on favorable experiences, the next stage and the subsequent stages of expansion will proceed smoothly.

The cost of NATO expansion is a small price to pay if one considers how much we have spent in funding the "cold war". It is the "balance due" in an effort to obtain security and stability in Europe. We are talking about approximately $150 million a year as the U.S. portion of this project, a relatively small price to pay to insure, for our children and grandchildren, the cherished conditions of life in the U.S. today. The cost of NATO expansion is more reasonable today than it will be at any other time.

Historically the U.S. and its people, have withdrawn from international responsibility. We became isolationists following both of the World Wars and, on each occasion, we paid dearly for our non-involvement with the lives of courageous, peace-loving Americans and monetarily as well. We fear that failure to expand NATO, or closing NATO down, will repeat the past with the same or similar results.

An expanded NATO will result in economic growth and stability for its new members who currently hold the U.S. and its products in high regard. New members have excellent market potential for the U.S. and its members quite well. It is the perfect vehicle to continue that function. To continue effectively however, it must expand to include other nations with characteristics and goals consistent with ours. As their development is facilitated, a unified, powerful alliance will emerge, able to protect the interests and values of each individual country and of the allies as a whole.

NATO provides the U.S. with a strategic presence in Europe. A non-expanded NATO will wither to non-existence and our presence and influence in Europe will diminish.

In summary, Poland, Hungary and the Czech Republic should be invited to join NATO in the expansion followed, in phases, by other European nations. Ultimately all of the nations of Europe which desire membership should be phased in, including Russia.

PREPARED STATEMENT OF THE U.S.-BALTIC FOUNDATION

Thank you for your support of Estonia, Latvia and Lithuania and for the opportunity to express our own support for a vigorous and continued process of the enlargement of NATO.

The U.S.-Baltic Foundation. (USBF) is a national grassroots organization of Americans and American institutions which are dedicated to assisting the development

of market democracies in the Baltics. Since 1990—before the Baltics regained independence—USBF's extensive network of professional associations, corporations, universities, foundations and individuals has designed and conducted programs that build civil society and an understanding of American values. Our programs have focused, on local democracy and public administration, independent media, NGO development, ethics in government, rule of law and anti-corruption.

This may be the first statement you consider which begins with a reference to local self government and public administration programs in the Baltics. The Baltic leaders that USBF's programs arc training to manage open, democratic institutions, will be the US's partners in the discussion and development of NATO enlargement policy. USBF's democracy building programs are helping the Baltic people use American resources to construct free markets and a civil society—which are fundamental components of the enlargement process we see today. Without the basic building blocks of a democratic society existing in Central Europe today, we would not be able to discuss NATO enlargement and we would not be discussing the end of U.S. foreign assistance to Central Europe, starting with the graduation of Estonia and the Czech republic last year.

While we see the need for continued transition assistance throughout the region, we believe that this should become a privatized effort, modeled on, and guided by the regional experience and demonstrated private commitment of the members of the U.S. Baltic Foundation's network.

In the seven years since we accepted the challenge of engaging Americans—sometimes one at a time through academic exchanges, other times to a broader sponsored by America's largest corporate investors in the Baltics—USBF has grown tremendously. Today, this group which was started by a small group of Americans with private contributions, has offices in Tallinn, Riga, Vilnius and Washington and has launched seven local training institutions with our Baltic partners. In 1995, after successfully managing local democracy and independent media programs, USBF was selected to manage the $2.6 million U.S. Agency for International Development funded Democracy Network program which is strengthening the NGO sectors.

The Foundation's programs have attracted many of the best and most qualified U.S. professionals to voluntarily transfer their skills and understanding to their Baltic counterparts. This is reflected in our highly diverse Board of Directors, funding sources and in-kind contributors. These programs are true U.S. partnerships with Baltic leaders, citizens, and non-governmental organizations. We have worked with tens of thousands of Americans throughout the United States from North Carolina to Oregon who are experts in municipal management, media relations, municipal finance, environmental protection, economic development, and many other areas that challenge local leaders. Our program is unique since it taps into the rich experiences of Americans in their own fields of study and work, We believe this American contribution is at the heart of any successful assistance program.

Through USBF's seven years of program management and diligent oversight and discussions with participants in our programs, we have reason for our Baltic optimism. The Baltic people continue to demonstrate the courage, intelligence and competence—which they displayed during fifty years of Soviet occupation—which make them viable and competitive as partners to NATO. Estonia, Latvia and Lithuania each have much to contribute to our security as well. Each country in it's own way has adopted and begun to embrace Western and American ideas and values and each will certainly continue on this course, which will lead eventually to greater security in the region, if the West continues to support and encourage the right steps. USBF's experience has given us a unique perspective on the readiness and abilities of the peoples of the Baltic nations to contribute to Western security.

