

**NORTH ATLANTIC TREATY ORGANIZATION
[NATO] ENLARGEMENT COSTS**

HEARINGS

BEFORE THE

COMMITTEE ON APPROPRIATIONS

UNITED STATES SENATE

ONE HUNDRED FIFTH CONGRESS

FIRST SESSION

SPECIAL HEARINGS

Printed for the use of the Committee on Appropriations



Available via the World Wide Web: <http://www.access.gpo.gov/congress/senate>

U.S. GOVERNMENT PRINTING OFFICE

46-492 cc

WASHINGTON : 1998

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402
ISBN 0-16-056524-3

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NORTH ATLANTIC TREATY ORGANIZATION [NATO] ENLARGEMENT COSTS

TUESDAY, OCTOBER 21, 1997

U.S. SENATE,
COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The committee met at 10 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Ted Stevens (chairman) presiding.

Present: Senators Stevens, Specter, Gorton, McConnell, Burns, Shelby, Bennett, Campbell, Craig, Hutchison, Inouye, Leahy, Bumpers, Lautenberg, Harkin, Mikulski, Reid, and Dorgan.

NATO ENLARGEMENT COSTS

STATEMENTS OF:

HON. MADELEINE ALBRIGHT, SECRETARY OF STATE, DEPARTMENT OF STATE

HON. WILLIAM S. COHEN, SECRETARY OF DEFENSE, DEPARTMENT OF DEFENSE

OPENING STATEMENT OF HON. TED STEVENS

Chairman STEVENS. Good morning. We are grateful to you, Secretary Albright and Secretary Cohen, for coming to our hearing. Senator Byrd is a little delayed but has indicated that we should start, so we will proceed.

The end of the cold war triggered a series of events that included the United States proposing expansion of the alliance at the January 1994 NATO summit. On July 8, 1997, Poland, Hungary, and the Czech Republic were selected by NATO as candidates for admission to the alliance. If the process is successful, these three central European countries that struggled so long under Communist domination will become full-fledged members of NATO.

The chairman of the Senate Foreign Relations Committee, Senator Jesse Helms, has held several comprehensive hearings earlier this month on many of the issues surrounding NATO enlargement and will conduct several more hearings between now and the time the Senate takes up the question of NATO enlargement.

Today begins the first of 3 days of this committee's, Senate Appropriations Committee, hearings designed to try and understand the cost implications of NATO enlargement and its impact on the modernization of our armed forces.

In 1949, to counter the growing communist menace in central and Eastern Europe, the U.S. Senate deliberated ratification of the North Atlantic Treaty. During the April 27, 1949, Senate Foreign

Relations Committee hearing, where the Secretary of State, Dean Acheson, was the witness, Senator Hickenlooper asked the highly regarded Secretary of State, Dean Acheson, the following. He said:

I am interested in getting the answers as to whether or not we are expected to supply substantial numbers—by that I do not mean 1,000 or 2,000 or 500 or anything of that kind, but very substantial numbers of troops and troops organizations of American troops—to implement the land power of Western Europe prior to aggression. Is that contemplated under article III, we agree to maintain and develop the collective capacity to resist? In other words, are we going to be expected to send substantial numbers of troops over there as a more or less permanent contribution to the development of these countries' capacity to resist?

Secretary Acheson responded, “The answer to that question is a clear and absolute no.”

In September 1995, together with other Senators, including Senator Hutchison and Inouye of this committee, I visited Germany, Croatia, and Bosnia. During the trip we were assured by the Supreme Allied Commander of Europe [SACEUR], General Joulwan, that the Dayton peace accord would cost the United States no more than \$1 billion, and that the commitment of U.S. troops would be limited to 1 year. I do not fault SACEUR for that position; he was carrying out the expectations of his Commander in Chief. But if I express some misgivings about the adequacy of NATO enlargement cost estimates, please understand that it has some historical basis.

And I think our distinguished witnesses will appreciate my interest in avoiding an Acheson assessment of future implications of NATO enlargement.

In a few moments we will hear from you, Madam Secretary and Secretary Cohen, on your perspectives on NATO enlargement. I anticipate you will address the knotty issues of cost of the enlargement of the NATO mission following the end of the cold war and how U.S. security interests and force structure may be affected by this enlargement, and the impact of NATO enlargement on the modernization of our U.S. military.

We look forward to your testimony. Just so people will know what is coming, though, let me say that tomorrow the committee will hear from the Chairman of the Joint Chiefs of Staff, Gen. Henry Shelton, and the Supreme Allied Commander of Europe, Gen. Wesley Clark regarding the defense budget issues associated with Bosnia and the NATO enlargement.

On Thursday, we expect to hear from the General Accounting Office to review the several NATO enlargement cost estimates and to obtain its perspective on expansion costs and what the tradeoffs may be.

The three candidate states are now in negotiations with NATO and are filling out questionnaires, I am informed, regarding the status and capabilities of their armed forces. The purpose of the negotiation, I am told, is to ensure that the candidate states understand their obligations under the North Atlantic Treaty.

NATO intends to draft a protocol to the treaty by December of this year, which will name the three states as candidates for membership. The protocol must be approved by all 16 current NATO members in order to amend the treaty and admit the new members. We are informed the Senate may vote on the protocol in the spring of 1998. If NATO enlargement is achieved, then the 33 candidate states will become members of the alliance in April 1999.

The NATO Participation Act of 1994 states that candidate states must make significant progress toward establishing democratic institutions and free market structures, as well as develop civilian control of the military and a policy of prohibiting transfer of arms to countries supporting terrorism.

Despite the apparent success of the three candidate states in achieving these NATO Participation Act goals, concerns continue to be expressed in the United States about the capacity and commitment of the candidate states to pay the costs of NATO expansion, the degree of commitment by the European NATO members to absorb their share of expansion costs, and the fundamental questions of just what are the costs going to be and what is a satisfactory degree of military enhancement to the three states to be fully interoperable with NATO.

No matter how much enthusiasm there is for NATO enlargement, in the final analysis NATO must be able to perform its essential article V mission of collective defense, which means that new members must achieve a satisfactory degree of equipment, personnel, training commitment, and interoperability to be able to support NATO.

That will come at a large cost to all of the 19 parties. The cost debate has been a spirited one for several years. Besides the administration cost study and those done by the Congressional Budget Office, the RAND Corp., and the zero-cost option prepared by the Potomac Foundation. NATO is now conducting its own cost study, which is scheduled to be completed in December.

As everyone is well aware, these cost studies have ranged from zero to \$126 billion over the next 12 years. It is essential that the Senate obtain some solid numbers on which it can rely. Recognizing that each estimate is a function of how one sees the future threat and the organization of NATO, assumptions can be made for more obvious scenarios and cost estimates should follow with supportable logic.

As the CBO study notes, most defense analysts agree that three steps should be considered key to establishing Western allies, enabling them to assist and send reinforcement in the event of an attack on one of the new members. The first involves the instruction in NATO military doctrine and procedures, as well as large-scale exercises with the alliance. The second consists of improvements in interoperability of new members' command, control, communications, and intelligence system. Finally, the new states would need to upgrade their air defenses to enable them, for example, to distinguish friendly from hostile aircraft.

CBO estimates the total cost for such steps at \$21.2 billion. We look forward to their revised analysis on Thursday.

Again, I do welcome you, Madam Secretary and Secretary Cohen, and I apologize for the long opening statement. I thought it was necessary to be clear as to why we are holding these hearings when the others are going on.

I would yield to Senator Leahy as the ranking member's representative at this time.

STATEMENT OF HON. PATRICK LEAHY

Senator LEAHY. Thank you, Mr. Chairman.

I agree with you, these are extremely important hearings. I have discussed this matter of the expansion of NATO with both Secretary Albright and Secretary Cohen.

Some would say that the debate is essentially over, given the NATO leaders' invitation to Poland, Hungary, and the Czech Republic to join the alliance earlier this summer in Madrid. In many ways, though, I believe the debate is just beginning. And I think the decision should only be made after exhaustive consideration by the Senate.

It is about much more than simply adding three countries to the alliance—the three countries with which I am sure the witnesses and all members of this committee are very familiar. It is also about how best to preserve and enhance the emerging democracies of eastern Europe, how to enhance our own security in Europe, about our relationship with Russia, a nation that just a few years ago was the prime target of our NATO forces.

And I believe even more, Mr. Chairman, it is about the future of the alliance itself. Some of the issues we are going to discuss in the coming months were touched on when we debated sending our troops to Bosnia. I said at that time that I felt we were making a mistake in letting the United Nations handle this, and that NATO really should be there and that the United States had to show the leadership in NATO.

In fact, I believed then and I believe today that if NATO had not become involved in the Bosnia peacekeeping operation then we would be talking about the relevance of NATO today. I think that NATO would have ended up being irrelevant. I think it was important that the United States showed leadership in NATO there. And, frankly, while this is not the purpose of the hearing today, I think that we should make sure that NATO, with U.S. participation, remains long enough to make sure that peace takes root in Bosnia.

But expansion of NATO, the most successful defense alliance in history, would have far-reaching consequences, some of which we have only begun to understand and investigate. Issues concern the cost of expansion, the political and social ramifications, changes in the alliance's collective defense capability, the overall mission of NATO. We do not have the hard facts we need to proceed in a responsible and exhaustive manner.

I am and always have been a strong supporter of NATO, but I want to make sure that NATO is stronger, not weaker, because of expansion. And I think the burden of persuasion is on those who favor expansion. Those of us who are still undecided want to hear the arguments. Opponents have asked many important questions that deserve specific answers.

I am sympathetic to many of the administration's arguments. I want to hear more. If the risk of war in Europe is going to be substantially reduced by expanding NATO, that is a powerful incentive to proceed. The fact that Secretary Albright, who commands enormous respect, the fact that she speaks from personal experience having grown up in Czechoslovakia, and is a strong advocate of NATO expansion, that carries a great deal of weight.

The fact that Secretary Cohen, who we have all worked with on this committee, also carries a great deal of weight. But NATO's

50th anniversary is quickly approaching. I want to make sure that they have another 50th anniversary, Mr. Chairman, when probably the only Member of the Senate still serving will be Senator Thurmond, and the rest of us will be gone.

But I want to make sure that we do——

Chairman STEVENS. Speak for yourself. [Laughter.]

Senator LEAHY. I was waiting for that.

But I just want to make sure we do the right thing, because NATO should be more than just ministers who meet in Brussels and debate among themselves. NATO should be the strongest military alliance history has ever known, but a military alliance driven by democratic nations, and that is what makes it work, but it also has to be more than just adding new people or new countries; we have to make sure that actually strengthens NATO and our security.

Thank you, Mr. Chairman.

Chairman STEVENS. Thank you, Senator.

Does any Senator here on our side have an opening statement? Do you have an opening statement, Senator McConnell?

STATEMENT OF HON. MITCH MC CONNELL

Senator MCCONNELL. Thank you, Mr. Chairman.

Secretary Albright, this summer you made a pledge that the new NATO Permanent Joint Council will offer Russia a voice, not a veto over NATO affairs. This pledge is essential to securing and sustaining support for the administration's NATO policy and, more broadly, our goals in Europe.

But there should be no doubt that the Russians will test the strength of your pledge. It is in their interest, for they have learned that challenging U.S. policy resolve often yields unintended or unexpected benefits.

Let me point to an example which affected the Subcommittee on Foreign Operations. In the months leading up to the March Helsinki summit, Russia waged an aggressive public relations campaign opposing NATO expansion. With an administration intent on avoiding a repeat of the 1994 summit, when President Yeltsin warned Europe was in danger of plunging into a cold peace, Russia's posturing over security concerns paid economic dividends.

The day before the summit began, the administration advised the subcommittee of plans to nearly triple the request for aid to Russia. While the entire New Independent States [NIS] request increased from \$625 million to \$990 million, only Russia enjoyed a disproportionately large increase.

Just as an aside, given the growing cooperation between Russia and Iran in the nuclear and ballistic missile field, I do not think that Congress will sustain this increase. But it seems to me the Russians made important gains in talks in their dealings with the administration. Frankly, it is a little shade short of extortion.

Since 1993, I have been on board for NATO expansion. It is the right thing to do and long past the right time to do it. But there is also the right way to do it. And that means avoiding the mistakes which damaged our ties in Europe and the NIS after the fall of the wall. That means clearly separating our interests from Russian ambitions.

It is not enough to simply state that the Russians will have a voice, not a veto. Confidence and stability depend upon spelling out our terms. Basic conditions must be understood by the Russians and underscored with the next class of candidates. There should be common understanding that Russia will not have a veto over any applicant because of its location or history with Moscow. Eligibility will continue to be based exclusively on a country's ability and commitment to fulfill NATO's security obligations.

In addition, Russia should not have a veto over the deployment of NATO troops or military modernization initiatives undertaken by or on the territory of new or prospective member states. And Russia must not have a veto over NATO's nuclear policy relative to any new member.

Ambiguity on any of these points will cast a dangerous shadow of uncertainty over NATO's future, inviting suspicions that we are building a sacrificial buffer zone of nations which have second-class security standing.

Improving the capabilities of central and Eastern European nations to meet eligibility standards comes with a price tag, some of which we have already seen in the increased increases in the President's Partnership for Peace request, a program which has been characterized as a path to NATO. However, it is important to clarify today if and how both direct and indirect costs will increase, especially if some nations view the partnership as their only available alternative to NATO's security umbrella.

In addition to costs related directly to the partnership and NATO expansion, there is the question of costs associated with other interim security arrangements. For example, I welcome the Ukraine charter with NATO. However, it is not clear which subcommittee or national budget will pay the costs of Ukraine's participation in joint exercises. We need to understand whether this charter is unique or will it be replicated with other nations.

I believe that expanding NATO serves our interests. The promise of membership alone has prompted several countries to resolve border and ethnic disputes, a record of success which will only improve with time. I am convinced it is far better to consider candidates during this peaceful pause in history than during a crisis. We should not repeat the devastating and confused debate over NATO's role, reach, and responsibility that we experienced in Bosnia.

PREPARED STATEMENT

Finally, let me repeat, expanding NATO's zone of stability and security is the right thing to do, and now is the time to do it. I hope these hearings offer both the American public and future applicants the confidence that this committee will work hard with the administration to assure it is carried out in the right way.

Thank you, Mr. Chairman.

[The statement follows:]

PREPARED STATEMENT OF SENATOR MITCH MCCONNELL

Since assuming the Chairmanship of the Foreign Operations Subcommittee, I have had two priorities: to support countries willing to accept the responsibilities of NATO membership and to expand our commitment to Ukraine, Georgia, Armenia

and the other new, non-Russian states in the former Soviet Union. These mutually reinforcing, twin goals of expanding NATO and strengthening the political and economic independence of the new republics have a direct impact on U.S. interest in stability in Europe.

1996 marked a significant shift in the Administration's NATO policy. The explanation for this change may be as simple as the arrival of a new national security team; or, it could have been driven by the strong public support to include Poland, Hungary and the Czech Republic in NATO, sentiment which was particularly strong in key election battleground states; or it may have been influenced by the ongoing congressional initiatives to increase security assistance to the Visegrad nations. Of course, there's always the possibility that the change came about because it was the right thing to do and the right time to do it.

I may seem a little skeptical about the thinking which led to the U.S. decision to support the invitation of new NATO members, but my views have been shaped by several years of contentious battles to secure adequate economic and security aid and political support for non-Russian nations and NATO applicants.

Until 1996, anyone reading the Subcommittee's hearing records would sum up the testimony on the NIS and NATO much as Strobe Talbott did—no admission criteria, no timetable, no earmarks. Unfortunately, in Europe and the NIS this translated into no entry and no support.

Against this tide, Congress managed to earmark \$50 million in security assistance for Poland, Hungary, and the Czech Republic to improve both their military capabilities and prospects for NATO admission. In the Senate, this year we increased that earmark to \$60 million and provided \$18.3 million for Latvia, Lithuania and Estonia. Obviously, those issues are still to be settled in conference.

In spite of Congressional efforts, over the past several years, I think the Administration has allowed NATO and NIS policy to get coiled up in controversies over our relationship and course with Russia. We have been reluctant to sharply define and defend American interests allowing Russian ambitions to fill the void.

In this context, I continue to have reservations about how the Founding Act will be implemented and how NATO's Permanent Joint Council with Russia will operate. However, I welcome your pledge, Secretary Albright, that the Council will offer Russia a "voice not a veto" over NATO affairs. This pledge is essential to securing and sustaining support for the Administration's NATO policy and, more broadly, our goals in Europe.

There is no question the Russians will test the strength of your pledge. It is in their interests for they have learned that challenging U.S. policy resolve often yields unintended or unexpected benefits.

Let me point to an example which affected my Subcommittee. In the months leading up to the March Helsinki summit, Russia waged an aggressive public relations campaign opposing NATO expansion. With an Administration intent upon avoiding a repeat of the 1994 summit when President Yeltsin warned "Europe was in danger of plunging into a cold peace," Russia's challenge over security issues paid economic dividends. The day before the summit began, the Administration provided information to the Subcommittee that it planned to nearly triple the request for aid to Russia. While the entire NIS request increased from \$625 million to \$900 million, only Russia enjoyed a disproportionately large increase.

Since 1993, I have expressed support for expanding NATO. It is the right thing to do and long past the right time to do it. But, there is also the right way to do it, and that means we must avoid the mistakes which damaged our ties in Europe and the NIS after the fall of the wall—that means clearly separating our interests from Russian ambitions.

It is not enough to simply state the Russians will have a voice not a veto. Confidence and stability depend upon spelling out what that means in unambiguous and clear terms. Basic conditions must be understood by the Russians and underscored with the next class of applicants.

There should be common understanding that Russia will not have a veto over any applicant because of its location or history with Moscow; eligibility will continue to be based exclusively on a country's ability and commitment to fulfill NATO's security obligations. In addition, Russia should not have a veto over the deployment of NATO troops or military modernization initiatives undertaken by or on the territory of new member states. And, Russia must not have a veto over NATO's nuclear policy relative to any new member.

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In addition to costs related directly to the Partnership and NATO expansion, there is the question of costs associated with other interim security arrangements. For example, I welcome the Ukraine's Charter with NATO, however, it is not clear which Subcommittee or national budget will pay the costs of Ukraine's participation in joint exercises. We need to understand whether this Charter is unique or will it be replicated with other nations?

I believe that expanding NATO serves our interests—the promise of membership alone has prompted several countries to resolve border and ethnic disputes, a record of success which will only improve over with time. I am convinced it is far better to consider candidates during this peaceful pause in history than during crisis. We should not repeat the devastating and confused debate over NATO's role, reach and responsibilities that we experienced in Bosnia.

Expanding NATO's zone of stability and security is the right thing to do and now is the time to do it. I hope these hearings offer both the American public and future applicants the confidence that this Committee will work hard with the Administration to assure it is carried out the right way.

STATEMENT OF HON. BARBARA MIKULSKI

Chairman STEVENS. Do you have a statement, Senator Mikulski?
 Senator MIKULSKI. Yes; just very quickly, Mr. Chairman.

Mr. Chairman, I want to first of all thank you as the full committee chairman of the Appropriations Committee for holding a hearing on NATO expansion. I believe that this is the first time in participation that this type of leadership has been provided at the full committee level, and I say thank you both in your hat as the Chair of the Subcommittee on Defense.

Mr. Chairman, I am a supporter of the expansion of NATO, and was with President Clinton with a great deal of pride at the NATO Madrid meeting, at the NATO announcement, and then joined with him when we traveled to Poland together along with the Secretary of State, Dr. Albright.

But, Mr. Chairman, it is not only that I support NATO. We have to be sure that Congress supports NATO and that the American people support NATO. When we vote on whether or not we should expand NATO, I believe the results of that vote should not come from a Presidential lobbying effort but from a Presidential education effort.

I believe the American people, as well as the Congress, needs to have three questions asked. No. 1, how will the expansion of NATO, particularly with these three countries, contribute to European stability and even greater global stability? No. 2, how is it in the interest of the United States of America? And No. 3, is the cost worth the price or worth the investment? My own preliminary analysis indicates that yes, the last part will be answered.

But, going back to when George Bush was President, I joined hands with Senators Hank Brown and Paul Simon to be an advocate for NATO expansion, and I believe that it did meet those tests that were related to both our national interest as well as the interest in European and geopolitical stability.

Mr. Chairman, we are now celebrating or have celebrated over the last couple of years the 50th anniversary of three important post-World War institutions—the United Nations and its founding, the Marshall plan, and the creation of NATO. All three have stood

the test of time, and showed the wise, bold, executive leadership, backed by a Congress, also with the backbone to back Presidential leadership, as well as through votes and appropriate funding, has truly stabilized the world and laid the groundwork for western democracy.

We had the United Nations. We had the Marshall plan. And we have now NATO. And I think if we want to continue to have those pillars or that thinking in the 21st century we need to then now seize this opportunity to keep the momentum going. As Secretary Albright will say in her testimony, “should we be aligned with the old democracies forever and the new democracies never?”

But after World War II, there were some countries that were not new democracies, and they became new democracies because of the Marshall plan, because of NATO and Presidential leadership. So I look forward to hearing the testimony and participating in this grand public education program.

Chairman STEVENS. I believe Senator Campbell was next, Senator Specter. Senator Campbell.

PREPARED STATEMENT

Senator CAMPBELL. I think I will just submit a statement for the record, Mr. Chairman, since we are running on in time.
[The statement follows:]

PREPARED STATEMENT OF SENATOR BEN NIGHTHORSE CAMPBELL

As we open these three days of hearings on the important topic of NATO expansion, it is fitting to keep in mind one recently retired Senator who has played a pivotal role in advancing the cause of NATO expansion. I am referring to my good friend from Colorado, Hank Brown.

Few people have played a more significant role for the cause of NATO expansion than Hank Brown. He started his efforts after the Iron Curtain crumbled and never let up. His devotion and successes in advancing NATO expansion has made Hank Brown a warmly regarded household name throughout Central Europe, including the three countries that have been invited to join NATO in this first round of expansion, Poland, Hungary and the Czech Republic.

In fact, in the Fall of 1996, the people of Poland showed their highest regards for Senator Brown by awarding him Honorary Polish Citizenship in the name of the historic Capital of Poland, Krakow. This is one of Poland's most prestigious honors. To this day only two other Americans have received this honor—and both of them were Presidents—Ronald Reagan and George Bush.

I recall a moving speech that Senator Mikulski—who sits on this committee with me—gave on the Senate Floor just after the Brown NATO Expansion Amendment passed last Fall. Senator Mikulski said that her mother had just placed a picture of Hank Brown in a place of honor on her fireplace mantle at home. I hope it is still there. This is but one illustration of how the debate over NATO expansion transcends party lines.

Hank Brown has been one of the most effective advocates of securing freedom and peace for the people of Europe. I, for one, miss his valuable leadership in the Senate on the cause of NATO expansion.

Today, we continue on his work as we further examine the cost and policy implications of NATO expansion. I join the two Co-Chairmen of today's hearing, Senator Stevens and Senator McConnell, and the rest of my colleagues, in welcoming the distinguished Secretary of State Albright and Secretary of Defense Cohen. We look forward to their testimony on this important issue.

STATEMENT OF HON. ARLEN SPECTER

Chairman STEVENS. Senator Specter.

Senator SPECTER. Thank you, Mr. Chairman. I join my colleagues in commending you for having this hearing. I think it is very im-

portant for the Appropriations Committee to be involved in this important subject.

I too favor expansion of NATO. I was really surprised a few years back, attending a North Atlantic assembly meeting, to see the Czech Republic there and Romania there with their placards at the NATO assembly meeting as observers. And I think the time has come, but it gives us an opportunity to examine some very important questions on who is going to pay for expansion and, beyond the contribution of the new members, the whole question of burdensharing, which has been of critical importance for a long time.

Certainly the sense of the Congress has been that the other members of NATO have not borne an adequate share. And that is intermixed with the question of Bosnia. So this gives us a chance to take a look at some really fundamental questions.

I think there is another aspect that bears analysis and that is what is happening with other key matters. For example, when you push air into one section of the balloon, it comes out in another section. There is enormous concern today about what Russia is doing with respect to Iran on the transfer of nuclear technology and missiles. And when we put the pressure on through NATO it comes out someplace else. So there are a great many indirect costs which have to be assessed here.

So I think these are very important hearings and I look forward to the statements. Thank you very much.

Chairman STEVENS. Senator Reid, do you have a comment?

STATEMENT OF HON. HARRY REID

Senator REID. Mr. Chairman, I personally appreciate your holding not only this hearing, but the others you have held to give the Appropriations Committee a broad overview of our responsibilities. This is certainly in keeping with some of the other hearings that you have held and I hope that we will have more of these as we approach the date when we must vote on NATO enlargement.

I understand the importance of this hearing. I understand the importance of the enlargement of NATO. My main concern, is that we, as elected leaders, must understand going into NATO expansion, the total costs associated with this venture. In the administration's February 1997 report to Congress on the enlargement of NATO, the total cost for new members was estimated at \$35 billion, spread over 12 years, and the United States would be responsible for about \$2 billion of the total.

So, we do have responsibilities, when we realize we have not even paid in full our obligation to the United Nations, this is something we should be concerned with. I support the enlargement of NATO, but going into this, we must be aware and recognize the costs that could be borne and should be borne by us.

PREPARED STATEMENT

I would ask that my full statement be made part of record.
Chairman STEVENS. Without objection.
[The statement follows:]

PREPARED STATEMENT OF SENATOR HARRY REID

The prospect of enlarging NATO has been an issue for the United States for several years now. In 1949, the North Atlantic Treaty was signed establishing the organization now known as NATO. The purpose of NATO was to tie Germany into a series of economic, political, and military relationships to help end Germany's threat to her neighbors. It was formed against the backdrop of emerging post-war tensions from the threat of Soviet expansionism and the concern over political and economic security throughout Europe. Now, with the dissolution of the Warsaw Pact, there is an opportunity to extend the stabilizing influence of NATO to include Eastern European nations.

For almost 50 years, NATO has been a vital tool, an implement which we used to ensure the security of both our nation and of our European allies. The 16 member states pledge to preserve each country's security through a combination of political solidarity and military force. As we proceed into the next era, we must be careful of diluting the military effectiveness and political cohesion of this very successful alliance.

The Senate has had only limited opportunity to fully consider the ramifications of NATO expansion and I do not believe that we have had adequate opportunity to debate the advisability and the ultimate cost of NATO Enlargement.

In general, I support the benefits of NATO expansion. However, I temper my support and I have serious reservations about NATO enlargement due primarily to the costs associated with this venture. Analysts indicate that the total cost of NATO expansion, spread out over 10 to 13 years, will fall somewhere between \$10 to \$125 billion, depending upon the underlying assumptions and the projected threat. I have even seen some estimates as high as \$150 billion. It is this wide disparity in enlargement costs that prevents me from lending my full and unqualified support for NATO enlargement.

Americans, especially the elected officials within this chamber must remain aware that NATO Enlargement is not risk-free, that it could increase the popularity of Russia's anti-western politicians, and that there are significant costs associated with bringing three new member-states into the alliance. We, the elected officials, have a responsibility to fully understand the costs of NATO expansion before we commit the Nation to such an immense, undoubtedly expensive and risky, undertaking.

As a member of the Appropriations Committee, I remain concerned about the true and total costs of expansion. I refer primarily to the financial costs, but we must remember that there are also political, military, and social costs associated with this enlargement.

The United States, our NATO allies, as well as the new member states will all bear the costs and responsibilities associated with further Enlargement. To coin a phrase from Secretary Albright "there is no free ride, new members will be expected to carry their fair share of the burden."

In the Administration's February 1997 "Report to Congress on the Enlargement of NATO," it was estimated that total costs for new members was \$27 to \$35 billion spread out over 12 years. The United States would be responsible for approximately \$2 billion of the total.

New NATO members will undoubtedly need to increase their defense spending in order to successfully integrate into NATO. For these new member countries, such expenditures on defense will place enormous pressure on already strained budgets and will divert money from other critical reforms. I further anticipate that America's costs for NATO expansion will be under additional pressure to grow knowing that some of our NATO allies have not yet fully committed themselves to sharing the financial burden.

I remain concerned that it will only be a matter of time before Congress will be asked to appropriate additional funds to support the new members. I fully anticipate that the United States will eventually be asked to shoulder a greater burden than is estimated in the Report to Congress.

As I just indicated, I remain concerned that the estimated costs for enlargement will prove to be inaccurate. While I support NATO Enlargement, I do not support NATO Enlargement at any and all costs.

I remain committed to ensuring the continued viability of NATO in our ever-changing world. Now, as always, a stable and secure Europe is in our Nation's best interest. We realize that NATO enlargement does not come free: security and stability will always carry a price. However, I do believe that a more accurate estimate of expansion costs is in order before this treaty will be ripe to come before this body for consideration for ratification.

STATEMENT OF HON. CONRAD BURNS

Chairman STEVENS. Senator Burns.

Senator BURNS. Mr. Chairman, thank you for holding these hearings. My statement will be very, very brief.

I have drawn the conclusion that as of this date, this Tuesday, the role of NATO is pretty much a role of stabilization in this great transition that is going on now in Europe. I am also concerned about the tightening amount of dollars that we have to spend, because it will affect our own ability to take care of our own people.

And I continue to be concerned about some of the statements coming from the foreign minister of Russia, the export of arms and military technology to nations hostile to the USA. And then a very parochial and political thing back home of who is the enemy.

So I look forward to your statements today and I thank the chairman for holding these hearings.

Chairman STEVENS. Senator Hutchison.

STATEMENT OF HON. KAY BAILEY HUTCHISON

Senator HUTCHISON. Thank you, Mr. Chairman.

I do thank both of you for taking the time to visit both with the Foreign Relations Committee and with our committee, because we do share in the responsibility here.

I do not know a Member of Congress that does not support NATO. I think many in Congress are asking the questions, is NATO expansion going to strengthen the alliance of NATO, or is it going to be the unraveling of this great security alliance. I would hope that as we debate this issue that all of us focus on how we can strengthen the NATO alliance and take the opportunity to discuss these issues in relation to expansion, so that we can keep the alliance strong for a long time to come.

I think that the questions that should be asked are: What is the mission of NATO going into the 21st century, and how does it differ from the reasons for the formation of NATO? That is not the issue that we will address today, but it is an important issue for strengthening the alliance.

The issue that this committee will address is the second major issue, and that, of course, is the cost of NATO and the sharing of the cost in NATO, trying to make sure that America bears its fair share and its responsibility for world peace and European peace, but not bearing a burden that our taxpayers would feel is not commensurate with our responsibility.

The cost estimates vary so much that I think and hope that this committee can get into some of the specifics at the proper time and when you are ready. To say that it is \$35 billion over 10 years, our share will be \$2 billion, and then to have many of our allies in NATO jump up and say, well, we are not going to increase our share certainly requires explanation.

The difference in the \$35 billion figure and the \$135 billion figure that is put forward by other entities I think cries out for a clarification of just what is going to be the responsibility of our country and NATO in expansion. What is the basis of these cost estimates? How can we differ between \$35 billion and \$125 billion? I think these are the questions that this committee is going to focus on,

and we want specifics. Of course, there is a difference in what we would prepare for and then the eventuality of actually having hostilities.

So I appreciate your time. I think we are taking a first step but it is a first step of many, and I hope that we will get down to specifics. What are the cost estimates? What are the bases of the cost estimates? And not only the cost estimates of NATO but I as a member of this committee want to know if we are also going to be responsible for any of the costs that the countries coming into NATO would be required to have and, therefore, we would be required to share in their purchasing or their buildups.

And finally, I would just say that what we do with the three countries that are before us today also has a bearing on the way this alliance proceeds to expand in the future, and I think we must be aware of the parameters that are set here and the precedent-setting value of that for the future.

So I thank you for being here, and I think this is a very good first step. Thank you, Mr. Chairman.

Chairman STEVENS. Senator Bumpers.

STATEMENT OF HON. DALE BUMPERS

Senator BUMPERS. Mr. Chairman, as Mo Udall used to say, everything that needs to be said has been said, but everybody has not said it. Let me add that I know what I think, and I really came to hear what Secretary Cohen and Secretary Albright think.

Having said that, let me say that I am probably going to support this treaty but with considerable misgivings. I would quote a member of the Duma, Sergey Baburin, when he said that expanding NATO would be a historic mistake. And I agree with an op ed piece in the Boston Globe I read last week which said, make no mistake about it, you can put the best face on this treaty, but the truth of the matter is, it is designed to hem Russia in. I think that could possibly carry a very heavy price for the United States in the future.

Mr. Baburin said that the Duma recently refused to ratify an agreement over arms in Belarus because it wants to keep its options open on reintroducing missiles into that country. He also said NATO expansion will give a strategic character to U.S. tactical nuclear weapons. That is why Russia has recently changed its military doctrine and elevated the role of both strategic and tactical nuclear weapons as the mainstay of its defense. He went on to say that NATO expansion could undermine Russian citizens' trust in their government.

I have always said that there might come a time for the expansion of NATO, but considering Russia's economic troubles and their obvious highly internal political disputes, I just think we are going to have a very difficult time ever getting the Russians to ratify the START treaties under NATO.

Secretary Albright, I see you shaking your head. I will be anxious to hear your rebuttal to that, because I think some sophisticated person of Zhiranovsky's charismatic qualities but with a doctor's degree could become more credible and be the next real threat we face from Russia.

So, as I say, I am probably going to vote for the treaty. But, I have not committed to vote for it. If I do, I will do it with considerable misgivings as to the future.

Thank you, Mr. Chairman.

Chairman STEVENS. Senator Harkin.

STATEMENT OF HON. TOM HARKIN

Senator HARKIN. Thank you, Mr. Chairman.

Again, I want to associate my remarks with the Senator from Texas, Senator Hutchison, who raises some really serious questions.

The controversy over the expansion of NATO is easy to understand. It is an important security arrangement. We all support NATO. But we are concerned about what may happen to NATO in the future. There are costs or benefits, but we do not know what the parameters of these are. I do not even know the genesis of the proposal to expand NATO. Where did this spring from? As I have tried to look back in time to find out where this idea really sprang from, it seems like it came out of a political campaign and then took on a life of its own.

Beyond, that I cannot seem to find the wellspring of this idea. Senator REID. What do you have against political campaigns?

Senator HARKIN. Well, political campaigns are fine.

Chairman STEVENS. Let's not start a debate now.

Senator HARKIN. But who is going to pay the cost? We have estimates up to \$35 billion over a 13-year period, the U.S. share \$1.5 to \$2 billion. The Congressional Budget Office [CBO] says it will cost \$61 to \$125 billion, with the U.S. share at \$5 to \$19 billion. Who is right?

How much will it cost, and, again, who is going to pay? The administration position is that the United States will pay no more than 15 percent of the cost. Our European allies seem to disagree. The British defense minister is quoted to have said, "The accession of new members will result in a proportionate reduction in the United Kingdom's share of NATO common budgets."

Well, if our allies expect to pay less for NATO, who is going to pay more? Us? I do not know if it has been mentioned yet, but the International Monetary Fund has raised serious concerns about the expansion and the costs to the new nations. The IMF has questions regarding the billions of dollars of loans that are conditioned on fiscal constraint in nations like Poland, Hungary and the Czech Republic.

Well, what is going to happen when they have to meet those loan payments under IMF conditions? Will that mean that we jump in and pay more of the expansion costs?

Also, I am wondering about the purpose of expansion. More and more I am hearing that the purpose of expanding NATO is for democracy, human rights, and market-based economies. Well, fine. We are all for that. But would that not be more in line with expanding the Organization for Security and Cooperation in Europe? And why would it not be receiving that kind of attention, if we want to expand and protect democracy, human rights, and market-based economies, rather than using the NATO organization?

Secretary Albright, I have heard you compare the NATO expansion to the Marshall plan. But I am aware or at least I am informed that there were no military aspects of the Marshall plan. It was economic. So if we are looking at this from an economic means, then why are we not using a different organization rather than using NATO?

My fear is that NATO expansion will not be a Marshall plan to bring stability and democracy to the newly freed European nations but, rather, a Marshall plan for defense contractors who are chomping at the bit to sell weapons and make profits. Billions of dollars in military upgrades are at stake in this agreement.

Last, what is going to happen about future countries? We already have a waiting list—Slovenia, Slovakia, Romania, Bulgaria, Estonia, Latvia, Lithuania, Macedonia, and Albania. You can just keep going on. What will the cost be to push it beyond the three countries that we are talking about?

So I have some very serious questions as to the cost and the benefits of NATO expansion, what the genesis of it is, and where it is leading and what is its purpose?

Now, having said that, I do not know whether I am going to vote for it or not, but I have a lot of serious questions and hope that these cost and benefit analyses will be done to the satisfaction of this Senator and, I hope, of the Appropriations Committee.

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

Chairman STEVENS. Thank you. Senator GORTON.

STATEMENT OF HON. SLADE GORTON

Senator GORTON. Mr. Chairman, the North Atlantic Treaty Organization has been the most successful such organization in human history because it prevented the very catastrophe that it was designed to prevent. And the investment of the United States and of our Western European allies in that organization has been, in my view, perhaps the best-spent money that this Nation has ever spent on its national security.

The organization was created to provide a degree of security to its members that did not exist and could not have existed without that organization. It provided that security, but it provided a great deal more. That security allowed for the economic growth and prosperity of Western Europeans and, not at all incidentally, our own. It resulted in ending historic enmities which had caused war after war on the European continent.

And so it provided both security and freedom and prosperity. And as a result, it created a tremendous attraction, a magnetism toward nations that longed for the same degree of security and freedom and prosperity, longed to be a part of it, and who had as the central focus of their foreign policies, once they became free, becoming a part of such a successful organization.

The case against expanding the North Atlantic Treaty Organization today is, I suspect, exactly identical to the case against creating it in the first place, that it would aggravate the Soviet Union or Russia. That turned out not to be the case then; it will turn out not to be the case today.

Costs are significant, but they are not the significant question, in my view, before the Senate. I believe that the North Atlantic

Treaty Organization should be open to all nations in Europe that seek the same goals that we seek, that wish to be secure themselves, that have shown a commitment to liberty and democracy and opportunity for their citizens. And my only regret, my sole regret in this case is that the list of potential NATO members this time around is limited to these three. The administration made a mistake. It seems to me it made a mistake in not being more open and more aggressive in that connection.

So I am comforted by the fact that it is our official policy that this is only the first step and that other countries, as they become qualified for NATO membership, will be offered it under the same circumstances. But I think the more promptly and the more enthusiastically that we ratify this treaty the better off we will be, the better off Western Europe will be, the better off the new three nations will be, and the greater our chances for long-term peace and prosperity.

Chairman STEVENS. Senator Craig.

STATEMENT OF HON. LARRY E. CRAIG

Senator CRAIG. Let me welcome, as all of you have, our two Secretaries to the committee today. I am here to listen. I am not a convert as to the proposal you bring. I think it has many ramifications not yet clearly understood by the Senate, and I am not prepared to vote for ratification at this time and I am not confident that I ever will be.

But thank you for coming.

Chairman STEVENS. Senator Bennett.

STATEMENT OF HON. ROBERT F. BENNETT

Senator BENNETT. Thank you, Mr. Chairman. I have just returned from a week in Europe. I went over with Senator Roth and Members of the House to the North Atlantic assembly, which was held in Romania. We went to Estonia and then to Germany, where I have had the full treatment from Helmut Kohl, as well as the defense minister and the foreign minister.

Clearly this was the main topic that was discussed in all of these countries. I went over there somewhat skeptical about NATO expansion. I have met with Senator Hutchison and with former Senator Sam Nunn, and I think they raise very legitimate, worthwhile issues that need to be examined.

At the same time, coming back from this experience in Europe, meeting with the people over there, I recognize that there are very valid reasons for us to consider this, and I welcome both the Secretaries here and appreciate their adding to my educational experience.

Chairman STEVENS. Senator Shelby.

STATEMENT OF HON. RICHARD C. SHELBY

Senator SHELBY. Mr. Chairman, I have a written statement that I would like to be made part of the record. With that I have just got a few brief remarks because we are all waiting on the Secretaries.

Everybody on the committee knows this would be a huge expansion of our security commitments. Although it looks on its face as worthy and it looks like an historic opportunity, I think ultimately the American people are going to want to know what it is going to cost us. Is it going to really benefit us? And how is it going to benefit us?

I am looking forward to both the Secretaries answering those questions here today. Thank you, Mr. Chairman.

[The statement follows:]

PREPARED STATEMENT OF SENATOR RICHARD C. SHELBY

I strongly believe that the United States should commit to a security guarantee with many of the nations of eastern and central Europe. Before we admit new nations into NATO, however, we must ascertain the political and economic ramifications of an expanded NATO, and in this respect, I believe the Administration has not come to terms with the political and budgetary consequences of its proposal. First, notwithstanding the Administration's claims, NATO expansion will constitute a new division of Europe. Second, it has yet to provide Congress with a realistic cost estimate of NATO expansion. In the end, I am concerned that thus far the case being made for NATO expansion is the latest manifestation of a twisted logic: When an institution's mission becomes obsolete, expand it and hope that it one day becomes relevant. I believe NATO can have an important role to play, but the Administration has an obligation to fully define that role and account for the costs associated with it. I look forward to hearing today's testimony and hope Secretaries Albright and Cohen will address my concerns.

ADDITIONAL SUBMITTED STATEMENTS

Chairman STEVENS. We have received several statements from other members and they will be included in the record at this point.

[The statements follow:]

PREPARED STATEMENT OF SENATOR THAD COCHRAN

Mr. Chairman, this series of hearings will help our Committee examine the costs and impacts of expanding the membership of the North Atlantic Treaty Organization to include Poland, the Czech Republic and Hungary. The proposed changes in the 1949 Washington Treaty will begin a new era in our policy in Eastern Europe if they are approved by the Senate.

It is my understanding that many of the cost estimates—both for the new members, as well as the United States—will not be available until December, when a NATO analysis is complete and subsequent U.S. estimates can be made. However, I believe that it is important that we begin now to carefully and thoughtfully examine the costs associated with expanding NATO.

With cost estimates varying depending upon assumptions, it is important that we have reliable information upon which to base our decisions. Under the terms of the balanced budget agreement, we all understand that the amount of funds available to finance defense operations as a whole will not increase in the near term. It is important that the Administration provide us with a detailed proposal of what currently-funded items will be reduced or eliminated to finance the U.S. commitment to NATO expansion, if ratified. I believe that members of the Senate are particularly concerned whether the costs to be paid by the United States will affect our readiness, or result in deferred development or maintenance of our defense infrastructure.

I look forward to the testimony of our distinguished panel of witnesses.

PREPARED STATEMENT OF SENATOR FRANK R. LAUTENBERG

I welcome Secretary Albright and Secretary Cohen to the Appropriations Committee this morning.

As the Senate considers whether or not it intends to give its advice and consent to the expansion of NATO, this type of exchange with the Administration is extremely helpful.

Many of the arguments in favor of NATO expansion are compelling and, on balance, I'm inclined to support expansion. However, I do have some concerns that I'd like the Administration to address.

First, I think it is imperative for the Administration to clarify the costs. The disparity in estimates between the Administration, the CBO, and the Rand Corporation has caused a tremendous amount of confusion about the true costs and who will pay for those costs. We need to know if this round of NATO expansion will cost \$27 billion, \$35 billion, \$60 billion or more.

We also need to know more clearly what the cost will be to the American taxpayer. Under the Administration's estimate, the American people will be asked to pay for no more than 16 percent of the direct costs of NATO expansion. The Administration assumes that existing allies and new member countries will pay the bulk of the costs.

Unfortunately, current NATO allies are complaining about paying a substantial portion of the costs. I know NATO is preparing a final cost estimate, and that estimates will be refined.

As that process moves forward, it's vital for the Administration to assure the American people that they will not be asked to pay an unfair share of the burden for expanding NATO. If expanding NATO is in America's interest, then it is also in Europe's interest. The Europeans must be willing to pay their fair share of the expansion costs.

I look forward to hearing from Secretary Albright and Secretary Cohen about these and other issues today.

Chairman STEVENS. Madam Secretary and Secretary Cohen, I want you to know that this is the most attendance we have had at this committee since we had our photograph taken. [Laughter.]

I am delighted that you have attracted my friends here. You see the frustration of being an appropriator. They all, including myself, have very little occasion to speak before cameras on matters of current concern.

I do want to make one other announcement I did not make, and that was that after the first of the year we do intend to have hearings for those in academia and private life who will express points of view on costs. We will not go into Senator Helms' area, but we want to continue and have public hearings on the costs of this matter that is before us.

But let me thank you for your patience and your consideration in being here. Bill, with due courtesy, we will call on Secretary Albright first.

STATEMENT OF HON. MADELEINE ALBRIGHT

Secretary ALBRIGHT. Thank you, Mr. Chairman and Secretary Cohen.

Mr. Chairman and members of the committee, I have listened with great interest to your opening statements, and I would agree that we are launched on one of the great debates of our time and that we welcome such a debate. I thank you very much for being a part of it.

When I testified before the Foreign Relations Committee, an article was written about the fact that this is what hearings ought to be like; it is where difficult questions are posed and answers are provided, and all views are made known. I think that from listening to all of us, I think we are going the same direction here, and I am very grateful for it.

Secretary Cohen and I are very pleased to come before you today to urge your support for the admission of the Czech Republic, Hungary, and Poland to NATO. This initiative is the culmination of years of hard work by the United States, by NATO, and by the new

democracies that wish to join our alliance. All 16 NATO leaders have approved it, and many Members of Congress have urged it.

Now the fate of NATO enlargement is in your hands, and I welcome this because I know the commitment NATO enlargement entails will only be meaningful if the American people and their representatives understand and accept it. I am very glad that this process has begun as early as it has, and I know that before you decide we have to continue to address many of your questions.

As appropriators, you will be highly focused, and rightly so, on the issue of costs, and as appropriators I know you believe that the cost of any public initiative must be justified by its benefits. I want to explain today how America will benefit from the investment we ask you to make and why I believe the costs will be reasonable and equitably shared.

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 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.

Now you may say that no part of Europe faces any immediate threat of armed attack today. That is true, for the first time in history, and the purpose of NATO enlargement is to keep it that way.

It is also fair to ask if our interest in preventing war in central Europe is vital enough to justify a security commitment. Some imply it is not. But let us not deceive ourselves. The United States is a European power. We have an interest in the fate of the 200 million people who live in the nations between the Baltic and the Black Seas.

We waged the cold war in part because these nations were held captive. We fought World War II in part because they had been invaded. If there were a major threat to the security of their region, I am certain we would choose to act, enlargement or no enlargement. Expanding NATO now is simply the surest way to prevent that kind of threat.

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 committed to NATO and to its principles of shared responsibility. Their forces have already risked their lives alongside ours from the gulf war to Bosnia. Now they are asking to assume the obligations of mature democratic statehood and to start taking responsibility for the freedom and security of others. That is an offer we should not refuse.

For whatever challenges the future may bring and wherever we may face them, 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.

Mr. Chairman and members of the committee, 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 answer to civilians. They have signed 10 major accords that, taken together, resolve virtually every potential ethnic and border dispute in the region.

I know that some of you have been concerned that a larger NATO might involve us in border and ethnic conflicts such as the one in Bosnia. On the contrary, the decision to expand the alliance has encouraged the resolution of exactly the kind of disputes that might have led to future Bosnias.

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, and 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 for Europe's west after World War II. This is another reminder that the contingencies we do not want our troops to face are far more easily avoided with NATO enlargement than without it. In short, Mr. Chairman, a larger NATO will make America safer, NATO stronger, and Europe more peaceful and united. That is what we gain.

But we must also think about what would happen if we were to turn the new applicants away. That would mean freezing NATO at its cold war membership and preserving the old Iron Curtain at 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? That is the one point that Senator Mikulski predicted I would make. Were we to do that, confidence would crumble in central Europe, leading to a search for security by other means, including arms buildups and competitions among neighbors. This would be the price, the very high price, of not enlarging NATO.

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 the Senate awaiting your affirmation.