We appreciate the opportunity to express USBF's support and hope that your considerations of the aspirations of the Baltic nations to join NATO begin, but not end, with this hearing, We would like to conclude by inviting you to learn more about the people and potential of the Baltics by viewing the upcoming nation-wide broadcast premiere of the PBS television documentary "One World: The Baltic States," narrated by Charles Osgood and produced by the award-winning public television company Cronkite Ward/Ward TV with assistance of the U.S.-Baltic Foundation.

VETERANS OF FOREIGN WARS OF THE UNITED STATES,
NOVEMBER 4, 1997.

HON. JESSE A. HELMS,
Chairman,
Committee on Foreign Relations,
United States Senate,
Washington, DC 20510

DEAR MR. CHAIRMAN: The Veterans of Foreign Wars of the United States strongly supports the enlargement of the North Atlantic Treaty Organization (NATO) to include the countries of Poland, Hungary, and the Czech Republic. In the midst of the rapidly changing political situation in Eastern Europe, NATO has remained a stable, steadying influence in the region. These countries now seek the benefit and security of joining the most successful defense alliance in history.

While NATO's enlargement would extend the U.S. nuclear umbrella as well as a commitment of U.S. forces to defend these countries, we believe that a carefully paced, non-threatening enlargement of the NATO alliance will enhance the peace and stability in Europe. As economic stability and growth bolster our NATO allies in Europe and as Eastern European countries clamor for membership in NATO, we recognize that some are concerned that enlarging NATO might cause Russia and some of the states of the former Soviet Union to form an opposing alliance. While we acknowledge the risk of the possible formation of a counter-alliance, we firmly believe the political and strategic benefits that are likely to accrue by expanding NATO and bringing security and stability to this troubled region outweigh such risk.

There are several reasons why we believe NATO enlargement contributes not only to the security of the United States, but that of our allies and friends.

First, such expansion makes NATO a stronger alliance, better able to address Europe's security challenges in the future. The addition of,these three countries to NATO strengthens the alliance by integrating their existing military establishments and infrastructure with those of the current NATO members. Strengthening NATO now insures against any threat which might arise in the future.

Second, the NATO enlargement will encourage the continued democratic reforms and economic development in these countries by providing a positive atmosphere for growth and a more secure environment in the European community.

Third, this enlargement encourages both current and perspective members to resolve their differences peacefully.

Fourth, enlarging NATO erases the artificial dividing line which was created after the end of World War II. It provides hope and promise for the future of those Eastern European countries which were smothered under fifty years of communist rule.

In support of the VFW position, I have attached a copy of the Veterans of Foreign Wars of the United States Resolution Number 426 entitled "NATO Enlargement" for your reference. This resolution was approved by our organization's membership (2 million members) at our 98th National Convention which was held in Salt lake City, Utah, from August 16-21, 1997.

In order to project a peaceful image, the VFW urges consideration be given to the adoption of a declared policy that U.S. forces and weapons will not be stationed, based or deployed (except for training) in the countries of Poland, Hungary and the Czech Republic.

In conclusion, the Veterans of Foreign Wars of the United States supports the enlargement of the NATO alliance and the extension of the United States mutual defense commitment to the countries of Poland, Hungary, and the Czech Republic as it is important to our national security and the security of the European region. We urge your support and the support of your colleagues for timely consideration.

Respectfully,

JOHN E. MOON,
COMMANDER-IN-CHIEF.

Resolution No. 426

NATO ENLARGEMENT

WHEREAS, in the midst of the rapidly changing political situation in Eastern Europe, the North Atlantic Treaty Organization (NATO) has remained a stable, steadying influence in the region; and

WHEREAS, the former Warsaw Pact countries of Poland, Hungary and the Czech Republic have thrown off the yoke of communism and reestablished democratic governments and now seek the benefit of joining the most successful defense alliance in history; and

WHEREAS, NATO's enlargement to include these countries would extend the U.S. nuclear umbrella as well as a commitment of U.S. forces to defend these countries; and

WHEREAS, there are some concerns that enlarging NATO might cause Russia and the other states of the former Soviet Union to form an opposing alliance and place additional financial burdens on the United States; and

WHEREAS, these concerns overlook the political and strategic benefits that would accrue by bringing security and stability to this troubled region and would act as an inducement for democracy for Russia and the other countries of the former Soviet Union; now, therefore

BE IT RESOLVED, by the Veterans of Foreign Wars of the United States, that we support the enlargement of the NATO Alliance and the extension of the United States mutual defense commitment to the countries of Poland, Hungary and the Czech Republic as it is important to the security of that region, our own vital interests in the region as well as world peace; and

BE IT FURTHER RESOLVED, that this enlargement be accomplished in a nonthreatening manner so as not to force other countries into an opposing alliance and that in order to project a peaceful image we urge consideration be given to adoption of a declared policy that U.S. forces and weapons will not be stationed, based or deployed (except for training) in the countries of Poland, Hungary and the Czech Republic.

Adopted by the 98th National Convention of the Veterans of Foreign Wars of the United States held in Salt Lake City, Utah, August 16-21, 1997.

Resolution No. 426

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