Mr. Chairman, I know I do not need to tell you that our security has never come without a price. So let me address the very real costs that this initiative will entail. Last February, the administration made a preliminary estimate of the total costs of a larger NATO. Since then we have settled on three candidates and we are gaining a clearer understanding of the capabilities they bring. NATO is now assessing the resource implications of enlargement for its common-funded budgets. That assessment will be submitted to us for approval in December.

NATO is also engaged in an intensive effort to determine the level of forces our current and future allies will need to put at the disposal of the alliance. NATO will not place a price tag on these military improvements, but it will define what is required.

I can assure you that we will continue to approach this process with several basic principles in mind. The first and most important principle is that the amount we and our allies pay for a larger NATO must be a function of concrete military requirements. Our

discussion in these hearings and our consultations with our allies should focus on defining the level of military capability we want our old and new allies to have in this changed security environment, and then making sure that they commit to that level.

This may seem counterintuitive, Mr. Chairman, but even as we work to ensure this initiative does not cost too much, we also need to be careful that it does not end up costing too little. In fact, it now appears, as we examine the assets and infrastructure of our new allies, that our new allies bring to NATO, that the commonly funded cost of integrating their armed forces will turn out to be lower than we estimated in February.

Either way, the deciding factor will be bang, not buck. If we can integrate these nations into the alliance, maintain NATO's capabilities, and acquire the new ones we need at a lower cost, that will be good news. But we must also be wary of false economies and spend no less than we need to keep NATO strong.

A second principle is that the costs within NATO's common-funded budget must be equitably shared. The United States pays about 25 percent of these costs, and that will not change.

A third principle is that each ally, old and new, must do its share at home to meet its military obligations to NATO. NATO is a collective defense alliance. We need to know that at moments of crisis each member will be able to deliver on its commitment to help defend new allies. The President, Secretary Cohen, and I have been making these points loud and clear to our current and future allies, and our message has been received. I am confident today that the costs of a larger alliance will be real but affordable and that NATO will emerge from this process with its military capabilities as strong as ever.

Let me explain why. First of all, I know that many of you are worried that our new allies may not be able to pull their weight in NATO. As we all know, just 10 years ago they were members of the Warsaw Pact. Their militaries are not as advanced as those of most of the NATO allies. I know that you, Mr. Chairman, have expressed concern that we will have to fund a massive program of assistance to help these countries meet their new obligations.

I can assure that this will not be necessary. These countries do not face the kind of threat our allies faced in the 1950's. They have time to achieve a mature military capability. What is more, these are not ruined nations recovering from the devastation of a hot war. If you go to Budapest, Prague, and Warsaw, which I know many of you have, you will see some of the most vibrant economies in Europe. These economies have grown by an annual average of 4 percent in the last 3 years. Each of these nations is a member of the OECD, which admits only the most advanced industrial economies. Each has graduated or is about to graduate from our SEED aid program.

In fact, Poland now funds its own military assistance program to support its neighbors, Ukraine and Lithuania. All three of these nations have paid their own way to send troops to Bosnia and other trouble spots in Africa, Latin America, and Asia, and we have seen clear signs that all three have the political will to meet the responsibilities of NATO membership. Poland already has the most advanced armed forces in the region. Its government has unveiled a

15-year defense plan which includes substantial resources for further modernization.

The Czech Government has pledged to increase defense spending by 0.1 percent of GDP a year for the next 3 years. It has unveiled a new budget that fulfills that commitment, despite this summer's costly flooding disaster. As a result, Czech defense spending will rise by 17 percent next year, the equivalent of a 1-year \$40 billion increase in America's defense budget. The Czechs still have much work to do, but they are determined to get it done.

Hungary has also committed itself to increased defense spending by 0.1 percent of GDP a year over the next 5 years, and while Hungary may not yet be in NATO, NATO is already in Hungary. More than 100,000 American troops have passed through NATO bases in that country on their way in or out of Bosnia. Without hesitation, Hungary has fulfilled its responsibilities as the supply lifeline for the largest and most complex deployment in NATO's history.

Some people have argued that these new democracies should not be asked to bear additional military burdens at a time when they are still undergoing difficult economic transformations. But these nations will be modernizing their armed forces in any case, and they understand that in the long run it will be cheaper to do so within NATO than outside it.

Ultimately, only the people of these countries can decide what is best for their future. Today, in all three, solid public majorities and every mainstream party support membership in NATO. They are telling us they see no contradiction between security and prosperity, and we should not substitute our judgment for theirs.

Mr. Chairman and members, I know that many of you are equally concerned about the willingness of our old allies to meet their new commitments. Many of our Western European allies are facing economic difficulties of their own, and many are reducing public spending so they can participate in a single European currency. But when the 16 allied leaders gathered in Madrid in July, they made a commitment. They stated clearly that a larger NATO would carry costs, that those costs would be manageable, and that they would be met.

I am confident that our allies will pay their fair share of the commonly funded costs of enlargement because we are going to determine those costs together. As for their national defense spending, that is something we cannot control. But I believe that over time they can and will take necessary steps.

NATO's history gives us ample reason to believe that when we set a long-term goal together, we meet it together. Our European allies' commitment to the cause of a larger, stronger NATO is as deep as ours, and that is no surprise. They need this alliance. They provide the majority of its ground troops. And over the course of history they have provided the battlefield. They have the greatest possible stake in seeing our initiative succeed.

Mr. Chairman, those are my reasons for confidence, and I base my assessment on experience and on my best judgment of what the immediate future may bring. But, you know, there is one piece of equipment that I do not have at the State Department, although I do hope that one day the Appropriations Committee will fund it, and that is a crystal ball.

None of us can now know precisely what challenges we will be facing in Europe 10, 20, or 50 years down the road. As you know, President Clinton has pledged that the process of enlargement will continue after 1999. A new round of enlargement will carry cost implications that we cannot predict today. But the Senate would still have to ratify the admission of any additional members and approve any new costs.

I understand that for Congress our experience in Bosnia, as you have stated, introduces another element of uncertainty, and I acknowledge that our mission in that country has cost more than the administration originally estimated. But I honestly believe that the circumstances of NATO enlargement are different. It is intrinsically difficult to predict the cost of an overseas military deployment. The costs of NATO enlargement, on the other hand, are more straightforward. They are budgeted in advance and we have a veto.

We do not run our alliance on supplemental appropriations. I know history offers other reasons to doubt our ability to predict our future costs, and you have reminded us, Mr. Chairman, that when NATO was created Secretary of State Acheson was asked by Senator Hickenlooper of Iowa if it would require the stationing of American troops in Europe. And, as you said, he replied that it would not. Today you understandably fear that history will repeat itself.

I agree that this story is instructive. It helps us remember that when we decided to keep our troops in Europe in the 1950's it was not just to meet a formal obligation. We did so because there were new signs of Communist expansion in the world, because we were concerned about the survival of democracy in Europe, and because it was in our national interest to meet that threat.

I do not believe we will face such a threat in Europe in the foreseeable future. If I am proven wrong and we are called upon to defend our new allies, then the costs of a larger NATO would obviously grow. But then, if such a dire threat were to arise, the cost of our entire defense budget would grow, whether we enlarge NATO or not.

If I am wrong about our allies' willingness to pay their share of the costs, that too is a problem we would face with or without enlargement. For if our interest in the fate of Europe's newly free nations were to be put at risk, we would not stand idly by, whether we had a formal treaty commitment to defend Poland, Hungary, and the Czech Republic or not.

The effect of NATO enlargement is to state plainly in advance what we would do, in any case wish to do, if the security of central Europe were threatened. In this way, it is more likely that we will be able to deter such a threat from ever arising.

That is why I am more comfortable facing an uncertain future with a larger, stronger NATO than I would be were NATO to stand still. I believe that President Vaclav Havel so crisply put it when he came to Washington earlier this month, that "even the most costly preventive security is cheaper than the cheapest war."

Here is the strongest, most successful, most dependable alliance we have ever had. Here are three democracies that wish to share the responsibilities of that alliance. Here are three nations that

will help us bear the cost of defending freedom in Europe and beyond because they know the cost of losing freedom.

In the conduct of foreign policy, we are often preoccupied with crisis. We spend much of our time managing disagreements with nations that do not see the world exactly as we do. In a world where attention to what is wrong often drowns attention to what is right, we must take care not to forget our friends. We must not take for granted those upon whom we can rely.

Mr. Chairman, the first commandment of foreign policy is much the same as the first commandment of politics—secure your base. Indeed, across the whole scope of human activity from the life of the family and the neighborhood to the politics of our Nation and the world, when we want to get something done, we start by banding together with those who are closest to us in values and outlook.

That is why we cultivate our partnership with Europe and that is why we seek to extend that partnership to those newly free nations that have always been our allies in spirit, if not, in fact, and we do so not just to advance our interests across the Atlantic but because we need dependable democratic allies to advance our interests in every part of the world.

Mr. Chairman and members, some questions were raised about Russia, and I do not want to take too much time on this now so that Secretary Cohen can speak, but let me just say that the reason that we are doing what is going on here is that the status quo was breached by an earthquake. And that was the end of the Soviet Union.

Clearly it is that change that has required this to go forward. There is no way to preserve NATO as it is currently configured because the world is different because of the breakup of the Soviet Union.

We have taken into consideration the fact that it is important to help Russia now and the other states of the former Soviet Republics of the former Soviet Union to move toward democratic forms of government, and, Senator McConnell, the funding for the New Independent States was decided long before the Helsinki summit and it is in our interest because it is a way to try to anchor the democratic movement.

Second, we have established, as you all know and we can talk about it in much more detail, this Permanent Joint Council, where Russia has a voice and not a veto. And while the Russians will continue to say they do not like NATO enlargement, the record is showing that they are adjusting to this and that it has in no way changed our relationships with them as we manage to develop a new relationship with them.

PREPARED STATEMENT

I do believe that START will be ratified in the Duma and the chemical weapons convention is also on the way to being ratified there. But I do not want to take more time on that.

Chairman STEVENS. Thank you very much.

[The statement follows:]

PREPARED STATEMENT OF MADELEINE ALBRIGHT

Mr. Chairman, members of the Committee, I am very pleased to come before you today, together with Secretary Cohen, to urge your support for the admission of the Czech Republic, Hungary and Poland to NATO.

This initiative is the culmination of years of hard work—by the United States, by NATO, and by the new democracies that wish to join our Alliance. All 16 NATO leaders have approved it. Many members of Congress have urged it.

Now the process of advice and consent has begun, and the fate of NATO enlargement is in your hands. Our friends in Europe and around the world are watching you. For they know that the United States is unique in the power our constitutional system grants to the Senate over foreign policy, especially over treaties.

I welcome this, because I know that the commitment NATO enlargement entails will only be meaningful if the American people and their representatives understand and accept it.

That is why I am glad, Mr. Chairman, that you have begun these hearings at such an early stage in the process, and why I am happy that you will be joined in your examination by the Foreign Relations, Budget, and Armed Services Committees, by the NATO Observers' Group, and by the House of Representatives.

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. I also know that before you decide, the Administration must continue to address many questions.

As appropriators, you will be highly focused, and rightly so, on the issue of costs. And as appropriators, I know you believe that the cost of any public initiative must be justified by its benefits. I want to explain today how America will benefit from the investment we ask you to make, and why I believe the costs will be reasonable and equitably shared.

Let me begin by asking you to recall the situation America faced in the world during the first year of this decade. The Cold War had ended. Our nation would no longer face a single, overriding threat concentrated along a well defined frontier in Europe. Many people wondered—and I know this is one of your concerns, Mr. Chairman—whether we needed to continue paying such close attention to Europe and NATO in the face of new challenges and opportunities in Asia.

But we did not lose sight of our interests across the Atlantic. Two world wars in this century already taught us that when Europe and America stand apart, we always pay a terrible price. What is more, we recognized that the triumph of freedom in Europe did not mean we could take its security for granted.

Before long, we saw Russia, with our help, build the foundations of a modern market democracy; but we knew and still know that its success is not assured. We saw war and genocide spread across the former Yugoslavia; only our leadership of a NATO coalition put an end to that horror. On Europe's horizon, we saw rogue states develop dangerous weapons that might have our allies within their range and in their sights. We knew enough from history and human experience to know that a grave threat, if allowed to arise, would arise.

In that first year of the post-Cold War era, another event proved the importance of our transatlantic partnership. American troops were sent to the Gulf to lead a coalition against a tyrant's aggression. And with us stood soldiers, sailors and aviators from virtually all our NATO allies—joined, I might add, by men and women from some of the brand new democracies of central Europe. We were reminded then that when we are faced with new challenges, it helps to have old friends at our side.

If a serious challenge were to develop in Asia or elsewhere, Mr. Chairman, the last thing we would need is instability in Europe—and the first thing we would want is for our European allies and partners to stand with us. Indeed, whatever challenges the future may bring, 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. It is that conviction we ask you to embrace today.

We recognize that 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. Any major extension of American commitments must advance our fundamental national interests. Let me explain specifically 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 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.

Now you may say that no part of Europe faces any immediate threat of armed attack today. That is true, for the first time in all of European history—in part be-

cause the existence of NATO has helped deter such a threat. And the purpose of NATO enlargement is to keep it that way.

It is also fair to ask if our interest in preventing war in central Europe is vital enough to justify a security commitment. Some imply it is not. But let us not deceive ourselves.

The United States is a European power. If we have an interest in the lands west of the Oder River, then we surely 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 they had been invaded. We know that half a continent cannot be secure if the other half is in turmoil.

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 their region, if we were to wake up one morning to the sight of cities being shelled and borders being overrun, I am certain 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 fully accept its principles of shared responsibility. Experience has taught them to believe in a strong American leadership role in Europe. Their forces have already risked their lives alongside ours from the Gulf War to Bosnia. Recently, Czech soldiers joined our British allies in securing a police station from heavily armed Bosnian Serb extremists.

When the President went to the Madrid summit in July, he insisted that NATO invite only the strongest candidates to join now. We settled on three nations that will make a tangible military contribution to the Alliance, three nations that have been our dependable partners ever since they won their freedom—from the fight against nuclear proliferation, to our effort to reform the U.N., to our support for human rights—three nations that will be good allies.

Poland, Hungary and the Czech Republic do not look at NATO as a one way street of reassurance. They are asking to assume the obligations of mature democratic statehood and to start taking responsibility for the freedom and security of others. That is an offer we should not refuse.

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 answer to civilians, not the other way around. They have signed 10 major accords that taken together resolve virtually every potential ethnic and border dispute in the region.

I know that some of you have been concerned that a larger NATO might involve us in border and ethnic conflicts such as the one in Bosnia. On the contrary. The decision to expand the Alliance has encouraged the resolution of 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 potential problem 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 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. And if such contingencies were to arise, let me remind you that NATO operates by consensus, and that the NATO treaty preserves a role for our judgment and constitutional process in deciding how to respond.

In short, Mr. Chairman, 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 as well. Indeed, there is no contradiction here between realism and idealism, between pragmatism and principle, between security and justice.

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 should also think about what would happen if we were to turn new applicants 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 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 arms build-ups and competition among neighbors. This would be the price—the very high price—of not enlarging NATO.

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 the Senate, awaiting your affirmation.

Mr. Chairman, I know I do not need to tell you that our security has never come without a price. So let me address the very real costs that this initiative will entail.

Last February, at the behest of Congress and before we had decided which nations to invite to membership, the Administration made a preliminary estimate of the total costs of a larger NATO. We projected how much our new allies would need to spend to adapt and modernize their militaries, the investments our old allies would need to make to extend security commitments eastward, as well as the direct costs related to enlargement, including those that would be covered by NATO's three common funded budgets.

Since then, we have settled on three candidates and we are gaining a much clearer understanding of the capabilities they will bring to the Alliance. NATO staff are now assessing the resource implications of enlargement for NATO's common funded budgets—civil, military, and infrastructure. That assessment will be submitted to us and the other NATO ministers for approval at the December ministerial meeting of the North Atlantic Council.

This process is important because the conclusions it reaches about the commonly funded cost of enlargement will represent more than just another estimate. They will represent a commitment.

NATO is also engaged in an intensive effort to determine the level of forces our current and future allies will need to put at the disposal of the Alliance to meet their new commitments. The NATO cost study will not place a price tag on these military improvements, which are national responsibilities. But the requirements it defines will be part of NATO's next round of force planning, which will begin next spring.

I can assure you that we will continue to approach this process with several basic principles in mind.

The first and most important principle is that the amount we and our allies pay for a larger NATO must be a function of concrete military requirements. Our discussion in these hearings, and our consultations with our allies, should focus on defining the level of military capability we want our old and new allies to have in this changed security environment, and then making sure that they commit to that level.

This may seem counterintuitive, Mr. Chairman, but it now appears, as we examine the assets and infrastructure our new allies bring to NATO, that the commonly funded cost of integrating their armed forces will turn out to be lower than we estimated in February.

Either way, the deciding factor will be bang not buck. If we can integrate these nations into the Alliance, maintain NATO's capabilities and acquire the new ones we need at a lower cost than we expected, that will be good news. But we must also be wary of false economies and spend no less than we need to keep NATO strong. We will not shortchange NATO's effectiveness or its necessary investments in military readiness.

A second principle is that costs within NATO's common funded budget must be equitably shared. The United States pays about 25 percent of these costs. That will not change. Our allies pay roughly three-quarters of NATO's costs today. And that will still be the case in a larger alliance, as old and new allies will pay 75 percent of the common funded costs.

A third principle is that each ally, old and new, must do its share at home to meet its military obligations to NATO and to preserve the credibility of NATO's security

guarantees. NATO's members contribute in many different ways, from the United States, with our unequaled military arsenal, to Iceland, which provides bases, but no army. Still, NATO is a collective defense alliance. We need to know that at moments of crisis, each member will be able to deliver on its commitment to help defend new allies.

Mr. Chairman, the President, Secretary Cohen and I have been making these points loud and clear to our current and future allies. Our message has been received. As a result, I am confident that the costs of a larger alliance will be real, but affordable, and that NATO will emerge from this process with its military capabilities as strong and credible as ever.

Let me explain why I feel so confident, with respect to our new and old allies alike.

First of all, I know many of you are worried that Poland, Hungary and the Czech Republic may not be able to pull their weight in NATO. As we all know, just 10 years ago they were members of the Warsaw Pact. Their militaries are not as advanced as those of most NATO allies.

I know that you, Mr. Chairman, have expressed concern that we will have to fund a massive program of assistance to help these countries meet their new obligations, just as we used the Marshall Plan and military assistance to help our original NATO allies half a century ago.

I can assure you this will not be necessary. These countries do not face the kind of threat our allies faced in the 1950's. They have time to achieve a mature military capability. After taking a hard look at what they already bring to the table, we have no doubt they are on their way to meeting that goal.

What is more, these are not ruined nations recovering from the devastation of a hot war. If you go to Budapest, Prague and Warsaw you will see some of the most vibrant economies in Europe. These economies have grown by an annual average of 4 percent in the last 3 years, and that trend is likely to continue for some time. Each of these nations is a member of the OECD, which admits only the most advanced industrial economies. Each has graduated, or is about to graduate from our SEED aid program, because they just don't need that kind of help any more.

In fact, Poland now funds its own military assistance program to support its neighbors, Ukraine and Lithuania. It has expanded its global responsibilities by joining KEDO, which funds the dismantlement of North Korea's nuclear weapons program. All three of these nations have paid their own way to send troops to Bosnia and to other trouble spots in Africa, Latin America, and Asia.

All three have pledged to increase the percentage of GDP they spend on their armed forces. And we have seen clear signs that all three have the political will to carry out that commitment.

Poland already has the most advanced armed forces in the region. The Polish government recently unveiled a 15 year defense plan, which includes substantial resources for further modernization. There was no controversy whatsoever on this issue during Poland's recent election campaign.

The Czech government has pledged to increase defense spending by 0.1 percent of GDP a year for the next three years. It recently unveiled a new budget that completely fulfills that commitment, and it did so after this summer's costly flooding disaster. As a result, Czech defense spending will rise by 17 percent next year—about the equivalent of a one-year \$40 billion increase in America's defense budget. The Czech Republic still has much work to do, but it is clearly committed to getting the job done.

Hungary has also committed to increase defense spending by 0.1 percent of GDP a year over the next five years. And while Hungary may not yet be in NATO, NATO is already in Hungary. More than 100,000 American troops have passed through NATO bases in that country on their way in or out of Bosnia. The Hungarian parliament approved NATO's request to use Hungarian territory within 72 hours of being asked. Without hesitation, Hungary has fulfilled its responsibilities as the supply lifeline for the largest and most complex deployment in NATO's history.

Some people have argued that these new democracies should not be asked to bear additional military burdens at a time when they are still undergoing difficult economic transformations. But these nations plan to spend roughly 2 percent of GDP on defense, a figure in line with the defense burden shouldered by many NATO countries, and one that their dynamic economies can readily sustain without neglecting other priorities. They will be modernizing their armed forces in any case, and they understand that in the long run, it will be cheaper to do so within NATO than outside it. NATO's prospective members know they will not have to fend for themselves if peace is threatened in their region. This gives them a reason to avoid mortgaging their future on the arms market. In fact, it has already given them the confidence to support new limits on conventional arms in central Europe.

Ultimately, only the people of these countries can decide what is best for their future. Today, in all three, solid public majorities and every mainstream party support membership in NATO. They are telling us they see no contradiction between security and prosperity, and we should not substitute our judgment for theirs.

Mr. Chairman and members, I know that many of you are equally concerned, if not more so, about the willingness of our old allies to meet their commitments to a larger NATO. Many of our western European allies are facing economic difficulties of their own. Many are reducing public spending so they can participate in a single European currency.

Fiscal constraints are well known to this committee. But when the 16 allied leaders gathered in Madrid in July, they made a commitment. They stated clearly in their final communiqué that a larger NATO would carry costs, that those costs would be manageable, and that they would be met.

I am confident that our allies will pay their fair share of the commonly funded costs of enlargement because we are going to determine those costs together. NATO's history gives us ample reason to believe that once we set a long term goal together, we will meet it together.

As for our allies' national defense spending, that is something that we obviously cannot control. But they understand the need to ensure that their armed forces can meet the new commitments NATO is taking on. What is more, some of the costs we expect our allies to incur would need to be faced even if NATO were not growing, since they would in any case have to adapt their power projection capabilities to meet new challenges. Enlargement simply underscores the issue. So I believe that over time they can and will take the necessary steps.

I am confident that our allies are not going to be free riders on American leadership in central and eastern Europe because, frankly, up to this point they have not been. The western European countries have committed over \$80 billion to support the central European democracies through the end of the decade. The European Union has invited five central European countries, including two that are not being considered for NATO membership, to begin the process of joining its ranks. America's efforts on behalf of democracy and peace in the world are unparalleled, but in this region our European allies are making substantial contributions.

Our European allies' commitment to the cause of a larger, stronger NATO is as deep as ours, and that is no surprise. They need this alliance. They provide the majority of its ground troops. Over the course of history, they have provided the battlefield. They have the greatest possible stake in seeing our initiative succeed.

Mr. Chairman, those are my reasons for confidence. I base my assessment on my experience as Secretary of State in dealing with our current and future allies in Europe, as well as on the experience of a lifetime before that. I base it on my best judgment of what the immediate future may bring. But you know, there is one piece of equipment that I do not have at the State Department, although I hope one day the Appropriations Committee will fund it: and that is a crystal ball. None of us can know precisely what challenges we will be facing in Europe 10 or 20 or 50 years down the road.

As you know, President Clinton has pledged that the process of enlargement will continue after 1999. A new round of enlargement will carry cost implications that we cannot predict today. I can assure you, however, that the Senate would still have to ratify the admission of any additional members. Any new costs would have to be approved by the entire Congress.

I understand that for the Congress, our experience in Bosnia introduces another element of uncertainty. I acknowledge that our mission in that country has cost more than the Administration originally estimated. But I honestly believe that the circumstances of NATO enlargement are different.

It is intrinsically difficult to predict the cost of an overseas military deployment in a potentially hostile setting. It is virtually impossible to plan for every contingency, and once our troops are on the ground, we have a moral obligation to give them the support they need, even if it exceeds our original expectations. The costs of NATO enlargement, on the other hand, are more straightforward; they are budgeted in advance and we have a veto. We do not run our alliance on supplemental appropriations.

I know history offers other reasons to doubt our ability to predict future costs. You have reminded us, Mr. Chairman, that when NATO was created, Secretary of State Acheson was asked by Senator Hickenlooper of Iowa if it would require the permanent stationing of American troops in Europe. He replied it would not. Today, you understandably fear that history will repeat itself.

If you were to ask me today whether our continuing commitment to NATO requires the continued stationing of U.S. troops in Europe, my answer would be yes. We made that decision decades ago and reaffirmed it after the Cold War. If you

were to ask me if our commitment to a larger NATO will require expanding our military presence across the Atlantic, my answer would be that in the current and foreseeable security environment in Europe, we simply see no need, and nor do our future allies.

But I agree that this story is instructive. It helps us remember that when we decided to keep our troops in Europe in the 1950's, it was not just to meet a formal obligation. We did so because there were new signs of communist expansion in the world, because we were concerned about the survival of democracy in Europe, and because it was in our national interest to meet that threat.

I do not believe we will face such a threat in Europe in the foreseeable future. If I am proven wrong, and we are called upon to send troops to defend our new allies, the cost of defending a larger NATO would obviously grow. But then, if such a dire threat were to arise, the cost of our entire defense budget would grow, whether we enlarge NATO or not. If I am wrong about our allies' willingness to pay their share of the costs, that too is a problem we would face with or without enlargement. For if our interest in the fate of Europe's newly free nations were put at risk, we would not stand idly by, whether we had a formal treaty commitment to defend Poland, Hungary and the Czech Republic or not.

The effect of NATO enlargement is to state plainly in advance what we would in any case wish to do if the security of central Europe were threatened. In this way, it is more likely that we will be able to deter such a threat from ever arising.

That is why I am more comfortable facing an uncertain future with a larger, stronger NATO than I would be were NATO to stand still. I believe, as President Vaclav Havel so crisply put it when he came to Washington earlier this month, that "even the most costly preventive security is cheaper than the cheapest war."

So as you consider the cost issue, Mr. Chairman, I ask you to consider that there is an even more fundamental issue at stake. It is the value of military alliances to America's security and the importance of our partnership with Europe.

Here is the strongest, most successful, most dependable alliance America has ever had. Here are three democracies that wish to share the responsibilities of that alliance. Here are three nations that I believe will help us bear the cost of defending freedom, in Europe and beyond, because they know the cost of losing freedom.

In the conduct of foreign policy, we are often preoccupied with crisis. We spend much of our time managing disagreements with nations that do not see the world exactly as we do. In a world where attention to what is wrong often drowns out attention to what is right, we must take care not to forget our friends. We must not take for granted those upon whom we can rely.

Mr. Chairman, the first commandment of foreign policy is much the same as the first commandment of politics: Secure your base. Indeed, across the whole scope of human activity, from the life of the family and the neighborhood, to the politics of our nation and the world, when we want to get something done, we start by banding together with those who are closest to us in values and outlook.

That is why we cultivate our partnership with Europe. That is why we seek to extend that partnership to those newly free nations that have always been our allies in spirit, if not in fact. We do so not just to advance our interests across the Atlantic, but because we need dependable democratic allies to advance our interests in every part of the world.

STATEMENT OF HON. WILLIAM S. COHEN

Chairman STEVENS. Secretary Cohen, we welcome you back to your former place of employment. I am sure that you have different duties now, and we look forward to your advice.

Secretary COHEN. Thank you very much, Mr. Chairman. I never had the pleasure of appearing before such a large distinguished group of Senators on the Appropriations Committee in my years of service in the Senate.

THE NEW EUROPE

Secretary Albright has said everything, Senator Bumpers, and I will resist the temptation to repeat much of what she has said, other than talking about, perhaps, the crystal ball. I would submit that those who founded NATO did not possess any greater clairvoyance or clarity in their day than we do today. What they were con-

vinced of, however, and they were possessed of was a certitude of the necessity of American leadership, the rightness of our values, and the benefits to our people, who are going to benefit in the future from the enlargement of this community of shared values throughout Europe.

So I think that whatever doubts exist must have existed back then as well. Whatever threats existed, as Senator Gorton has pointed out, exist today as well.

I would just make two or three key points supporting what Secretary Albright has said. If it were a question of weakening NATO, then the obvious answer would be, reject it. We are convinced that by enlarging NATO that we are going to strengthen NATO. We are going to strengthen those nations who share our common values. They are the nations who have to climb a very steep set of stairs. I have likened this climb to NATO membership as walking through a door, but it is a door at the very top of a steep set of stairs which they have to climb.

They have to reform their economies. They have to insist upon civilian control of their military. They have to adopt open market economies. They have to promote human and civil rights. They have to basically adopt the same values that we have, and, in addition to that, measure up to the article V obligation they would be required to carry out in providing for collective defense.

So it is a very steep set of stairs they have to climb. We think that those nations who have been recommended for accession are willing and are in the process of climbing those stairs.

Will it contribute to new divisions in Europe? To the contrary, as Secretary Albright has indicated, what we are seeing is the erasing of the lines of division. As she pointed out, just by virtue of these countries joining in this family of NATO nations, we have seen Poland agreeing to resolve difficulties with their neighbors, with Ukraine, with Hungary agreeing with Romania, Italy, and Slovenia, Germany, and the Czech Republic. They have resolved many of their border disputes, their ethnic differences and rivalries because they were eager to join in this family of nations.

Senator Bumpers, you raise an interesting point about quoting from an Ambassador from Russia saying this is a historic mistake. I recall that President Gorbachev made a similar statement when he said a united Germany cannot be a part of NATO. He said this would be very destructive, very threatening, and we assured him that a united Germany could be, in fact, incorporated and configured in such a way that it would not present any kind of an offensive threat. And now we have a united Germany that is a very solid member of NATO.

Will it appeal to Russian extremism? The quote from the Globe that this is really designed to contain Russia—I would use the opposite argument. What it is really designed to do is to allow those who have escaped the prison of the Soviet Union to remain free and not be pulled back into that dark prison where they suffered for so many years. So it is not designed against any country, not against Russia, but to allow those who have escaped from imprisonment over the years to enjoy their freedom and to enjoy a sense of security.

I had occasion to travel twice this year—I know Senator Hutchison has been at least four or five times—but twice this year to Bosnia. And on the first occasion I witnessed a ceremony that was headed by our former SACEUR, and we were giving a medal to General Shetsov. George Joulwan was presenting a medal to him at that time because he was leading his Russian soldiers in a mission side by side with American soldiers. And it was one of the most emotional moments that I can recall seeing, where Russians were proud to be serving side by side with American soldiers.

Just recently, some 2 weeks ago, I had a meeting with General Krivolapov. He gave a toast at the end of our meeting and he said, “one team, one mission.” That to me does not sound like it is appealing to Russian extremism but rather building bridges with key members of the Russian military to say that we are going to function as a team in the future.

ENLARGEMENT COSTS

I will address the issue of cost, because that really is what many of you, if not all, are concerned about. What are the costs of enlargement? Earlier this year I submitted a report to the Congress that laid out three categories of costs. In addition, there are three different reports. We have our DOD study. There is also an assessment that was prepared by the RAND Corp. And you also have one by CBO.

The reason for the great disparity depends upon the assumptions that were made. With respect to—I will not go into all the details to give you time for your questions, obviously, but if you assume, as the CBO assumed, that you have a Russia that now poses a significant threat of external aggression, that they have rebuilt their economy, they have rebuilt their military, they now are poised to attack the West, then obviously you would have to match that kind of a buildup with something corresponding.

Under those circumstances, they would insist that we have 11 $\frac{2}{3}$ divisions, and 11 $\frac{1}{2}$ wings, 5 brigade sets and so forth. They had the maximum assumption of aggression on the part of Russia directed toward the West. Under those circumstances, you can, in fact, have a very high calculation of what it would cost to defend against that.

DOD and RAND are quite close in terms of our initial assessment. We assumed that the initial figures would run roughly between \$9 to \$12 billion on direct enlargement costs, \$10 to \$13 billion on the new members’ military restructuring, and the current number is \$8 to \$10 billion, to give a total range of between \$27 and \$35 billion.

I think it is important to make a point here. The new members will have to assume costs in any event. As Secretary Albright pointed out, if they were not involved in getting into NATO, they would have to reform their military. There would be enormous costs that they would have to incur in any event.

By joining a collective security institution, they will have to pay less. They will not have to spend money to try to compete against their neighbors. They will be part of a collective security arrangement, so they will spend less, not more. But they will have to

spend money. We estimated it would cost between \$10 and \$13 billion.

The current members, non-U.S. NATO members, will have to spend, according to our initial estimate, between \$8 to \$10 billion. Why? That is separate and apart from NATO enlargement. It is because they have to reconfigure their forces. The cold war is no longer in existence. They no longer have to maintain the same sort of force structure, the same numbers. What they have to do is to reform their military system so they become more rapidly deployable, so they have greater mobility and sustainability in terms of preparing for the future.

Those are costs that they will have to absorb in any event. It is separate and totally apart from enlargement. The new members, the existing European members of NATO, all have costs that they will have to assume separate and apart from NATO enlargement.

We then come back to the one category we said are the direct costs for enlargement that we would have to contribute to. And that is the \$9 to \$12 billion figure that has been cited. Now, as Secretary Albright has said, we may have to reduce that. As we have found from empirical experience, we may have to, in fact, lower that number because of what we have discovered.

First of all, I should point out that the \$9 to \$12 billion figure was calculated based on four members coming in, not three. So already we overestimated the costs that were involved because we said what would it cost for four. Well, now we have only three.

Second, we have found out that, notwithstanding the fact that the Soviet Union might have been somewhat inferior in terms of the quality of their military, they nonetheless had devoted substantial resources to their former republics and those who were under the aegis of the Soviet Union. We found, for example, when East Germany became part of West Germany and united, that the East Germans were far more prepared to go to war on a much quicker basis than we in the West had anticipated.

We are now finding, for example, that countries such as Hungary are now better prepared than we had anticipated. We found, for example, that, contrary to our assumption that they would not be able to accept an F-16 squadron, they already have. They have had a Dutch F-16 squadron that was present several weeks ago before our team of assessors arrived to find out what would need to be done.

We are finding that the Czech Republic has already taken its own money and spent its resources on digitizing their communications system before even contributing anything to NATO enlargement itself. So what we are finding is that those countries who are going to or are qualifying for admission, assuming we ratify it, that they are taking measures which will reduce the cost.

This brings me to the issue that our European friends have been quoted as saying we are not going to pay. I would quote for you, Senator Bumpers, I believe you said the British minister of defense indicated they would not pay any increase in funding. There is in the Washington Times on October 21, today, a statement by George Robertson, the new minister of defense, and let me just quote one paragraph. "Because enlargement is a high priority for NATO, we may have to delay some lower priority projects. But if additional

spending is required, Britain will pay its share.” And then it goes on.

I attended a ministerial meeting in Maastricht just a couple of weeks ago, and I made it very clear that there are costs involved for everyone. There are costs involved for the three countries who wish to become part of NATO, and they will have to bear those costs. There are costs involved for the current European NATO members who have to modernize their forces in order to move away from a defensive posture to one where they are rapidly deployable and sustainable. They are in the process of doing that. Those are their costs, separate and independent.

And then there are the costs for the common fund. What are the direct costs for enlargement? There is some dispute. Last year NATO spent, total, \$1.8 billion that went into the common fund. We spent roughly \$485 million of that. That was our share, roughly the 24 percent that Secretary Albright has talked about.

That will continue to be our share. What the Europeans have said is, we believe we may be in a position to reprioritize, to reprogram some of the lower priority funds that we might have, be it in Belgium, be it in Germany, be it wherever it might be, and place a higher priority on helping these three new nations accelerate their entry into NATO.

If it is possible to do that without in any way compromising the military effectiveness of NATO itself, then we say fine. But we expect there to be additional costs. They may not be as high as we originally estimated, but we are going to be coming back to you. NATO defense officials are going around to each of the NATO countries, each of the new members, making an assessment, asking them to answer that DPQ, the defense questionnaire that they have to fill out, and then we will make an assessment in December, present that to the NATO alliance, and we will have to present that to you next January and February in order to say these are the most realistic numbers that we can possibly give you.

Here is what the NATO military defense teams have done in going out into the field to find out what each country needs to do, to find out what will be required, and these are the recommendations that we make. We will have to bring that back to you. As the chairman has indicated, you have got some private citizens coming back in January. We would expect the vote to take place sometime next spring.

You will have the most detailed numbers we can possibly present. But I would forewarn you that I think that the numbers that we had that would go from the \$27 billion to \$35 billion may be too high, and that the Europeans may be correct in this regard, that we have overestimated.

One final point and then I will cease. When I appeared before the ministerial in Maastricht, most of the Europeans adopted the argument, Senator Harkin, that you made, that what really is at stake, is that we want to sell a lot of high-end equipment to all of those new European entrants. My reaction is this, and my response was this. If we overestimate the costs involved, which they think we have done, for the purpose of simply selling more high-end equipment to these countries, the Congress of the United States, the Senate, will reject it as being unaffordable.

As Secretary Albright has said, if we underestimate it, you will reject it because it is not credible. What we have to have are really solid numbers. We do not have an interest in trying to sell high-tech equipment to these three new nations coming in.

The chairman has pointed out what they need most of all is to start training their personnel. They have to start training in, hopefully, the English language, or French—the two major languages—to have greater communications capability. They have to upgrade their command, control, communications. They have to upgrade their infrastructure. They have to ultimately upgrade their interoperability. And then finally you get to the purchase of modern equipment, which is way down the line in terms of priority.

So what we are trying to do basically is to put them in a position where we can, in fact, communicate effectively, that we have these command and control systems, that they take measures to beef up their ability to accept reinforcements, should they be necessary. But we are not interested in trying to sell a lot of high-tech and high-end equipment to these new nations. That is not in their interest and that is precisely the reason why these military teams are going out to make an assessment of what they need to do that will make them an effective part of the new NATO.

So, Mr. Chairman, I have a long prepared statement which I will forebear from repeating, because I know the time is running and you have many questions you would like to ask.

But let me just conclude on this note. Whatever the costs for enlargement, I think we also have to calculate what are the costs of failing to enlarge. What would be the cost if we were to reject these three countries from coming in?

Secretary Albright has quoted from Vaclav Havel. President Eisenhower put it a different way. He said, "A soldier's pack is not as heavy as a prisoner's chains." And that is something that these three countries have endured for too many decades. They have had to carry around the weight of prisoner's chains. They now have an opportunity to join the most successful military institution in the history of the world, and to secure their security and to promote their prosperity and their stability.

PREPARED STATEMENT

That is in our vital interest and we ought to ratify for those reasons alone. Thank you very much.

[The statement follows:]

PREPARED STATEMENT OF HON. WILLIAM S. COHEN

Senator Stevens, Senator Byrd, Senator Inouye, members of the Committee, thank you for the opportunity to appear before you today. It is a great privilege to appear with the Secretary of State to discuss one of the President's top foreign policy objectives: NATO enlargement. As you may know, we appeared together before the Senate Armed Services Committee in April to discuss this same topic. I welcome the opportunity to continue this dialogue with the Senate.

WHY ENLARGE NATO? FIRST, SOME EUROPEAN HISTORY

We are at an historic moment. By working together within the U.S. Government, and within the NATO alliance, we can change the face of Europe forever in the next few years. It is a challenge from which we should not retreat.

Our veterans of the First World War witnessed how even the vast Atlantic Ocean couldn't protect us from being drawn into the fiery hatreds of the Old World. They

marched into battle singing, "We won't be back 'til it's over, over there." But to our lasting regret, when the guns of Autumn fell silent, America ignored the embers of hatred that still smoldered in Europe and we missed the opportunity to prevent another war, the deadliest in human history.

Millions of American sons returned to the very same terrain that their fathers died defending, and thousands of them paid the ultimate price for this missed opportunity. But those who fought in World War II gave us a second chance to build a safer world.

President Truman, speaking of the Marshall Plan, said, "Our purpose from the end of the war to the present has never changed. It's been to create a political and economic framework in which lasting peace can be constructed." Western Europe embraced the Marshall Plan, built strong democracies and economies, and developed a strong alliance that we call NATO. But the other half of Europe was denied the Marshall Plan when Joseph Stalin slammed down the Iron Curtain and began a separation of the continent which would persist for fifty years.

Today, having emerged victorious from the long winter of the Cold War, we have an historic opportunity and a very sober challenge. We have the opportunity to complete George Marshall's vision, and the challenge to secure a lasting peace in Europe whose security and stability remains a vital interest of America.

ENLARGEMENT ENHANCES NATO

Some question whether making NATO larger is going to make NATO weaker and, therefore, weaken America. On the contrary, our definitive answer is that enlargement must not and will not be allowed to dilute NATO's military effectiveness or political cohesion. A larger NATO will be a stronger NATO and will provide a wider allegiance in Europe to our values. It was the creation of NATO in 1949 that halted Soviet designs on western Europe. It was the enlargement of NATO, with Greece and Turkey in 1952, West Germany in 1955, and Spain in 1982, that helped strengthen the wall of democracy. If, in the future, another direct threat of attack arises, an enlarged NATO would have: additional manpower, added military capability, more political support, and greater strategic depth. More importantly, a larger NATO will help bring stability for the 21st Century to Central Europe—the spawning ground of crises throughout the 20th Century. We must seize this opportunity to continue to shape the security environment in Europe. In doing so, we will strengthen the political democracies and market economies of Central and Eastern Europe, and thereby enhance stability and reduce the risk that such a crisis will ever emerge. As was the case with nuclear deterrence during the Cold War, in this new era NATO enlargement is an insurance policy with an unusual twist: by paying a modest premium, we not only will be protected in case of fire, we will make a fire less likely to ignite.

THE CHOICE OF NEW MEMBERS

Formal membership in NATO carries as President Clinton has said, "(t)he most solemn security guarantees." Enlargement must not, and will not, be allowed to dilute NATO's military effectiveness nor its political cohesion. Sincere aspiration is not enough to guarantee membership in NATO. New members must demonstrate a commitment to: democracy and the rule of law, an open market economic system, civilian constitutional control of their militaries, peaceful resolution of disputes with their neighbors, respect for human rights, and development over time of military capabilities interoperable with NATO.

After discussions with allies, candidate countries, members of Congress and within the Administration, the President decided the U.S. would support extending invitations to the Czech Republic, Hungary and Poland. The President met with the other leaders of the NATO nations in a summit in July, and together they agreed to invite these nations to begin accession talks to join the Alliance.

Enlarging NATO with these three nations will carry the promise of peace and liberty into the next century.

You have heard it argued that by enlarging NATO we are going to create a new dividing line in Europe. That argument fails to appreciate the new dynamic that is underway in Europe, erasing these old lines and avoiding these new divisions. The mere prospect of having NATO membership has unleashed a powerful impetus for peace in Europe. Old rivals have settled their historic disputes: Poland and Lithuania, Poland and Ukraine, Hungary and Romania, Italy and Slovenia, Germany and the Czech Republic. Without the prospect of NATO enlargement, these smoldering embers—rather than being extinguished—would have been fanned by nationalist fervor. This argument also fails to realize that by not enlarging, we would allow to stand an illegitimate dividing line drawn across the continent by Stalin fifty years

ago. Some countries would feel compelled to seek security via other avenues, including ones potentially destabilizing and contrary to U.S. interests. We must move, with Europe, into the future. The Poles, Hungarians and Czechs are vital, vigorous and dynamic people. They share our ideals. They are making remarkable recoveries from decades of foreign domination. Now they want to return to their rightful place as equal partners in the European family of free and democratic nations. We need them and they need us.

If we are to ensure the achievement of our stated goal that enlargement will not draw new dividing lines in Europe, we must continue to give careful consideration to the security interests and concerns of those states that were not chosen for membership at Madrid. The door is open for future invitations, and no European nation is excluded from consideration. We expect other nations to become members as they meet the requirements. We need to continue to make clear to other aspirant countries that active participation in PFP is the prime pathway to membership in the Alliance, and to a solid security relationship with NATO. At the same time, no state among the non-selects has an "assured invitation" in 1999, or at any time, and future invitees will be held to the same standards as the current three. And, of course, any future accessions will, like these three, require Senate approval.

THE NATO-RUSSIA RELATIONSHIP

NATO is also embarking on a new relationship with Russia. There are some who claim that enlarging NATO is going to feed extremism in Russia and jeopardize Russia's move to democracy and its cooperation with the West. We should not permit these fears to overwhelm the facts. NATO and Russia are erasing old dividing lines every day, not least of which in our interactions in Bosnia where Russian and NATO soldiers patrol side by side in the cause of peace.

Mr. Chairman, permit me a moment of personal reflection. In February, shortly after I was sworn in as the Secretary of Defense, I traveled to Bosnia, and met with some of the American troops serving there. During lunch, a Russian soldier came up to me and gave me his beret as a gesture of peace, saying how proud he was to be serving alongside Americans. Two weeks ago, I was again in Bosnia and met with the new Russian commander, General Krivolapov. He concluded the meeting by declaring, in a Russian version of General Joulwan's motto for SFOR, "one team, one mission." Our new relationship with Moscow must acknowledge Russia's changing role in Europe and not be forever bound by the notion of a Russia in confrontation with NATO.

The objectives of NATO's new relationship with Russia are: to recognize Russia's inherent importance in European security—after all, they have been a major player in European security for 300 years; to engage Russia in the new European security order; to facilitate a security dialogue and, when desirable and appropriate, to cooperate with Russia. Equally important to articulate are the things that NATO's new relationship with Russia does not do: it does not allow Russian participation in internal NATO issues; it does not give Russia a voice or a veto over NATO's decisions; and it does not give Russia a de facto membership in NATO.

THE MILITARY REQUIREMENTS AND COSTS OF ENLARGEMENT

And now, let me turn to a topic I know is of particular importance to members of the Appropriations Committee: how much will enlargement cost? And inextricably linked to the matter of cost—in fact the driver of how much it will cost—is a second question: what exactly are the military requirements of enlarging? These are complicated questions on which reasonable people will disagree, and have already disagreed. But let me walk you through the work we have done so far and the work we are now doing.

There are new 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. To frame our discussion let me sketch for you the three categories of costs.

First, there are the costs to new members to be able to develop interoperable military forces to contribute to their own defense, the defense of other NATO members and other NATO operations. While they currently make a contribution, in order to be producers of security over time, the new members must re-build, re-equip, and re-train their forces. They must have smaller, better equipped, better supported, and better led forces.

Second, there are also the costs to current members to meet the requirements of NATO's new Strategic Concept, which is based on power projection rather than positional defense, and which meets the needs of an enlarged Alliance. Current members must do what they already have undertaken to improve mobility, deployability,

interoperability, and flexibility. The key need for the current members is to proceed with these efforts.

I want to stress that these two categories of costs are all actions that the countries concerned would have 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. But for NATO to ensure its military potential with enlargement, the capabilities which these other costs will fund, will be needed. So it is important that the commitments actually be met.

Finally, there are the costs to both new and old members of integrating new members into NATO. These direct costs to enlarging, costs which NATO would not have incurred but for enlarging, are relatively modest. These direct costs are associated with enhancing interoperability, extending NATO's integrated command, communications and air defense surveillance.

From one point of view, these 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. But we have also 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.

INITIAL U.S. COST ESTIMATE

So, those are the three categories of costs. As you know, the Department of Defense developed a notional estimate of the costs of enlarging at the end of last year. This estimate was part of the report, requested by the Congress, that the President submitted to you in late February of this year.

Let me begin to make the link between costs and the military requirements of enlarging. 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 as we make for our own national planning.

Total costs for achieving all three categories were estimated as \$27 to \$35 billion. These costs would be spread over the 13-year time frame of 1997 through 2009—ten years after accession of new members. Now, using the breakdown of responsibility for these costs which I just outlined for you, the three categories of costs, let me give you what we estimated each group would have to bear:

New member costs for restructuring their militaries were estimated at about \$10 to \$13 billion over that time frame or about \$800 million to \$1 billion per year. 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.)

Current allies' costs for NATO regional reinforcement upgrades were estimated at about \$8 to \$10 billion, or about \$600 to \$800 million per year. These costs would be borne by the current allies. For decades now, the U.S. has made no contribution to Allies' defense budgets (except for some loans to Greece and 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.

Direct enlargement costs for new and old allies were estimated at about \$9 to \$12 billion, or about \$700 to \$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 percent of these costs, or about \$5.5 to \$7 billion would be paid for out of NATO common budgets over the ten years following accession, that NATO budgets would be increased accordingly, and that the U.S. would pay its standard 24 percent share of the NATO common budget. With these assumptions, the U.S. share of the direct costs of enlargement would be about \$150 to \$200 million per year.

These costs are manageable. Projected U.S. requirements to meet direct enlargement common budget costs is only a fraction of a percentage point when compared with total U.S. defense spending (\$266 billion in 1997). The projected U.S. requirement is also modest when considered in relation to total NATO common budget spending. In 1997, these budgets 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.

ONGOING NATO WORK TO HELP REFINE THE COST ESTIMATE

Several weeks ago, this Committee asked me for a refined cost estimate. On 16 October I submitted a report based on our work done to date. Since our work to respond in greater detail to your request will dovetail with work being done at NATO, let me first tell you about what the Alliance is doing. NATO has undertaken a 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. This level of detailed information, was obviously not available to us when we did our first cost study and it is still being formulated.

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) as their initial step into the NATO Defense Planning Process. All NATO allies fill out a DPQ annually.

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. 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. That is part of the work that is to be completed in time for the December ministerials. These estimates will therefore be available to Congress well before any vote on enlargement.

NATO COST ESTIMATES MAY BE LOWER

Based on what we know now, I believe that the NATO cost estimates will be lower than those which you received from us in February. First the initial U.S. cost assessed four, not three, new members. Further, the NATO estimate will address only the direct, common-funded costs. National costs borne by each ally or prospective ally are separate from, and will not be estimated by, the NATO work.

But I 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-16's, 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-16's 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 greater need for improving some military bases and equipment. 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. We will be modernizing from an extremely robust foundation. We will not be building airfields from scratch. Accordingly, the direct costs of enlargement will likely be less than we originally estimated. In fact, NATO will be inheriting a great deal of usable infrastructure.

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.

SOME DEFICIENCIES EXIST

We will, of course, likely also find some deficiencies—especially regarding personnel, specialized training, communications, and the levels of funding for 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.

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 a high priority.

These three countries are working hard to demonstrate that they are ready for membership in NATO. After the Madrid Summit, I 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 to discuss their preparations for membership. 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 percent of GDP, to 2 percent 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.

NEXT STEPS AT NATO

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 asso-

ciated with NATO enlargement. In order to support the Congress' review of issues associated with enlargement, I will, as I stated in my 16 October letter to Senator Stevens, provide you with an update based on these NATO efforts in early 1998.

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." Three weeks ago in Maastricht, at the informal NATO defense ministerial, I led the discussions on this issue.

I reminded my 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 topic among my colleagues in Maastricht. Still under discussion is whether that portion of the direct costs of enlargement which are a shared responsibility must result in a dollar for dollar increase in the NATO common budget—or whether some can be offset by reductions in lower priority programs currently in the common budget. We continue to believe that additional resources will be required.

We will keep you informed over the coming months as this discussion continues.

EUROPEAN BURDENSARING

Let me turn to the topic of burdensharing. 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 this sort of mobile, flexible operation NATO will need to be ready for in the future. 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 20,000 to 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-16's 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.

THE COSTS OF NOT ENLARGING

Before I leave the topic of costs, I would like to reiterate what the President said in the Administration's February report: the costs of enlargement must be balanced against the costs of not enlarging. If we fail to seize this historic opportunity to help integrate, consolidate and stabilize central and eastern Europe, we may pay a much higher price later. If NATO fails to enlarge, the risk of instability or conflict in the region would rise, with far reaching consequences for the U.S. and our allies. The most cost effective way to guarantee the stability of the region is to do so collectively with our European partners through NATO.

The bottom line is that alliances save money. Collective defense is more cost effective than national defense. NATO will allow the three invitees to acquire the same degree of security their western European neighbors already enjoy and to do so at a lower cost than would otherwise be the case and enhance our own security in the process.

CONCLUSION

Mr. Chairman, if this century has taught us anything, it has taught us that our security is inextricably tied to peace and security in Europe. We must hold up the lamplight of history so that we do not stumble on the footpath to the future. Most importantly, we can promote U.S. interests by increasing the security and stability of Europe. In so doing, we are building the Europe of the 21st Century in Europe, whole, free and at peace.

Chairman STEVENS. Well, thank you very much. Because of the timeframe, I would ask that the members agree to a 5-minute time limit, which I will apply to myself as well, and we will proceed on the early bird rule.

Let me just state, to begin with, I do appreciate your recent letter. It has just come to my attention, as a matter of fact. It was received in our absence. I will see to it that Secretary Cohen's letter is distributed to all members of the committee today. It is an update on the cost estimates.

I do not have the ability to repeat the Hickenlooper-Acheson sequence, Secretary Albright, but I wish there was a way that I could assure those who will hold the positions we now hold in the period after the enlargement of NATO that there will not be a development on their watch compared to the commitments that Secretary Acheson made.

I do not know yet how to do it, but I hope this committee will find a way to put on the ratification resolution some real impediments to the expansion of costs of our Nation in connection with the enlarged NATO. We are a global nation. Our competitors really are in the Pacific rather than in the European area now. I appreciate your concern, Madam Secretary, about the 200 million people in this region. We have equal concern about the 3 billion people in the Pacific and to the extent costs go up in this area, it is going to decrease our ability to meet our commitments in the Pacific.

Now, what I would like to inquire of you, Madam Secretary, is what assurances have been given to us that the enlarged NATO will not bring about additional demands upon our military as we faced in Bosnia. Bosnia is not under the mutual defense concepts of NATO. It is an exercise of NATO in trying to resurrect Europe from the threat brought about from the disintegration of the former Yugoslavia.

Are we going to have similar engagements in the event there is a disintegration of one of these member states in the future? Do we have an obligation to go into these new member states the way we have gone now into this area of the former Yugoslavia? Is NATO committed to the internal defense of these three member states the way we have committed our forces in Bosnia? Is that an unfair question?

UNITED STATES NATIONAL SECURITY INTERESTS IN ASIA AND EUROPE

Secretary ALBRIGHT. No; first of all, Mr. Chairman, I appreciate very much your concern about this. We obviously also want to

make sure that however we extend our commitment that it is always done in the interest of the United States.

You have raised a number of questions, but let me just make the following statement, because I know of your concern about Asia. I am as concerned about Asia as you are, and I made a big point of making sure that on my first trip I went to both continents, and we have spent a great deal of time in terms of developing institutions in Asia. I will continue to do that, and I think Secretary Cohen can address our defense posture in Asia, which is very robust.

There are a couple of different ways to answer what you have asked. First of all, let me say that in terms of the original agreement as we have been talking about NATO expansion and the Founding Act, we have made quite clear, as NATO itself has released its posture on conventional forces, and I will state this specifically, and let me read it: "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."

That is a unilateral NATO statement that was made about forces. Second, under the Conventional Forces in Europe Treaty, which, in fact, rules the number of forces that exist in Europe, what you have seen is a steady decline in the number of American forces. That is the way we see that treaty.

On the third point, as I said in my oral statement, we frankly are eliminating, by enlarging NATO, some of the exact kinds of problems that have led our intervention in Bosnia. I think that we are helping to prevent those kinds of conflicts.

Also, while article V does mean that there is collective defense, not all military activities within the NATO structure are article V, or require that kind of response. So I would say to you that while we do not have a crystal ball, the trends are downward in the number of forces that the United States has in Europe, and that the enlargement of NATO is one way to prevent the kinds of conflicts such as Bosnia.

Chairman STEVENS. Senator Leahy.

ENLARGEMENT COSTS

Senator LEAHY. Thank you, Mr. Chairman.

I noticed that CBO says the cost of NATO expansion in fiscal year 1999 will include \$110 million from the foreign operations budget. Is that amount included in the Defense Department's estimate of the cost of NATO expansion for that year?

Secretary COHEN. I am sorry?

Senator LEAHY. There is \$110 million for NATO expansion that is going to have to come out of the foreign operations budget. That \$110 million, that is just for 1 year, fiscal year 1999. Is that amount in the Defense Department's estimate of the cost of NATO expansion? Does anybody know?

Secretary COHEN. No.

Secretary ALBRIGHT. It is in the State Department budget.

Senator LEAHY. I know that, but is that \$110 million on top of what the Department of Defense predicts for expansion, or is it within the amount that you have predicted?

Secretary COHEN. I think it would be part of that, but I would have to go back and double check on it.

Senator LEAHY. Could you double check because we are talking about military grants, loans, training funds, and so on. If we are going to spend \$110 million of foreign ops money, we want to know if it is in addition to what you are predicting.

Secretary COHEN. It is separate.

Senator LEAHY. OK. Could you provide, then, for the committee exactly how that breaks down and how much both of you expect to request for fiscal year 1999 for NATO expansion and if there are programs that are going to have to be cut to do that?

ANTIPERSONNEL LANDMINES

Let me ask you another question that occurred to me as I was coming here this morning. The day after the Nobel Peace Prize was awarded to the International Campaign to Ban Land Mines, President Yeltsin announced that Russia would sign the land mine treaty. I do not know if he means it when the other 100 nations come to Ottawa to sign it in December or not.

To your knowledge, has the administration done anything to either discourage or encourage Russia from signing the treaty? Madam Secretary.

Secretary ALBRIGHT. We have, as you know, all along been trying to get a ban on antipersonnel land mines.

Senator LEAHY. I understand that.

Secretary ALBRIGHT. But we have not specifically done one or the other.

Secretary COHEN. The answer is no.

Senator LEAHY. Have we sought to encourage or discourage Japan from signing the treaty in Ottawa in December?

Secretary ALBRIGHT. We have not. I think that it will be important for our experts to talk about how the signing of the treaty will affect their obligations under the defense guidelines.

Senator LEAHY. So it is your understanding that prior to Ottawa we will be having discussions with Japan on whether they should or should not sign the treaty as written?

Secretary COHEN. I would like to answer that. I would hope we would have discussions with Japan and virtually every other member of NATO who is contemplating signing the treaty in terms of how to reconcile the NATO Treaty obligations with the banning of antipersonnel land mines. If it is going to prevent, for example, those who do not sign from carrying out their article V agreements, I think we have to clarify that, yes.

Senator LEAHY. So then you would be in a position, as it is now written, to discourage NATO members from signing.

Secretary COHEN. Not at all. What I want to know is whether or not the treaty they are signing, if they intend to sign in Ottawa, would override their article V obligations to NATO. That would be a very important issue.

Senator LEAHY. So you expect to be having those conversations with the NATO countries between now and the signing time in Ottawa?

Secretary COHEN. I would hope so.

Senator LEAHY. Well, hope so or will have.

Secretary COHEN. I would encourage that, yes.

Senator LEAHY. Is the United States putting pressure on Australia, one last country, one way or the other, prior to signing?

Secretary COHEN. The answer is no.

Secretary ALBRIGHT. No; we have, Senator, just met with the Australians. We did not. I just had a conversation with the Japanese 2 days ago and I did not. And, as Secretary Cohen has said, there needs to be some clarification, but no pressure.

Senator LEAHY. And if in your judgment their signing would not be consistent with their NATO obligations, would you make a recommendation to them one way or the other whether they should sign or not?

Secretary COHEN. I would like to make my own position very clear. I think the President made the right decision in not signing the treaty as drafted. I think it will put our troops in serious jeopardy. Frankly, each country will have to make its own decision. But I think they should sign this. If they sign it, with full knowledge that if there is conflict between article V obligations of the NATO Treaty or other relationships, they should know about it before and not find ourselves in a situation later.

Senator LEAHY. That was not my question. I understand the DOD's position on this, just as I have pointed out to the President that if the administration had gotten into the negotiation at the beginning, they probably would have reached agreement and we would be signing in December.

But my question specifically was this. If you felt, after talking to our NATO allies that their signing would be inconsistent with their NATO obligations, would you make any recommendation to them either way whether they should sign or not?

Secretary COHEN. If I have a chance to talk to any of my counterparts, I would point out that this is an area that we have to discuss. If there is a conflict, we should know about it before they sign rather than after, and then have to reconcile the differences.

Senator LEAHY. I will repeat the question.

Chairman STEVENS. Senator, sorry. Your time has expired.

Senator LEAHY. I would resubmit the question, then, for the record, because frankly, Mr. Chairman, the Secretary has not answered my question.

Chairman STEVENS. Well, you will have another time around.

Senator McConnell.

NATO-RUSSIA RELATIONS

Senator MCCONNELL. Thank you, Mr. Chairman.

As we all know, the Russians trained, financed, and supported the Abkhaz succession movement. This is really a question to either of you or both. What is your view of Russia's regional ambitions today and the role that NATO might play in that regard?

Secretary ALBRIGHT. Well, it is a rather large question.

Senator MCCONNELL. Well, take a shot at it.

Secretary ALBRIGHT. Let me say that basically it is a little different in each of their regional areas. They have, in fact, been working with us, for instance, all of us together, on resolving the Nagorno-Kharabakh issue, the Armenian-Azerbaijani issue. On Georgia, we have been talking with them, and there is a U.N. operation there also.

I think there is discussion generally, which I think will become a larger part of the discussion, as to how we do peacekeeping operations together. Secretary Cohen has talked about Bosnia a little bit. I think that these are the kinds of future discussions that we might have. But I think their general picture at the moment is that they would like to see a certain amount of stability on their borders.

Senator MCCONNELL. Secretary Cohen, do you want to answer?

Secretary COHEN. Well, what we have tried to do is continue a process that was initiated by Bill Perry when he was Secretary of Defense, to establish strong military-to-military ties and contacts. That was initiated with Bill Perry and I have tried to continue that.

We have the Nunn-Lugar funds, which I think you made at least oblique reference to in terms of what kind of complications we might have in seeing a continuation of the funding, in view of the fact that there have been some allegations and stories about sales of weapons going into Iran. But the Nunn-Lugar funding is very important to continuing that relationship.

There has been a deterioration in their conventional forces which has prompted some of their military officials to say that in order to compensate for our deficiencies, we will just turn to a tactical nuclear weapons or first-use type of strategy. This is something that we would try to discourage very strongly and hope that that does not take place. But in order to do that, we have to maintain these relationships.

I met with the new minister, Sergeyev, and I also met with the former minister, Rodianov, to impress upon him—I should say them—the importance of ratifying START II. Minister Sergeyev is a strong proponent of ratifying START II. I think if they see it as in their interest to try to lower the tensions, to build better relations, to try to get their economy rationalized, to continue on the road that President Yeltsin is on, and to rebuild their country with the proud heritage it has had over the years, they will sign.

Senator MCCONNELL. If I may, let me come back to you, Secretary Albright. I had an opportunity, as you and I discussed a couple of weeks ago, to visit the refugee camps in Armenia and Azerbaijan during August. I am wondering, even though I had mentioned the Abkhaz problem in my question, I wondered if you could give me an update on the Minsk group, how those discussions are coming and whether or not you believe we are going to be able to play a major role in finally settling the Armenian-Azerbaijan problem.

Secretary ALBRIGHT. There is a three-way co-chairmanship among the Russians, the French, and us. At that particular discussion now, Strobe Talbott is our representative there. I think there has been some progress on it.

I talked to Foreign Minister Primakov about it when we were in New York during the U.N. General Assembly. There are some hopeful signs. But it goes back and forth, I have to tell you frankly. But the procedure, the process now, we believe is more productive than it was previously in the Minsk group.

Senator MCCONNELL. In your view, the Russians are playing a positive role on those discussions, are they?

Secretary ALBRIGHT. Yes; I would say so.

Senator MCCONNELL. Do you think they would like to see this dispute settled?

Secretary ALBRIGHT. I think they would like to see it resolved, and I know we would.

Senator MCCONNELL. During the Permanent Joint Council meetings, will Russia have any access to sensitive material pertaining to force structures or military capabilities of current, prospective or aspiring NATO members?

Secretary COHEN. The answer to that is no.

Senator MCCONNELL. As I understand it, there is an ongoing process by which any country having an interest in joining the alliance can request individual meetings with current NATO members and staff to discuss qualifications for acceptance. As those requests for meetings occur, is Russia advised of those meetings? Or do you know?

Secretary COHEN. Not to my knowledge. In fact, I recently returned from Bulgaria and have talked with all of the officials there. They are very interested at some future time, assuming their economy allows it, and assuming their reforms take place, to also request admission into NATO. And there is no request coming from me or from the Defense Department that we notify any Russian official about this.

Senator MCCONNELL. So any information from these sessions then would not be supplied to the Permanent Joint Council and the Russians would not be involved in these discussions regarding new membership in NATO through the Permanent Joint Council?

Secretary ALBRIGHT. That is not part of the agenda as it was established at the Permanent Joint Council meeting we just had.

Senator MCCONNELL. So when you say, Madam Secretary, they will have a voice, not a veto, that does not include briefings about prior discussions between NATO and possible members?

Secretary ALBRIGHT. They will not, Senator, have a part in deciding who the new members of NATO will be, just as they have not had a part in deciding the invitations that have been issued this time.

What is established is a consultative mechanism on how we can do preventive diplomacy. We are looking at a variety of ways that the NATO members, plus Russia, can coordinate activities. But if we disagree, then NATO will do its own thing. But this does not enable them to be a part of intra-NATO discussions and membership of new members is one of those kinds of discussions.

Chairman STEVENS. Senator, I am sorry. It is Senator Hutchison's turn.

U.S. CONTRIBUTIONS TO NATO

Senator HUTCHISON. Thank you, Mr. Chairman.

Recently the President used his line item veto to veto around \$300 million of military construction projects, which included projects such as operational headquarters enhancements, ammunition storage facilities, corrosion control facilities, maintenance facilities, almost all of which were in our Department of Defense 5-year plan. At the same time, he signed into law military construction of \$150 million for NATO enhancements, many of which were the same as he vetoed in U.S. projects.

I think it is a concern when we are looking at costs that we are assured that our priorities for our readiness to be able to fight and win two major regional conflicts, I think simultaneously, I think the administration believes nearly simultaneously. I think these two are beginning to look like priority issues. Are we going to spend so much on NATO expansion? Are we going to prioritize NATO projects over U.S. projects that are in our 5-year plan? And how would you reconcile, Mr. Cohen, those kinds of vetoes? Is that something that we are going to look forward to for the next 10 years if we expand NATO?

Secretary COHEN. I think that obviously the President is going to want to support those projects which strengthen U.S. capability to provide our global commitments. To the extent that NATO enlargement would be part of that, he is also going to support those projects which would help strengthen that.

I think there is perhaps some confusion over the status of some of the military construction projects. That is under review right now by the administration as to whether there was sufficient information on several of the projects in terms of their progress, and whether they could have been executed in this fiscal year.

But I think that to the extent we strengthen our full capability of meeting these two major regional conflicts simultaneously or nearly simultaneously has to be our top priority. To the extent that an enlarged NATO also is part of that responsibility, then obviously they would have to coincide.

UNITED STATES IN BOSNIA

Senator HUTCHISON. Well, my concern comes from the efforts in Bosnia as well. I certainly think that the American people will support operations like Bosnia on a short term, where we see a chance for success. But if you are looking at extending this, which both Secretary Albright and others in the administration have indicated that we are going to stay beyond June of next year, and that there is no exit strategy that we have been given, I think this becomes a real concern about whether we are going to be taking from our own readiness and our ability to address issues in the Pacific, as mentioned by our chairman, in the Middle East, in other concern areas around the country.

How are you going to reconcile this and add another layer such as this one? How do you reconcile that?

Secretary COHEN. I believe the committee has already spoken on that issue. The committee, in passing its appropriation bill, indicated that the funds for Bosnia at least would terminate at the end of June 1998 unless the President were to come forward with a proposed plan for deployment of troops—how many, how long, what

the impact would be upon readiness and morale—and submit a supplemental request.

So I think the committee has already spoken on that issue. But I think that the President, myself, Secretary Albright have indicated the SFOR mission will end as such in June 1998. The President has stated that the international community, of which the United States is a part, will have a long-term interest in stability in that region, what form that will be manifested has to be determined, and Congress is going to play a co-equal role in determining that.

Senator HUTCHISON. I am glad to hear you say that. So you are then indicating that Congress is going to have a role, that you take seriously the bill that was just passed saying that there would be a supplemental appropriation and, hopefully, a strategy for how we would succeed and what would be success so that we would know when we would be able to leave?

Secretary COHEN. That is what the committee's bill required.

Secretary ALBRIGHT. Let me associate myself with that, so that there is no sense of any different position. We have made that quite clear, that the SFOR mission will end in the summer of 1998, and that, as the Secretary has stated, there will be some kind of international presence. No decisions have been made that you will not be a part of.

Senator HUTCHISON. Well, I think that is important, because we have seen now, with the operations in Bosnia, that the administration changes the name of the mission and then goes forward into staying there. And changing the name of the mission is not going to end the commitment.

What we want to know is what do you envision as a policy, what are the chances for success, what will be success, and when can we exit. And changing the name from SFOR to something else is not the answer. It is what is our long-term commitment and will it take from our readiness.

Chairman STEVENS. Senator, your time has expired.

Senator HUTCHISON. Thank you.

Chairman STEVENS. Senator Bumpers.

REFORM IN RUSSIA

Senator BUMPERS. Thank you, Mr. Chairman.

First of all, let me say to both of you that you speak extremely well and make the most persuasive case for ratification of the treaty. I remember in 1978 Senator Henry Bellman from Oklahoma, a man whom I really admired greatly, after most of us had made long, lengthy speeches about why we should ratify the Panama Canal Treaties, about an hour before we voted got up and said, in less than 60 seconds, that he was going to vote for the treaties because he thought we ought to treat the Panamanians the way we would like to be treated, which summarized the whole thing.

My view on this whole thing is probably more visceral than it is cerebral. I think about an old farmer one time in my State, when we had boycotted further grain shipments to Russia, which you both remember very well. And one night in a meeting he said, "I think a fat, happy Russian is a lot less threat to us than a starving Russian." I thought that was a very cogent thought.

Now what we want is an economically vibrant, democratic Russia, and we think that that would redound to our benefit. My own visceral feeling is that if I were a Russian I would feel that NATO expansion was designed to further hem me in, not to assist me in building a democracy.

Let me say that, if the Russians feel threatened enough, I think history shows that they will penalize their efforts to build a vibrant economy in favor of building their military forces back up. Now, some people fear that, because its economy and conventional military forces are in a shambles, Russia will respond to NATO expansion by putting more reliance on its nuclear forces and on tactical nuclear weapons as a substitute for conventional forces.

Secretary Cohen, let us just assume for the moment that that is a true statement, that that proves to be the case. Is the United States more secure if we lower the nuclear threshold?

Secretary COHEN. No; we are not more secure if the threshold is reduced, but that is not the situation. In my discussions with Minister Sergeyev, for example, a head of the strategic rocket forces who is now the minister of defense, he strongly favors ratifying START II so that we can go on to START III to lower the level of nuclear weapons in both of our arsenals. It is in Russia's interest. He knows that. It is in our interest, and we know that.

And that is the reason why we are keeping up these strong contacts. It is the reason why, for example, we had Mr. Primakov come over to meet with the Joint Chiefs of Staff in the tank. It is the reason why we invited the former minister of defense to come and talk to us. We think that we are persuading them that this is not directed in a hostile way against Russia but, rather, we are hoping to spread more prosperity and stability so that there will be less tension in Europe rather than more.

So we think we can make that case, and we think we need the leadership of President Yeltsin and Sergeyev and Chubias and others, and that is the reason Secretary Albright has spent so much time on this issue and dealing with her Russian counterparts, the reason that I am spending so much time.

Senator BUMPERS. But they have not ratified START II yet, and they certainly have not ratified START III, and the Communists are very dominant in the Duma right now and for the foreseeable future it does not look like they are going to ratify it.

Secretary COHEN. Well, I would tend to disagree. I think that there are some very positive signs about that. I think that we are moving ahead with negotiating with the Russians on this, and it is in their self-interest. I think if you have the minister of defense, who enjoys a very high reputation with all of his military counterparts and with the President and, my understanding is, with the Duma, that that makes a powerful case for ratification because it is in their interest to ratify it.

THREATS IN EUROPE

Senator BUMPERS. Secretary Cohen, what is the threat to Poland, the Czech Republic, and Hungary?

Secretary COHEN. There is no current military threat from Russia at this point or from any other country. What we have seen is the threat in the future or in that region of central Europe has

been the question of instability. Peter Rodman testified before the House National Security Committee, I believe, recently and pointed out that what has been the threat has been the location. Geography has positioned them between two very large powers—one, Russia, one Germany.

Historically the countries—Poland, the Czech Republic, Hungary—have been caught between either German and Russian competition or German-Russian collusion. In any event, they have found themselves oppressed in a way that none of us would find tolerable.

So what it is is an opportunity for these countries to join the Western family as such, or the European community of freedom, stability, prosperity, and, hopefully, that will produce even greater security for Russia as well.

Senator BUMPERS. Mr. Chairman, let me make this closing thought. Zbig Brzezinski has a new book out, which I thought was rather impressive, in which he theorizes that anarchy is always just a step away. I do not mean literally, but anarchy is always a threat to the planet.

He theorizes that the only way you are going to be able to stop that for the foreseeable future is for the United States and the Eurasian continent to always have mutual defense treaties and economic treaties which allow a certain amount of prosperity and mutual interest in keeping peace everywhere.

And he also says in the book that that must include Russia, and you must have an accommodation with China. I agree with both those premises. And it seems to me that NATO expansion causes me a great deal of pain on that point.

Secretary ALBRIGHT. Could I respond, Mr. Chairman? I think that we have been very conscious of what you have spoken about here. First of all, how to allow these new countries to become members of NATO, but at the same time not have Russia have a sense of isolation. And that is why the Founding Act, I think, has played a huge role in this.

The predictions about the Russians are not coming true. The first meeting of this Permanent Joint Council was remarkable in the way that the Russians were able to participate in the discussion. Second, we know that they do not like NATO enlargement, but they are finding a variety of other ways to work with us and, as the Secretary has said, both Foreign Minister Primakov and Defense Minister Sergeyev are now pushing for the START Treaty to be ratified by the Duma because it is to their advantage.

If I might say, I was working for Senator Muskie at the time that Senator Bellman made that statement. Then I did work for Zbig Brzezinski. Muskie said I had the great distinction of being the only woman in the world that had gone from pole to pole. [Laughter.]

I can tell you that Brzezinski is for the expansion of NATO, as he sees it within that construct and also in the way that the Permanent Joint Council is working.

So while you are not going to see the Russians applauding the enlargement of NATO, they are, in fact, developing a very good working relationship with us on a whole set of issues that show a new relationship that is being now institutionalized in the PJC.

Chairman STEVENS. Senator Bennett.

RUSSIA'S REACTION TO ENLARGEMENT

Senator BENNETT. Thank you, Mr. Chairman.

I have enjoyed this a great deal and I hope I have learned something. You are both familiar with Michael Mandelbaum's piece called "NATO Expansion: A Bridge to the 19th Century." I read it with great interest. We do not have the time to go through all of his points to give you an opportunity to respond, but let me pick out a few of them and get your reactions to them, because I think he has been very thoughtful in putting this together.

He says the prospect of expansion has already damaged the West's relations with Russia, that it is not necessary to go ahead with expansion. There has already been some damage, and he cites some evidence to support that.

Let us suppose for just a moment that the treaty is defeated. What would your crystal ball, however clouded and unfunded it may be, tell you would be the response in Russia? Assuming for just a moment that Dr. Mandelbaum is correct, would there be a recovery of damage that may have been done or has the damage been done, in which case the argument could be made we might as well go ahead because we have already had the problem?

Suppose the Senate rejected the treaty. What do you think would be the reaction?

Secretary ALBRIGHT. Well, thank you for asking that. I think it is a very interesting question. First of all, I would like to revert as much to my professor role as to my Secretary role in this speculation.

Senator BENNETT. That is what we all need.

Secretary ALBRIGHT. I would say the following. First of all, we have made very clear why NATO enlargement is important and in the U.S. national interest and why it is important to the countries that have been invited. There are those that say that this gives solace to the extremists in Russia. I would say that if this treaty is defeated, that gives solace to the extremists in Russia. They will say that they are able to yet again be in a position to manipulate Russian foreign policy, and it would show that the Russians do have a voice over what the United States and our allies would like to do in central and Eastern Europe.

So I would say the opposite of what we want would happen, that it, in fact, would give a great deal of strength to the extremists that they had been able to do this.

I had a discussion with President Yeltsin, who says that he wants us to see a new Russia, and we do see a new Russia and that requires them to see a new NATO. And this new NATO is not a threat to Russia. It is not designed in that way. It is designed to deal with the problems of instability in central and Eastern Europe, and those would be magnified if this treaty were turned down.

I also totally disagree with Dr. Mandelbaum, who is a professor and not in the Government, and I would note that our position vis-a-vis Russia has not in any way deteriorated as a result of our going forward with this.

Senator BENNETT. Do you have anything to add to that?

Secretary COHEN. No; I think the Secretary of State has said it very well. But I just point out I have enormous respect for Michael Mandelbaum, but I also would point out what a great country we live in that we can have brilliant intellectuals who disagree with each other without penalty. We have Henry Kissinger, who feels that we should enlarge NATO, but even larger than we are currently contemplating, has a disagreement in terms of the NATO-Russia charter, which we have talked about.

But you have brilliant minds in this country and scholars who each can have different opinions. I respect his opinion, but I happen to disagree with him.

MILITARY PURCHASES AND REQUIREMENTS

Senator BENNETT. One of the issues that I heard from the defense minister in Germany had to do with the speed with which the new entrants into NATO would be equipped with modern weapons. He made the comment that they do not need the very latest and fanciest right away and that this could be a fairly significant cost saving if you moved into this slowly.

Do you have a comment on that concept?

Secretary COHEN. Well, as a matter of fact, it is contemplated that there will be an initial capability within the first couple of years, but to have a mature military capability to allow the full integration will take roughly 8 to 10 years. We contemplate that.

And, as the chairman has indicated before, we first have to focus on training their personnel, upgrading their NCO corps, language training, interoperability, and all the things prior to getting into new, expensive equipment.

CIA RESIGNATION

Senator BENNETT. One last question that has nothing whatever to do with NATO expansion but takes advantage of your being here. Gordon Oehler, who has headed the CIA's nonproliferation center for more than 5 years, rather abruptly announced his retirement. Do you attach any significance to this? Is this a signal of any kind of attitude in the administration toward proliferation and tracking proliferation? I know we have talked on proliferation issues at other times when you have been before the committee and I wanted to raise this and give you an opportunity to comment.

Secretary ALBRIGHT. Let me just say I know nothing about it beyond what I read in the paper today. But I can also tell you that dealing with proliferation is the highest priority item of this administration, and we have made that clear across the board in our dealings with countries and we will continue to do so. I can assure you of that, Senator.

Senator BENNETT. Thank you, Mr. Chairman.

Chairman STEVENS. Senator Harkin.

OPEN DOOR POLICY

Senator HARKIN. Thank you, Mr. Chairman.

I appreciate your testimony and your responses to the questions. I have listened as carefully as I have been able to during this period of time.

I find myself in much the same position as Senator Bumpers. I am not certain. I can see benefits to it. I have always believed in the old adage that democracies do not attack one another, and to the extent that we can put an umbrella over democracies and bring them together into mutual defense treaties, that is probably the best thing that we can do.

On the other hand, if you look at Russia and the other countries and their histories, it raises some severe questions about the total cost and what the impact will be down the road on our relations with Russia.

There are two parts to my question. One, Secretary Cohen, I want to get back to the weapons thing that we talked about, but before that I want to talk about NATO expansion. What we are talking about is three countries. That is all we are talking about. But we always talk in terms of expanding beyond that.

What is contemplated, if this passes the Senate? When will you be back again? When will this administration be back again to ask for further expansion of NATO? How soon do we contemplate that?

Secretary ALBRIGHT. Senator, we have said that this is an open door, and that all democracies and market economies in Europe are eligible for this. But we have also made clear that the next tranche would not be until 1999, if, in fact, there are those that are ready to assume the responsibilities and privileges of NATO membership.

I think it is very important here to think about the fact that we cannot allow a line that was created at the end of the Second World War to continue to dominate our view of Europe. We need to see a free, democratic, and unified Europe, which I believe is in America's national interest, and to have this be static does not allow us to do that. And I do not think that we should allow this artificial line that was created to be the one that continues to be maintained.

Senator HARKIN. I guess I am concerned about who can be considered as new NATO nations. Could any member of the Partnership for Peace be eligible?

Secretary COHEN. The answer is yes. Those who are, in fact, engaging in the Partnership for Peace program are ones who are trying to prepare themselves for future membership. But it is up to them. You have, for example, Ukraine. Ukraine engages in Partnership for Peace exercises. I attended one this summer.

They have not expressed any interest in joining NATO. But they could at some future time. It will depend upon those countries requesting admission. Then the question will be whether the remaining NATO institution itself would agree. There is no boundary as far as we are concerned. Those countries who measure up by virtue of what they have done with their economies, their societies, their militaries, if they share our values and want to become part of NATO, would be open for recommendation. Then a judgment would have to be reached by consensus of all of the existing NATO members as to whether they should be admitted, subject to ratification by the parliaments.

Senator HARKIN. So even Russia could be admitted?

Secretary ALBRIGHT. Yes; technically.

Senator HARKIN. And why should it not be?

Secretary ALBRIGHT. Well, they have not—

Senator HARKIN. Why should we not anticipate that down the road bringing Russia in might be the best assurance that there would not be a new dividing line.

Secretary ALBRIGHT. We have, in fact, said that in principle it is open to Russia. Russia has exhibited no interest in becoming a member.

Senator HARKIN. Not right now. None of us have this crystal ball to see what they may be doing in the future.

Secretary ALBRIGHT. I do think that we are all present at a fantastic time where our imagination in many ways can be set free in terms of looking at new institutional arrangements. That is what we are doing every day in some form. And I find it an exhilarating way of looking at a world that looks entirely different from the one that we grew up with.

Senator HARKIN. Well, let me put it this way. A lot of time, signals are sent by things that people in one administration or another says. Are any signals being sent that, down the road, Russia could be a part of this?

Secretary ALBRIGHT. The President has said, we have all said, that actually the logic of this is that if they as a democracy and a market economy, if down the line they would like to be members of NATO, they could be. But it is definitely hypothetical because they have said they are not interested.

Senator HARKIN. But at least it is a possibility.

DEFENSE SPENDING

Second, on the weapons upgrades point that I raised, I know what you are saying about getting in first with communications, language training, command and control, and all that kind of thing, but weapons systems do take long lead times, and, Madam Secretary, you mentioned that the Czech Government, for example, is increasing its defense spending by one-tenth of 1 percent of GDP a year for 3 years. Secretary Cohen, you mentioned that also, and you said that they were going from 1.7 percent of GDP to 2 percent by the year 2000, or one-tenth of 1 percent per year.

You equated that to the equivalent of a 1-year increase of 17 percent, Secretary Albright, in the Czech Republic, a rise of 17 percent by next year, the equivalent of a 1-year \$40 billion increase in America's defense budget.

I just put in the margin of your written testimony, "this is good?" I put a question mark. Is this good for the Czech Republic? You say they have a dynamic economy. We have a dynamic economy. What would happen if, Secretary Cohen, you came up here next year and requested a \$40 billion increase in defense spending? It is not going to happen.

Secretary COHEN. I believe Secretary Weinberger did precisely that during the Reagan years and was successful. A lot depends on where you are starting from. The Czech Republic is behind both Poland and Hungary in terms of their capability at this point, but they have made it very clear that they intend to reach that 2 percent level of GDP by the year 2000. They have made a number of significant changes in recent weeks.

In fact, we pointed out that they were not allocating enough of their military to a NATO commitment. Within a matter of a couple

of weeks, they now are allocating most of their commitment of their military to NATO missions. So we have been very pleased that they have been responsive to what we think they need to do in terms of upgrading their capability to eventually have that mature capability of being able to carry out their article V requirements.

ECONOMIC CONDITIONS

Senator HARKIN. Let me just say that in these countries where the IMF has said you have got some real problems in terms of loan repayments. I have not been to the Czech Republic. I have been to others, and they have a lot of catching up to do just in terms of their infrastructure—their sewers, their roads, their bridges, their schools, their social structures, everything. They have got a lot of catching up to do.

And so they have got to invest some money in infrastructure. And if that is being taken away for the NATO expansion, I have some real concerns as to what will happen in those countries.

Secretary COHEN. If they were not included in NATO expansion, they would still have defense requirements which would be even greater, because then they would be outside of the protective umbrella. As such, they might feel that they have to go in a different direction to acquire the high tech equipment which we are suggesting that they do not need at this point.

Senator HARKIN. So your point is that by including them in NATO they will spend less than what they otherwise would.

Secretary ALBRIGHT. Correct. President Havel has said that.

Chairman STEVENS. Thank you, Senator. Senator Lautenberg.

ENLARGEMENT COSTS AND BURDENSARING

Senator LAUTENBERG. Thanks, Mr. Chairman, and thanks, Secretary Albright, Secretary Cohen. We have quite an impressive duo sitting at the table—formidable, I would say.

On balance, I am in favor of the expansion of NATO. I am, however, concerned about a few things. I have always been interested in burdensharing, because I do not always see our relationships with some of our friends with whom we have military alliances and, many of which are very prosperous nations, as fair. Not until we tweaked them pretty hard did they step up to the plate to carry their fair share of the defense burden.

I listened carefully as Secretary Cohen talked about the prospects that NATO expansion might cost less than originally anticipated. But we have a fixed relationship of our share to the total cost, and some of our allies are complaining that they will not expand their share. It has come from France. It has come from the United Kingdom, as I understand it. No?

Secretary COHEN. No.

Senator LAUTENBERG. Well, how about France? Can we agree on that? Can we agree that France represents a fairly significant example of reluctance to participate that could result in costs passed along to the United States? Now if we see a decline in the anticipated cost, will our share of those total costs stay constant? Will our contribution go down?

Secretary COHEN. Our share will stay constant. Let me respond.

Senator LAUTENBERG. Share constant but dollar value?

Secretary COHEN. Our dollar value will remain the same, as will the percentage. We are looking at that \$9 to \$12 billion figure which I mentioned initially. That is the one category that involves NATO enlargement costs. The other two are separate and apart. That is the figure that is likely to be lower by virtue of what we have learned as far as the capability of the three countries coming in.

The NATO countries, I spoke to the NATO ministerial conference, and I indicated there are costs involved and everybody will have to share in those costs. There will be costs involved to the new members, to the existing non-U.S. NATO members, in terms of reforming their military. And then, when it comes to the enlargement, again it is about \$1.8 billion in the NATO fund that we all contribute to.

Our portion of that is about \$485 million for 1997. They maintain—and there is no unanimity on this—the British defense minister is reported in today's Washington Times, I believe, as indicating if there are increases they will pay their fair share of the increase. France had said it did not feel there was any necessity for it. Germany has indicated they could reprioritize and take lesser prioritized items and put the money into the NATO common fund so that they could help those three countries coming in.

It remains to be determined in terms of the defense ministerial assessment. That will be done in December. I will be happy to come back to you with some solid figures, as solid as we can make them, before you have occasion to vote on this. But I believe it is very clear to all of the NATO countries the costs involved and they will all have to bear their fair share.

Senator LAUTENBERG. Right. But I am concerned about our allies paying their fair share of the burden, recognizing nonetheless that these are not the kinds of figures that break the bank.

So if there is a decline in costs, do I hear you correctly that our percentage share will stay the same? Or is it the dollar amount that will determine how much we contribute?

Secretary COHEN. Well, the percentage, we still pay roughly 24 percent into the common fund. That is standard. The dollar figures may come down because we may not have to reach that \$9 to \$12 billion figure.

Senator LAUTENBERG. It is simple enough. Therefore, it would suggest that if costs go up, we will have the responsibility of paying again our share and, thusly, more dollars.

Secretary COHEN. As will they.

Senator LAUTENBERG. OK. I just would like to be able to talk about this to my constituents as I try to prepare for their questions.

What happens if countries decline to pay their fair share? Those receivables, coming from a business background, must be tough to collect.

Secretary COHEN. I turn them over to Secretary Albright.

Senator LAUTENBERG. I would be frightened of that, I would say, if I was the debtor.

Secretary COHEN. Well, they have it in their own interests. I mean, NATO functions as a consensus institution as such. We, if we find that there are deficiencies, we point those deficiencies out.

For example, when I was in Maastricht, I said I did not think they were moving ahead quite fast enough in terms of the reforms that they needed to make, that they pledged to make in 1991. It turns out that the British, of course, have made significant improvements in their rapidly deployable forces. They have about a 25,000-person capability of deploying to the Persian Gulf, should that ever be necessary, and sustain it.

The Germans are now putting together a rapid action force that could be rapidly deployable. It will be about a 53,000-person unit as such. Ten thousand will be stood up by next year, by 1998. The French also have rapidly deployable forces which they can deploy to Africa and elsewhere, which they are doing.

And I might point out in terms of burdensharing you have got France as the third largest contributor to SFOR, the United Kingdom is the second largest contributor to SFOR. Germany now has some 2,500 troops outside of German soil in Bosnia contributing to that mission.

So we are seeing a lot of participation on the part of our European friends.

Chairman STEVENS. Senator, your time has expired.

Senator LAUTENBERG. Well, I close very quickly, Mr. Chairman, by commending our witnesses and our friends here today at the table for presenting a very cogent and persuasive case.

Chairman STEVENS. Thank you, Senator. Senator Inouye.

PREPARED STATEMENT

Senator INOUE. Thank you very much, Mr. Chairman. I apologize for being late. May I ask that my statement be made part of the record?

Chairman STEVENS. Yes.

[The statement follows:]

PREPARED STATEMENT OF SENATOR DANIEL K. INOUE

Mr. Chairman, I want to begin today by thanking you for agreeing to hold this series of hearings on NATO enlargement. I feel this is one of most serious issues to face our country today.

Forty eight years ago, the United States determined that it would serve our national interests to enter into a treaty with our European allies to help guarantee peace in that region.

Since then, most would agree that the North Atlantic Treaty Organization has been one of the clearest foreign policy successes of this nation.

Each of the last ten Presidents has solidly supported the NATO Alliance and our leadership role in that union. There has never been a doubt about our national commitment to this organization.

For nearly fifty years, NATO has in large measure been responsible for keeping peace in Europe. Our men and women in uniform were called upon twice this century to answer the clarion call to help create, restore, and preserve democracy in Europe. The losses faced by our nation in these bloody conflicts were tragic. Since the creation of NATO none of America's youth has been required to fight a major conflict in that region.

Today, the situation in Europe seems much different than that following World War II. Our most powerful European adversary, the Soviet Union, has collapsed. While the dispute in the Balkans might not lead one to proclaim that peace is at hand, the man on the street no longer looks at Europe as the potential trouble spot for this nation.

The question that we must now grapple with is what should be the new role of the United States in the post-cold war era?

Some, including our esteemed witnesses here today will argue forcefully that the United States must reaffirm its commitment to European security. That such is the

price of global leadership. They contend that the United States should embrace an expanding role for NATO, one that welcomes new emerging democracies into this union.

It is their view that this is the clearest way to maintain the peace in Europe. And, that it is the United States strategic interest to support this objective.

Others maintain that the time for NATO is past. They argue it is a relic focused on the Soviet Union. They contend that, while the United States had a national interest in containing and eventually defeating an expansionist Soviet Union, its collapse has eliminated the need for the United States to take an active role in intra-European matters.

Still others have argued that maintaining our role in NATO is a good hedge against a future problem in that region, but that does not argue for expanding NATO to include the former satellite states of the Russian empire. And clearly, they contend, it is not in the interest of the United States to pay any amount to bring these countries into NATO.

Hopefully, at this meeting the witnesses can provide the committee a detailed explanation of why this administration supports NATO enlargement. Again, I thank you Mr. Chairman for calling this hearing. This is a very important issue and I hope the ensuing discussion will allow all members to better understand the matter.

RUSSIA'S FUTURE

Senator INOUE. Madam Secretary, Mr. Secretary, I agree that the circumstances of the latter one-half of the century has placed upon us, whether we like it or not, the mantle of global leadership. Global leadership is painful at times and very costly. But I believe that it is in our best interest to maintain that leadership.

And I agree with you that European security is an important part of it. When NATO was originally conceived, we had an adversary, the Russians, the Soviet Union. Today the picture has changed, but still an important element is Russia. Mr. Yeltsin at this moment seems very helpful to us. Do we have any indication as to what sort of successor government we can anticipate?

Secretary ALBRIGHT. Well, it is our hope—more than a hope, it is a projection—that basically as we work more with the Russians and as we do what we can to help develop their institutions, their democratic institutions, in a variety of codes that we will add strength to the reform movement.

Democracy seems to be alive and well in Russia. There is a lot of debate and discussion. There is the evolution of a variety of institutions. And our policy is based on the fact that we want to encourage those institutions so that whoever the successor is is one who is grounded in more democratic practices than we had seen previously.

UNITED STATES ROLE IN NATO AND EUROPE

Senator INOUE. Sorry I was not here to listen to the discussions, but, Mr. Secretary, what would be the results if the United States did not continue its leadership role in NATO and began to withdraw our interest? What would happen in Europe?

Secretary COHEN. I think we would see a replication of what took place during the 20th century. After World War I, we returned from our engagement in European affairs and we turned our back on all of the sacrifices that were made. We allowed a mechanized evil to run over much of Europe and found people like yourself and Senator Stevens and others who were required to make the same kind of sacrifices that perhaps your fathers had made in World War I.

If we were to turn our back on being a world leader, then we would find forces that could prove to unravel much of what has been accomplished in the latter part of the 20th century. We would find that there would be power centers that would seek to fill the vacuum, that that would not be in our interest, and we would find, inevitably, instability gathering momentum like those storm clouds that Churchill talked about during the 1930's and 1940's.

I think that we would see great instability and possibly a chaotic situation developing over a period of time. It is in America's interest to be a global leader. If we sacrifice that leadership or give it up, then we allow other powers who may not share our values or our interests to take hold. I think that would be a great abdication of our responsibility, be a moral abdication.

CONSENSUS IN NATO

Senator INOUE. Madam Secretary, in the early days of NATO, there was definitely a spirit of cooperation and enthusiasm. Do you believe that that spirit still exists?

Secretary ALBRIGHT. Senator, I do. First of all, Secretary Cohen spoke about the number of activities that we do in common with our NATO allies. I think we had a mini-discussion about Bosnia. I have to say that we should see NATO's activities in Bosnia as a major success and what has been accomplished there as great steps forward.

In the meetings that I have attended of the NATO ministers there is a sense of common purpose. There are disagreements, as there are within, between and among democratic nations. But I do think that there is a spirit of can-do within NATO, and a desire to adapt to the post-cold war situation.

Senator INOUE. Thank you very much, Madam Secretary.

Mr. Chairman, I commend you for holding these hearings.

Chairman STEVENS. Well, I thank you, Senator, and thank the two Secretaries. I feel a little frustration. I thought we were going to talk about costs. We have been talking about a lot of things other than cost. But I do want to ask you just two questions, Secretary Cohen.

ENLARGEMENT COSTS

The "Quadrennial Defense Review" [QDR] did not contemplate an enlarged NATO. Will we see a revision of that based upon the concept of an enlarged NATO?

Secretary COHEN. As a matter of fact, the QDR did contemplate an enlarged NATO, and that was factored in. We estimated four new members, but only three in this. So it was contemplated in the QDR. That assessment was made.

Chairman STEVENS. I stand corrected. That was not my memory of it, but I will go back and take a look at it.

UNITED STATES TROOPS IN EUROPE

Well, if that is the case, we have approximately 100,000 of our people on the continent today. Downstream, even at the lower levels, it is projected in terms of the three nations that they will provide about 200,000 more forces.

Secretary COHEN. About 300,000.

Chairman STEVENS. 300,000. Well, then why can we not bring some of our people home?

Secretary COHEN. Well, the question is always balancing what signal that does, in fact, send. We have the 300,000 to be contributed by the three new members, but we do not anticipate forward-deploying any American troops on a permanent basis into those regions. We would think, for example, we have a base that we have the utilization of right now in Hungary, in Tazar, where we train and retrain and upgrade the readiness of our forces who are now in Bosnia.

We would anticipate having training missions in the Czech Republic and also in Poland, but not permanent stationing of American forces. So we think that by enlarging NATO we would still have the same commitment that we have currently. We do not see any reason why we would want to cut that commitment back.

READINESS IMPACT

Chairman STEVENS. Well, I do not want to prolong this. I do want to thank you both for coming. I just have the feeling as we sit here looking at the defense plans we have less than one-half of the ships that President Reagan thought we should have, and they average 20 years of age. We are replacing three of them this year. We have cut our B-2's down to less than one-half of those we originally intended because of costs. Our B-52's are retiring, as they should. They are being flown by the grandsons of the people who built them.

I look at this as just being another added cost that will further the deterioration of our ability to defend our national interests. Bosnia certainly has been that. By the time it winds up, even through July, we will have spent \$8 to \$9 billion we did not contemplate in the prior 5-year plan prior to being involved in Bosnia.

That quantifies into just so many ships we did not build, so many planes we will not build, and so much modernization we will not achieve. This is just another piece out of the armor as far as I am concerned. I do not know how we can afford what is being projected here without really cutting force structure, and I do not see any indications that the Department has looked at its force structure requirements as a result of an enlarged NATO.

Have you?

Secretary COHEN. We have indeed. We contemplated specifically enlargement of NATO in the QDR.

Chairman STEVENS. In terms of reducing our capabilities? That force structure was reduced as a result of the QDR.

Secretary COHEN. We are reducing force structure that was considered to be unnecessary, but also to achieve some savings and it was done in a moderate fashion. We took the force structure mostly out of the support activities and not out of the tooth, as such. We think we have got the right balance right now.

Chairman STEVENS. We will go into that tomorrow with the Joint Chiefs of Staff. I do hope and I intend to keep the questions to really the costs of this enlargement and its impact upon our defense planning in terms of the hearings tomorrow and on Thursday, when we get to the General Accounting Office.

I am constrained to tell you that I have had requests from three members who have not been able to ask questions to see if we might arrange, sometime after the first of the year, a return engagement for you two. That I know will be an imposition, but we will try to work it out and limit the questioning at that time to costs and how we are going to deal with the problems of this committee with regard to accommodating the impact of enlarged NATO on our defense plans.

ADDITIONAL COMMITTEE QUESTIONS

But again I have to tell you I am being viewed as being an opponent of an enlarged NATO. I am not an opponent of an enlarged NATO. I am an opponent of additional drainage to the funding stream for defense modernization, and I think the two of us are getting very frustrated in our ability to maintain this defense budget. We are operating under a cap, and anything further that is going to increase costs is going to decrease our ability to modernize. And that is to me a challenge that I do not think the Department or the administration has met yet, to tell us how can we afford what is going to come about as a result of these plans.

But again we do thank you very much for coming.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO SECRETARY MADELEINE ALBRIGHT

QUESTIONS SUBMITTED BY SENATOR MITCH MCCONNELL

BALTICS

Question. What is United States policy regarding the entrance of the Baltic countries into NATO?

Answer. At a press conference in Vilnius on July 13, following my meeting with the three Baltic Foreign Ministers, I said the U.S. welcomes Baltic aspirations and supports their efforts to join NATO which can take place as they show themselves willing and able to assume the responsibilities of membership and as NATO concludes that their inclusion will serve the interests of the Alliance.

The Baltic states will have to meet the same high standards that NATO has set for other aspiring Partners, but they will not be disadvantaged due to their history or geography.

A year ago we launched our Baltic Action Plan to coordinate our support aimed at integrating the Baltic states into European and trans-Atlantic institutions.

We and the three Baltic governments recently completed negotiating the text of the U.S.-Baltic Charter of Partnership. We have said publicly that the Charter "articulates a common vision for Europe based on shared values. It is not a security guarantee. We are not offering one; and they are not asking for one." We look forward to signing the Charter in January.

At Bergen in September we launched our new three-track Northern initiative: (1) strengthen U.S.-Baltic relations, helping them become stronger candidates for integration; (2) promoting integration between Northern Europe and Northern Russia; and (3) strengthen U.S.-Nordic relations, expanding the U.S.-Nordic coalition to include Poland, Germany and the EU.

We are also founding members of BALTSEA, a new group formed on October 7 in Copenhagen to better coordinate military donor assistance to the Baltic states. We intend to expand our own security assistance program with the Baltic states to support their efforts to provide for their legitimate security needs.

Question. As you know, we've provided \$18.3 million to enhance the Baltic capabilities. Can this Committee expect to see an increase in military and economic assistance for these countries in the Administrations' fiscal year 1999 budget request. If so, what specific programs do you anticipate this assistance being used for?

Answer. For fiscal year 1998, we had planned to allocate \$12.3 million for the three Baltic states (up from a total of \$4.5 million in fiscal year 1997). Most of this would go to cover the cost of constructing the Regional Air Surveillance Coordination Center and national nodes for airspace management. Your fiscal year 1998 earmark provides more than enough to construct this facility and conduct ongoing military assistance programs at existing or increased levels.

In fiscal year 1999, we will ask for increased authorization under the Warsaw initiative program to both assure that NATO's first new members will be successfully integrated and to provide more solid support for those Partners who actively aspire to membership in the future. For the Baltic states, we would budget a total of \$15 million to increase the activities and programs we already have. These programs would be designed, based on a comprehensive State/DOD evaluation, to help the Baltics provide for their legitimate defense needs as sovereign European states. Much of this effort will also be geared toward making the Baltic states more attractive candidates for NATO membership in the future.

The programs supported by these funds could include: providing peripheral support equipment for the regional airspace initiative; supporting the deployment and expansion of the Baltic Peacekeeping Battalion (BaltBat), a full schedule of PfP and bilateral exercises, English language and officer training, procurement of tactical communications equipment in support of BaltBat and Baltron, as well as search and rescue.

NATO: GENERAL COSTS

Question. To address the concerns of countries not included in the first round, the Administration has said we will strengthen Partnership for Peace (PFP). The 1998 request was \$70 million which was supplemented by \$20 million in loans to Central European countries.

If we are strengthening Partnership for Peace, what level of support might we expect next year?

Answer. United States assistance through the Warsaw Initiative, including Foreign Military Financing grants and loans (FMF), has been instrumental in helping Partnership for Peace become an extremely successful program for furthering cooperation between NATO and the countries of Central and Eastern Europe and the Newly Independent States.

Our fiscal year 1998 request for \$70 million in FMF grants and \$20 million in FMF loan subsidies will provide training and communications and non-lethal equipment to our PFP partners to improve their interoperability with NATO, continue their defense reforms, and strengthen their regional cooperation.

In fiscal year 1999, we expect to request \$100 million in FMF grants and \$20 million in FMF loan subsidies. This significant increase in FMF grant funding will further one of the Administration's highest priorities—NATO enlargement—by helping Poland, Hungary and the Czech Republic meet the military requirements of NATO membership. This funding will also further our Open Door policy by encouraging the countries aspiring to NATO membership but not invited at Madrid to further their aspirations and strengthen their compatibility and cooperation with NATO.

We will be able to provide greater funding to the countries of Southeastern Europe, including Romania, Bulgaria and the former Yugoslav Republic of Macedonia, to encourage continued reforms, closer regional cooperation, and greater stability. In the Baltics, our fiscal year 1999 request will enable us to provide tactical communications equipment in support of the Baltic Battalion, BALTRON (a Baltic naval cooperative arrangement), and the Regional Airspace Initiative, as well as search and rescue training.

Increased FMF will also enable us to strengthen the participation of the eligible countries of the Newly Independent States in PFP. It will build upon programs begun in fiscal year 1997, the first year NIS countries were eligible for FMF, including providing English language and NCO training, tactical communications and basic soldier equipment. FMF will enhance regional cooperation through assistance to the Central Asian Peacekeeping Battalion (Centrasbatt) and further Russian and Ukrainian participation in peacekeeping and humanitarian activities and operations.

Our fiscal year 1999 FMF loan subsidy request in support of the Central Europe Defense Loan program will address deeper deficiencies through qualitative improvements to eligible countries' defense infrastructures.

Question. I was concerned about press reports from the July summit that the French do not plan or expect to assume any additional costs for NATO infrastructure improvements. Can you square their assertions with your statement that current and new allies will bear 75 percent of the costs for improvements?

Answer. NATO enlargement will entail some additional costs to current members. At the NATO Summit in Madrid last July, all Allies agreed that there would be costs, that the costs would be manageable, and that the resources needed to meet them would be provided. We are confident that the allies will meet their obligations.

Recently both senior British and German government officials placed editorials in major American newspapers, stating that their governments were pledged to provide their fair share of enlargement costs. On October 21, British Secretary of Defense George Robertson stated in an editorial in the Washington Times that "[w]e all recognize that bringing new members into NATO will incur a cost. * * * But if additional spending is required, Britain will pay its share." On November 4, German Foreign Minister Klaus Kinkel stated in an editorial in the Washington Post that "[t]he debate on admitting new members into the Alliance must take into account the political and military rationale behind NATO enlargement * * * It goes without saying that Europe and Germany * * * must bear their fair share of the costs of NATO enlargement * * * This European contribution to the Alliance will not drop with the admission of new members, but will further increase."

Our allies, including France, have a proven track record of meeting their NATO responsibilities. The fact is that our NATO allies consistently pay approximately 75 percent of all NATO common costs, which includes infrastructure, while the U.S. pays about 25 percent.

QUESTIONS SUBMITTED BY SENATOR FRANK R. LAUTENBERG

CONFLICT WITH CBO ESTIMATES

Question. The U.S. has been providing roughly \$100 million each year in the Foreign Operations bill to help pay for expansion. The CBO assumes that the U.S. will support the process of NATO expansion by increasing the number of loans the U.S. subsidizes for the new members to buy upgraded military hardware and by stepping up military-to-military training and exercises. CBO estimates that these costs will double. Why are these costs not included in the Administration's estimate?

Answer. Relevant costs for such measures were included in the Administration's estimate. For the February 1997 U.S. estimate of enlargement costs, DOD developed enlargement requirements and then estimated the costs for meeting those requirements. DOD assumed that countries would pay for their own defense enhancements unless there was evidence of likely assistance from other sources or where an enhancement would likely qualify for NATO common funding. Estimated U.S. enlargement costs included continued U.S. assistance for the construction costs for Air Sovereignty Operations Centers under the Regional Airspace Initiative and for language training through the International Military Education and Training program. The United States would share in additional costs only to the extent that the United States, with Congressional approval, may choose to continue or expand the current modest assistance being provided to the new democracies of Central and Eastern Europe.

The U.S. enlargement cost estimate also included costs for training and exercises, including education in NATO languages and procedures for new member forces, upgrades to existing exercise facilities in new member countries, and transportation and operating costs for incremental combined exercises tied specifically to enlargement.

COSTS BORNE BY U.S. TAXPAYER

Question. The Administration's estimate assumes that the costs to new members and current allies will be borne by them with or without NATO expansion. Shouldn't we apply the same standard to costs that will be borne by the U.S. taxpayer out of the foreign operations bill and include them in the overall estimate of the cost?

Answer. The Administration's estimate applied a consistent standard of identifying costs relevant to enlargement, i.e. costs for enhancements related to meeting the requirements outlined in the February 1997 report. For those cases in which expenditures in the foreign operations bill matched an identified requirement, the estimate included them. We did not include in cost estimates military requirements unrelated to an enlarged Alliance. Estimated U.S. enlargement costs included continuing U.S. assistance for the construction costs for Air Sovereignty Operations Centers under the Regional Airspace Initiative and for language training through the International Military Education and Training program. The United States would share in additional costs only to the extent that the United States, with Congressional ap-

proval, chose to continue or expand the current assistance being provided to the new democracies of Central and Eastern Europe.

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PROSPECTIVE MEMBERS NOT EXPECTING LOANS

Question. Is there any evidence that prospective NATO members are not expecting grants and loans from the U.S. for military upgrades?

Answer. With strong Congressional support, over the past four years the United States has provided, under the Warsaw Initiative, grants to countries of Central Europe, including those selected for NATO membership. As set out in the appropriations for these grants and NATO Participation Acts, one purpose was to prepare the countries which received them for NATO membership. On that basis, Congress earmarked significant portions of the grants to the Czech Republic, Hungary and Poland. In addition, those three countries were eligible for loans as well; to date we plan to make loans of \$100 million to Poland and \$80 million to the Czech Republic.

The Administration has requested continued funding for the Warsaw Initiative in 1998 and will so do in 1999. While Poland, Hungary and the Czech Republic will, of course, welcome these levels of continued Warsaw Initiative funding through fiscal year 1999, we have created no expectation for them of substantial additional increases. The Administration has emphasized to each of these countries that they have primary responsibility to fund the military restructuring and modernization programs that are needed to bring their militaries up to NATO standards. All three countries have demonstrated their willingness to meet these responsibilities and are committed to putting sufficient resources into their defense budgets. In addition, Warsaw initiative funding will also be used to provide assistance to those countries not included in this initial group of potential new members. We must consider how these programs continue after the initial group actually joins NATO.

NATO MEMBERS AGREE WITH ESTIMATES

Question. Do the prospective NATO countries agree with these estimates?

Answer. Our European allies and prospective NATO members have neither formally accepted nor rejected the Department of Defense's notional estimate of enlargement costs contained in the President's February 1997 Report to Congress.

In general, prospective members agree with the U.S. approach to enlargement requirements and costs; they understand and have committed to developing the capabilities required.

In their accession papers, the Czechs have agreed to pay a 0.9 percent national cost share of the NATO common budgets; Hungary has agreed to a 0.65 percent national cost share; and the Poles have agreed to a 2.48 percent national cost share.

NATO COSTS ESTIMATES DIFFERENT FROM UNITED STATES

Question. Why is there such a disparity between American and European estimates about the cost of expanding NATO?

Answer. NATO's work on enlargement costs will be considered by NATO Ministers at the December Ministerials.

The NATO cost study estimated costs of enlargement in all three of NATO's common budgets; i.e., the civil, the military and the infrastructure budgets. The NATO study generated a lower estimate of NATO expansion costs than the earlier Department of Defense study for the following main reasons:

- While the NATO study provided a more reliable estimate of common costs, the study did not address other costs, such as the national costs that old and new Alliance members will pay to improve their military capabilities to meet the requirements of an enlarged NATO. The DOD study included these costs;
- The Defense Department study was based on four new members, not just the three that were actually invited;
- DOD cost analysis differed from NATO's methodology due to the notional and illustrative nature of the previous DOD estimate v. NATO's costing of specific requirements;
- Finally, the initial work being conducted by the NATO military staff, based on actual visits to the countries, suggests that the military infrastructure in the three invited states is more readily usable by NATO than previously anticipated.

NATO MEMBERS TO INCREASE DEFENSE SPENDING

Question. NATO member countries have been paring defense spending since the end of the Cold War, and our European allies have been complaining about the U.S. cost estimate, saying that they won't pay so large a share of the costs. President Chirac has said that Paris intends to pay nothing extra for NATO expansion. The U.K. has said America's cost estimates are 40 percent too high. The German Defense Minister has called for a "realistic calculation of costs, not on the basis of the Cold War."

I was encouraged by Secretary Albright's comments before the Foreign Relations Committee on October 7 on the issue of burdensharing. At that hearing, Secretary Albright said: "I will insist that our old allies share this burden fairly. That is what NATO is all about."

Given the tough fiscal qualifications for entry into the European Monetary Union, is it realistic to expect European members of NATO to increase—rather than reduce—spending?

Answer. At the Defense Ministers meeting in Brussels in June 1997, Ministers acknowledged that "the admission of new members * * * will involve the Alliance providing the resources which enlargement will necessarily require." Later, in July at Madrid, all allies agreed that there will be costs associated with the integration of new members, that these costs will be manageable, and that the resources necessary to meet these costs will be provided.

Recently, both senior European officials placed editorials in major American newspapers, stating that their governments were pledged to provide their fair share of enlargement costs. On November 4, German Foreign Minister Klaus Kinkel stated in an editorial in the Washington Post that "* * * It goes without saying that Europe and Germany * * * must bear their fair share of the costs of NATO enlargement. * * * This European contribution to the Alliance will not drop with the admission of new members, but will further increase".

ASSURANCE UNITED STATES WON'T PAY MORE THAN THEIR SHARE

Question. Under the Administration's current burden sharing arrangement, the U.S. will pay for roughly 16 percent of the direct NATO expansion costs. Current and prospective NATO allies will pay the rest. As the cost estimates are refined during the upcoming months, can you assure me that the American people will not be asked to pay a greater share of the costs?

Answer. The estimate of the U.S. share of the costs of enlargement were based largely on the distribution of cost in NATO's commonly funded budgets: the civil budget, the military budget and the infrastructure budget. Based on long-standing NATO financial arrangements, the U.S. share is roughly 24 percent of each of these budgets. This share will be adjusted slightly to take into account the contribution of new members.

In addition, the U.S. also provides limited military modernization assistance to Poland, Hungary and the Czech Republic, as well as to some other countries of Central Europe and the former Soviet Union through the Congressionally-funded Warsaw Initiative. In fiscal year 1998, the Administration has requested \$70 million in FMF grants and \$20 million in FMF loan subsidies for this program.

We should point out that the 16 percent figure mentioned in the question came from an OSD report which included more than commonly funded costs, but also what new member and current members must spend directly to meet NATO defense requirements.

PLANS SUFFICIENT TO MEET THE COSTS

Question. The economic strength of the prospective NATO countries is a mixed bag. GDP growth in Poland may reach 6 percent in 1996. On the other hand, Hungary's economy experienced modest growth in 1994 and 1995, but it declined to 1 percent in 1996. In 1996, the Czech economy grew by about 4 percent. However, GDP growth for 1997 was estimated to drop to 2.7 percent. Although these prospective NATO countries need to continue to focus on strengthening their economies, NATO expansion will require them to spend additional resources on their defense budget. Meeting the Administration's cost estimate will require the new countries to increase their budgets by roughly 20 percent in real terms over the next 15 years. Meanwhile, defense spending in each of the prospective NATO countries has declined since the Cold War ended.

What evidence does the Administration have demonstrating that prospective NATO members are planning to accommodate defense budget increases over the next 10 to 15 years?

Are plans sufficient to meet the costs of NATO expansion?

Given economic pressures in each of the prospective NATO countries, are these plans realistic?

Answer. NATO's Economic Committee, tasked with addressing the macroeconomic forecasts in each of the invitee countries, has produced a preliminary report which addresses this question. In the case of Poland and the Czech Republic, substantial initiatives have been taken in order to increase future defense expenditures. In the Czech Republic, this will take place under the form of an annual addition to the "military expenditures" share of the Ministry of Defense budget of the equivalent of 0.1 percent of GDP until the year 2000. In Poland, a new 15-year defense plan between 1998 and 2012 of \$10 billion will provide long-term funding, mostly in the field of modern equipment procurement. In Hungary, long term decisions hinged on the outcome of the recently completed referendum, but an increase of the defense budgets by 0.1 percent of GDP from 1998 to 2001 has been announced.

The budget plans of the three countries have been analyzed using various economic parameters and forecasts. Each country has its unique economic challenges. Nonetheless, based on currently identified military requirements, the Economics Committee has preliminarily assessed that the defense plans are achievable and that enlargement costs, while not insignificant, are affordable. NATO will continue to work with the prospective members to ensure their budget plans account for NATO military requirements.

PUBLIC OPINION

Question. Russian political leaders across the political spectrum strongly oppose enlargement, although President Yeltsin apparently concluded that he would rather work with the West than fight us. For now, public opinion shows that among ordinary Russians, NATO enlargement is not a significant issue.

Under what circumstances could you see public opinion in Russia swinging in the opposite direction?

Answer. Our transparent and open approach to enlargement—and the Alliance's emphasis on the fact that enlargement threatens the security of no country—will help undercut any efforts to portray enlargement as an issue which should concern Russians unduly or negatively affect their lives or national security.

Regarding wide swings in Russian public opinion on enlargement, we do not foresee such circumstances in the foreseeable future.

Most ordinary Russians do not consider NATO enlargement a salient issue. Given the negative images of NATO that have been presented to Russians for decades and the strong public sense of national decline, there is at least a latent distrust of the Alliance among average Russians. That sentiment has not gained much ground as Russians are preoccupied with more immediate issues, such as the economy, employment, and crime.

Question. Is any current or potential leader in Russia capable of arousing public sentiment against expansion?

Answer. Some leaders, such as Communist Party leader Zyuganov and nationalist leader Zhirinovskiy, have already sought to arouse public sentiment against NATO enlargement, but without notable success, largely due to the lack of interest among the Russian public in the issue of NATO enlargement.

The ability of current or future leaders would depend in large measure on the domestic political and economic situation. Presently, social and economic concerns figure most prominently for most Russians. There would be little obvious political advantage to be gained presently by seeking to make enlargement a major issue, given that there are no national elections on the immediate horizon.

MASS OPINION AND PUBLIC POLICY

Question. To what extent does mass public opinion in Russia regarding NATO expansion have an impact on Russian government policy?

Answer. Public opinion mainly affects Russian government policy on any international issue indirectly. For example, public dissatisfaction with Russia's general status in the world played a significant role in the way both President Yeltsin and his Communist opponent, Gennadiy Zyuganov, positioned themselves in the 1996 presidential election.

Although the Russian government is sensitive to its assessment of mass opinion, that fact remains that the Russian public is little interested in NATO enlargement. Since there is little negative mass public opinion on enlargement, there is a negligible effect on government policy. Opposition to NATO enlargement is confined largely to the Russian political elite.

RUSSIA'S ROLE IN NATO

Question. Regardless of what the Russians want, I am curious about the long-term Administration thinking regarding Russia. Is the Administration's ultimate policy goal to include Russia as a full-fledged member of NATO? Is the relationship outlined in the NATO-Russia Founding Act and permanent Joint Council sustainable over the long run? What would the reaction to Russia as a full-fledged NATO member be among current and prospective NATO members?

Answer. Russia has not expressed an interest in joining NATO, nor has the United States or NATO been contemplating Russian membership in the Alliance. The United States and its Allies have stated repeatedly, most recently at the NATO summit in Madrid last July, that NATO membership is open to all European democracies who express interest in joining, meet the requirements for membership and whose inclusion the Alliance believes will contribute to the overall security of its members.

We believe there is value in not preemptively excluding any European state from consideration for membership. For this position to be credible, it must include Russia. But in reality, if we ever get to the point where Russia and NATO are seriously talking about Russian membership, it would be a very different world—a very different Russia, and a very different NATO, in a very different Europe.

We continue to see great value in deepening cooperation between NATO and Russia as outlined in the Founding Act. The Permanent Joint Council provides us the framework to further develop NATO's deepening relationship with Russia. But the PJC cannot substitute for the parties themselves. Our success in realizing the goals described in the Founding Act will depend on the sustained interest and commitment of both NATO and Russia. We expect that, as the NATO-Russia relationship yields benefits to both NATO and Russia, both parties will continue to work together and seek additional opportunities to further build this partnership.

OUT OF AREA INTERESTS

Question. In the Senate Foreign Relations Committee hearing on October 7, Secretary Albright highlighted that, in addition to regional defense, NATO agreed to adapt the alliance to meet "out of area" interests. Bosnia, as a non-NATO member without the guarantee of Article V protection, is one example of an "out of area" operation. Peacekeeping and crisis management beyond alliance borders are types of missions I've heard to which new members might contribute. What does "out of area" mean exactly? Does it include the Middle East? Asia?

Answer. The current NATO "Area of Responsibility", or AOR, is defined as the territorial integrity of the sixteen members of the Alliance. "Out of Area" has never been formally defined by the Alliance but has traditionally been judged by its members to be areas that either border the Alliance or that can influence or threaten its AOR. The Gulf War was not an "out of area" mission for NATO, but our success in that operation relied heavily on work completed earlier by NATO to ensure interoperability among allies. While there are currently no circumstances in the Asian region which merit NATO's consideration as an "out of area" mission, we cannot rule out the possibility for doing so if a threat to NATO's AOR were to emerge.

Question. By what standards will participation in an "out of area" operation be judged?

Answer. U.S. participation in an "out of area" operation will be determined by U.S. national interests, and will be executed in accordance with the USCINCEUR contingency plans. If an "out of area" operation is deemed to be in the U.S. National Security Interest as stipulated through such a plan, the U.S. could conceivably contribute to the operation. It is important to note that any such deployment would have to be approved by the North Atlantic Council (in which the U.S. participates with full veto powers) after formal consideration.

Question. Will NATO take on peacekeeping tasks that are currently the responsibility of the United Nations? What tasks?

Answer. NATO may, on a case-by-case basis, take on peacekeeping tasks as requested by and in coordination with the United Nations. The ongoing NATO operations in Bosnia serve as an example of a United Nations peacekeeping operation that was taken over by NATO. In this instance, the NAC, acting upon a request for assistance by the U.N. agreed to undertake the mission. Again, it would take a NAC decision to implement any future operations of a similar nature.

CONSENSUS

Question. NATO has operated effectively by consensus. If the organization grows—especially beyond the inclusion of the Czech Republic, Hungary, and Poland many have expressed concern about its ability to reach consensus.

How would consensus be reached in an organization that is almost double the size of the existing organization?

Answer. NATO has met the challenge of growth in an organization that works by consensus before. NATO has added four countries at different times since its inception and has been fully able to accomplish its goals without compromising its commitment to consensus decision making. The countries we are adding now share our perspective on security, NATO's mission and goals, and the need to keep the organization's effectiveness and efficiency strong. Future NATO members will also need to share these attributes before they will be invited to join the Alliance. Thus, we have no concerns about the ability of a larger, stronger Alliance to reach consensus on the issues it considers.

ALLIES PAY LESS, WE PAY MORE

Question. I understand that the Administration position is that the U.S. will pay no more than 15 percent of the costs, leaving the lion's share to our NATO allies. However, our European allies seem to disagree. To quote the British Defense Ministry, "the accession of new members to [sic] result in a proportionate reduction in the U.K. share of NATO common budgets." Other NATO nations seem to agree with this point. If our allies expect to pay less for NATO, doesn't it follow that we will pay more?

Answer. At the NATO Summit in Madrid last July, all Allies agreed that there would be costs, that the costs would be manageable, and that the resources needed to meet them would be provided. We are confident that the allies will meet their obligations. Our allies have a proven track record of meeting their NATO responsibilities. The fact is that our NATO allies consistently pay approximately 75 percent of all NATO common costs, which includes infrastructure, while the U.S. pays about 25 percent.

Recently, both senior British and German government officials placed editorials in major American newspapers, stating that their governments were pledged to provide their fair share of enlargement costs. On October 21, British State Secretary for Defense George Robertson stated in an editorial in the Washington Times that "[w]e all recognize that bringing new members into NATO will incur a cost * * * But, if additional spending is required, Britain will pay its share." Most recently, on November 4, German Foreign Minister Klaus Kinkel stated in an editorial in the Washington Post that "[t]he debate on admitting new members into the Alliance must take into account the political and military rationale behind NATO enlargement * * *. This European contribution to the Alliance will not drop with the admission of new members, but will further increase."

QUESTIONS SUBMITTED BY SENATOR TOM HARKIN

PUBLIC OPINION

Question. While public opinion regarding the question of NATO expansion has been consistently strong in Poland, it has been weaker in the Czech Republic and Hungary. What do the public opinion polls in each of the prospective countries indicate about the resilience and durability of the public's support for NATO membership, especially if public sacrifice is required?

Answer. The turnout in Hungary's November 16 referendum demonstrates that there is strong and resilient support for NATO throughout Central Europe and not just in Poland.

NATO enjoys popular and multi-partisan political support in all three countries. The governing coalitions in each country are strongly pro-NATO and no mainstream party in any of the countries opposes NATO membership.

—In Poland, opinion polls routinely show that over 80 percent of citizens support their country's integration into NATO.

—In Hungary's Referendum, 85 percent of the voters supported their country's integration with NATO.

—Recent USIA polls show that almost 60 percent of Czechs favor NATO accession. 29 percent of Czechs oppose NATO membership.

In both Hungary and the Czech Republic, there has been a substantial increase in public support since NATO extended an invitation to these nations at the July

Madrid Summit. As the public grows more knowledgeable about NATO and sheds Cold War images of the Alliance as an offensive force, public support has increased.

The invitations at Madrid also overcame skepticism in Central Europe whether the West would welcome security links to former members of the Warsaw Pact.

While some polls indicate some resistance to social spending cuts to pay for military modernization, basing of NATO forces, or overseas deployments, public support for practical examples, however, demonstrates the opposite. We need to look at what these countries are actually doing:

Basing of NATO forces.—Hungary approved U.S. use of Taszar Air Base—the U.S. staging base supporting IFOR and SFOR operations in Bosnia—in 72 hours, as well as an important training area and one other smaller support base. In addition, Hungary provided a support base at Pecs for the Nordics. NATO's use of the bases continues to enjoy wide popular support. Finally, the Hungarians are the first central Europeans to sign a bilateral Status of Forces Agreement to protect U.S. personnel stationed in, or passing through, Hungary.

Foreign Deployments.—All three countries have contingents serving in SFOR. Public support for deployment of troops in Bosnia remains high.

Cutting social spending to pay for modernization.—When austerity measures were introduced in Spring 1997, the Czech government maintained and later increased defense spending while cutting all other Ministries. Even Opposition parties supported the increased defense budget.

The Polish government has stated that it will increase its current levels of defense spending despite extensive flood damage earlier this year.

Closer examination of military infrastructure in Poland, Hungary, and the Czech Republic revealed that these countries were better prepared for NATO integration than previously thought. While we expect these countries to pay their share of integration costs, we do not expect those costs to be onerous.

Central Europe is an economically dynamic area which enjoys solid economic growth. Assuming moderate growth and a constant budget share for defense, the defense budgets in this region will significantly increase in real terms over the next decade. If properly used, those funds will enable the three countries to meet their financial obligations.

INTERNATIONAL MONETARY FUND

Question. The New York Times reported earlier this year that the International Monetary Fund has concerns over the cost of expansion for the new nations themselves. The IMF understandably has questions regarding the billion in dollars of loans that are conditioned on fiscal constraint by nations such as Poland, Hungary and the Czech Republic. Do you share the concerns of the IMF that the increased costs to the new nations could mean a huge and difficult burden?

Answer. We agree with the IMF that the countries in transition must exercise fiscal constraint. In consultation with the IMF, Poland, Hungary and the Czech Republic have adopted sound monetary and fiscal policies, including central government budgets with reduced budget deficits. These budgets adequately cover their commitments to increase military spending.

Positive growth rates in each country will enable the governments to increase defense spending and fulfill their commitment to paying the direct costs of NATO enlargement without taking on additional debt burden. Of course, these countries have other significant needs which they will consider in deciding how much can be spent on defense.

Most of the reforms in the defense sector related to NATO membership are necessary for an effective military in a modern democratic state. Moreover, the cost of defense would undoubtedly be higher if these countries did not join NATO.

COSTS OF MORE THAN THREE NATIONS

Question. What about the cost for adding additional nations to NATO beyond the three? How much will it cost for not just the Czech Republic, Hungary and Poland, but also Romania, Slovakia, Slovenia, Bulgaria, etc.? Please provide cost estimates for an expanded list beyond the first three nations.

Answer. Allies are currently focusing attention on the requirements, costs and the process of successfully bringing into NATO the three countries initially invited to join: Poland, the Czech Republic and Hungary. NATO has made no decision yet regarding admission of new members beyond these three countries. When the Alliance decides to admit identifiable new members, the cost issue, and the issue of military requirements to ensure that NATO remains capable of defending all members, can be effectively addressed.

COMPARISON TO MARSHALL PLAN

Question. Secretary Albright, it is interesting to hear you compare NATO expansion to the Marshall Plan. I could ask for the details of the military elements of the original Marshall Plan. Of course, there were really none. Instead, let me ask you to detail the economic components of NATO expansion? What are the civilian or political elements of NATO expansion?

Answer. The Marshall Plan, while focusing on civilian programs, had the effect of increasing stability and strengthening democracy just as NATO enlargement is doing. 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 include 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. 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.

Central Europe is an economically dynamic area—the fastest growing in all of Europe. Its economies are projected to continue to grow at 4 to 5 percent annually, in real terms. Such growth will make it easier for these states to modernize their militaries, even as they invest in their economic and social transformations.

OSCE: FUTURE EXPANSION

Question. Why hasn't the Organization for Security and Cooperation in Europe been receiving the same attention as NATO expansion recently? If a primary goal for NATO expansion is the protection of democracy and stability among the European nations, why can't the power and resources of the OSCE be expanded? Are there any initiatives for the OSCE that are being pursued?

Answer. We see the conflict prevention and regional stabilization role increasingly played by the OSCE as a natural complement to NATO in European security. As OSCE has taken on more tasks in places like Bosnia, Albania—and now, Croatia—we have increased our investment in the organization, as have many of our European allies. In Bosnia, the OSCE fully supervised Federation municipal elections this year, and will also supervise upcoming Republika Srpska elections this month. OSCE's new mission in Tirana has taken on the role of the overall coordinator for all international efforts in Albania. In Croatia, the OSCE mission will assume the United Nations Transitional Administration in Eastern Slavonia's (UNTAES) functions in Eastern Slavonia and extend similar monitoring to the rest of the country.

We are also working closely with other OSCE states in the ongoing security model dialogue to develop a consensus about the ways the OSCE can work with those states that need help to make the transition to democracy and free market economics. Our goals include assisting states to improve their compliance with the Helsinki Final Act and other OSCE commitments, improving the OSCE's ability to identify and defuse potential conflicts, in particular through its field missions, and identifying practical steps the OSCE could take to enhance cooperation with other European security organizations, particularly in the area of conflict prevention and crisis management.

Further development of the OSCE as a complement to NATO and other European security organizations is a key part of achieving our long-term European security goals. We are determined to remain engaged and are grateful for Congress' continuing political and financial support so that we can help the OSCE achieve its full potential.

SLOVENIA

Question. What is the status of Slovenia's application to join NATO? What are its prospects for joining NATO during the next expansion round?

Answer. Slovenia has made great strides in reforming its military, building active security links with its neighbors, and increasing the interoperability of its forces with NATO. We continue to work with Slovenia to help it prepare for consideration in future rounds of NATO Enlargement.

The Madrid Summit decision made clear that the message for Slovenia is not "no," but "not yet."

Slovenia still has much work ahead. The reform process is not complete and Slovenia must invest in its own military capabilities so that it can become a producer of security in the region and a potential ally capable of shouldering its share of the defense burden in Southeastern Europe.

Slovenia was a serious contender for the first round. The country is continuing its policy of seeking greater economic, political, and security integration with Euro-Atlantic structures. If it maintains its current direction, we believe that Slovenia would be an excellent candidate inclusion in a future round of NATO Enlargement.

ARMS CONTROL INITIATIVE ALONG WITH NATO EXPANSION

Question. One of the motivations we hear for an expanded NATO is to protect nations against future military threats. For example, one hears a lot about a renewed Russian military power, although not necessarily from the Administration. What arms control initiatives are being pursued to reduce or avoid such future threats?

Answer. As the NATO enlargement process proceeds, the U.S. and its Allies are engaged in negotiations on the adaptation of the Treaty on Conventional Armed Forces in Europe (CFE) to ensure its continued viability into the next century. Originally negotiated to preserve a military balance between two groups of States Parties, corresponding to the membership of NATO and the former Warsaw Pact, the CFE Treaty caps the equipment holdings of the major conventional armies in Europe, thus ensuring predictability about these levels for the future. It has helped prevent destabilizing concentrations of forces anywhere in the Treaty's area of application, from the Atlantic to the Urals. The Treaty has also helped ensure military stability throughout the CFE area—for those states that are members of an alliance as well as those that are not. The U.S. and its NATO Allies have put forward proposals over the course of the past year to ensure that these benefits are preserved—and even enhanced—as the geopolitical landscape in Europe continues to change.

The U.S. and Russia are also fully implementing START I which entered into force three years ago and mandates significant reductions in strategic nuclear weapons. President Yeltsin has promised Russia will ratify START II in the near future which will make even deeper cuts. Once START II is ratified, Presidents Clinton and Yeltsin have committed to begin negotiations on START III with the aim of reducing strategic weapons to 2,000 to 2,500 on each side, an 80 percent reduction from cold war levels.

Russia has recently ratified the Chemical Weapons Convention and has pledged to destroy its stockpile of 40,000 tons of chemical munitions and declared to participate in a regime which is aimed at stopping the proliferation of chemical weapons.

Russia is also a signatory to the Comprehensive Test Ban Treaty and the Nuclear Nonproliferation Treaty and is working with the U.S. to improve the security of its nuclear materials through a variety of U.S. funded programs.

The U.S. and its NATO allies are also engaged in a number of bilateral and multilateral military to military programs designed to increase cooperation and understanding between NATO and Russia.

DEMOCRATIC VALUES OF THE THREE NEW MEMBERS

Question. What measures have been taken to ensure that NATO's new members uphold values about democracy, the rule of law, and human rights? What part of NATO's organizational structure is responsible for the internal implementation of the Alliance's values?

Answer. In the eight-plus years since the fall of the Berlin Wall that effectively ended Communist rule, the three invitees' political institutions have matured rapidly. Poles, Czechs, and Hungarians now enjoy the benefits of a fully functioning parliamentary democracy, including free speech, free assembly, and a vigorous, free press.

Each of the three invitees has enshrined basic human rights and freedoms—such as speech, assembly, and religion—in a Constitution, which, as in our own case, is the highest law of the land.

The United States and other NATO allies have made clear to the three invitees on numerous occasions that NATO membership requires the acceptance of shared democratic values. Specifically, we have pointed to the "Perry Principles," with their focus on democracy/human rights; free market development; civilian control of the military; good relations with neighbors; and interoperability with NATO.

The Alliance is an alliance of shared democratic values. The North Atlantic Council (NAC), the supreme decisionmaking body of the Alliance, is the embodiment of these values, since it represents a forum in which democratic nations have freely agreed to decide security matters on an equal footing.

NUCLEAR NONPROLIFERATION TREATY PROBLEMS

Question. South Africa and other nations have expressed concern in April of this year that despite the political statements by NATO for nuclear weapons non-deployment that bring these nations into the political planning group and tying these states into nuclear planning and deterrence is a form of proliferation. Is the Administration addressing any Nuclear Non-Proliferation Treaty problems associated with NATO expansion?

Answer. NATO's nuclear forces continue to be an essential part of U.S. overall deterrence policy, and the Alliance will continue to maintain nuclear forces based in Europe. Moreover, there is widespread participation by European NATO allies in collective nuclear defense planning, in basing of nuclear forces, and in consultation arrangements. However, the participation by NATO non-nuclear weapons states in these activities in no way contravenes Article I of the NPT. This question of NPT Article I and its impact on NATO nuclear forces was debated at length during the negotiation of the NPT. All concerned accepted that the final language of Article I would not preclude the type of nuclear planning, basing, and consultative arrangements that have taken place in NATO since NPT entry-into-force in 1970.

NUCLEAR SHARING

Question. In the "Founding Act on Mutual Relations, Cooperation and Security between NATO and the Russian Federation" NATO's members "reiterate that they 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 do not foresee any future need to do so." According to the administration's point of view, does this statement commit the U.S. and its European allies: (a) to maintain the presence of U.S. nuclear weapons on the territory of all NATO member nations currently hosting U.S. nuclear weapons?; (b) to not reduce the number of U.S. nuclear weapons beyond the numbers agreed by the alliance members for 1998?; and (c) to maintain and not change the NATO system of nuclear sharing as currently practiced?

Answer. The short answer to all three questions is "no." The statement is a matter of NATO policy, not a legal commitment. Moreover, NATO will retain its existing, much-reduced, nuclear capabilities, and retain its right to modify its nuclear posture or policy should circumstances warrant.

PILOT TRAINING

Question. Does the NATO statement—reiterated in the Founding Act—preclude training pilots from the possible new member states in nuclear missions during peacetime and transferring the necessary equipment to these countries as soon as these countries have introduced into service dual capable aircraft?

Answer. As noted earlier, the statement in the Founding Act is not legally binding on the members of the Alliance. Nonetheless, NATO's current nuclear posture has been judged adequate for an enlarged Alliance. Thus, there are no plans to train new member states' pilots in nuclear missions during peacetime nor to transfer equipment or infrastructure to support these countries' dual-capable aircraft in a nuclear role.

BILATERAL AGREEMENTS

Question. Does the administration intend or plan to conclude bilateral agreements with future new member states to the effect of or similar to the "Agreements for Cooperation for Mutual Defense Purposes" concluded with other NATO members participating in NATO nuclear sharing? If so, what are the administration's plans?

Answer. We have no such intentions or plans.

VAULTS

Question. Which airbases in European NATO countries are currently equipped with WS3-storage vaults for U.S. nuclear weapons and which airbases are to be equipped according to current plans? How many vaults have been built or will be built on each of the airbases of the new NATO states?

Answer. We would be happy to provide a classified briefing to cleared personnel to discuss this subject.

DUAL-CAPABLE AIRCRAFT

Question. Are the new member states, according to the administration's point of view, expected to equip at least one unit within its air forces with Western dual-capable aircraft? By when should such equipment programs be completed?

Answer. From the Administration's point of view, there are no plans, nor are there any requirements, for the new member states to equip at least one unit within their air forces with Western dual-capable aircraft. Nonetheless, members of the Alliance may purchase dual-capable aircraft for use in a conventional role, as has been done by some current NATO members who do not participate in nuclear programs of cooperation. The fact that a certain type aircraft is dual-capable is not an indication that such an aircraft is indeed nuclear certified or has an assigned nuclear role.

AIRCRAFT PURCHASE PLANS

Question. Which types of aircraft considered by the new member states fulfill the requirement of providing DCA to NATO's future posture?

Answer. None of the aircraft currently in or planned to be in the inventory of new member states fulfill the requirement of providing DCA to NATO's future posture, since we have no plans to change NATO's future nuclear posture or to provide nuclear certification to any of the new member states' aircraft.

NUCLEAR SHARING ARRANGEMENTS

Question. What other preparations are under consideration to prepare the new member states for participation in NATO nuclear sharing arrangements?

Answer. New members will, as do current members, contribute to the development and implementation of NATO's strategy, including its nuclear component. New members will be eligible to join the Nuclear Planning Group (NPG) and its subordinate bodies (NPG Staff Group, High Level Group, and the Senior-Level Weapons Protection Group), and to participate in nuclear consultations during exercises and crisis. During the interim period leading to accession, they will be offered periodic briefings on the main nuclear-related issues which the NPG Staff Group is addressing as part of its work program, but all such briefings during the interim period will be unclassified due to the sensitivity of nuclear matters.

QUESTIONS SUBMITTED TO SECRETARY WILLIAM S. COHEN

QUESTIONS SUBMITTED BY SENATOR FRANK R. LAUTENBERG

CBO OPTION 1 VERSUS ADMINISTRATION'S ESTIMATE

Question. Unfortunately, an exact comparison of the costs of NATO expansion between the CBO and the Administration isn't possible because both make different assumptions about threat environment and the kinds of military upgrades that are necessary. Nonetheless, CBO does have an expansion option of \$60.6 billion that is similar to the Administration's estimate. Both assume a relatively benign security situation. Nonetheless, the Administration estimates the overall costs of expansion at \$27 to \$35 billion, and the CBO estimates the overall cost at \$60.6 billion.

Even more, the CBO estimates that the U.S. will pay almost two and a half to three times more to expand NATO than the Administration estimates. The CBO estimates the cost to the U.S. at \$4.8 billion and the Administration estimates the cost at \$1.5 to \$2 billion.

In light of the fact that both options assume a relatively similar security situation, why does the CBO estimate that it will cost the U.S. two and a half to three times as much as the Administration estimates?

Answer. In general, CBO estimates are larger than the Administration's because CBO assumed significantly more extensive upgrades than did DOD. The vast majority of the difference is accounted for by the following items:

Combat Aircraft.—Given the substantial comparative advantage enjoyed by current NATO members in combat aircraft, the DOD estimate assumed procurement

of 18 refurbished F-16's for each potential new member. The CBO analysis assumes an aggregate fighter force structure more than half again as large as DOD's projections, and replaces a much larger share of it. In addition, for potential new members' older, obsolescing aircraft, CBO assumed installation of new electronics.

Air Defense.—The CBO assumed that the potential new members would acquire Patriot systems, whereas DOD assumed potential new members would upgrade their ground based air defense to less expensive I-HAWK type systems.

C³I.—The DOD estimate assumed refurbishment/renovation of existing headquarters facilities, including necessary communications and intelligence equipment and interfaces with NATO commands. Additional interfaces are assumed down to the brigade level among potential new members' forces. In contrast, as we understand the CBO estimate, it outfitted national military headquarters and potential new member forces with numbers and types of communications and intelligence equipment based on much more demanding U.S. standards.

Exercise Facilities.—The DOD estimate upgraded exercise facilities at five brigade-sized sites and a battalion-sized site, compared to CBO's estimate to build large-scale, modern multinational training facilities for ground and air forces.

Road and Rail.—Based on intelligence assessments, the DOD assessment of potential new members' road and rail infrastructure was on the whole more favorable than that of CBO. In addition, in the DOD estimate, we assumed that international investment in the invited countries' economies would lead to a greater degree of upgrades to road and rail links than in the CBO study.

Question. Why is there such a disparity in the overall estimate if the threat both estimates assume is similar?

Answer. As described above, the CBO assumed that much more extensive upgrades would be required in virtually every category evaluated, compared to the assessments embodied in the Department's notional cost estimates.

COSTS OF EXPANSION TO FOREIGN AID BUDGET

Question. The U.S. has been providing roughly \$100 million each year in the Foreign Operations bill to help pay for expansion. The CBO assumes that the U.S. will support the process of NATO expansion by increasing the number of loans the U.S. subsidizes for the new members to buy upgraded military hardware and by stepping up military-to-military training and exercises. CBO estimates that these costs will double. Why are these costs not included in the Administration's estimate?

Answer. Relevant costs for such measures were included in the Administration's estimate. For the February 1997 U.S. estimate of enlargement costs, DOD developed enlargement requirements and then estimated the costs for meeting those requirements. DOD assumed that countries would pay for their own defense enhancements unless there was evidence of likely assistance from other sources or where an enhancement would likely qualify for NATO common funding. Estimated U.S. enlargement costs included continuing U.S. assistance for the construction costs for Air Sovereignty Operations Centers under the Regional Airspace Initiative and for language training through the International Military Education and Training program. The United States would share in additional costs only to the extent that the United States, with Congressional approval, may choose to continue or expand the current modest assistance being provided to the new democracies of Central and Eastern Europe.

The U.S. enlargement cost estimate also included costs for training and exercises, including education in NATO languages and procedures for new member forces, upgrades to existing exercise facilities in new member countries, and transportation and operating costs for incremental combined exercises tied specifically to enlargement.

Question. The Administration's estimate assumes that the costs to new members and current allies will be borne by them with or without NATO expansion. Shouldn't we apply the same standard to costs that will be borne by the U.S. taxpayer out of the foreign operations bill and include them in the overall estimate of the cost?

Answer. The Administration's estimate applied a consistent standard of identifying costs relevant to enlargement, i.e., costs for enhancements related to meeting the requirements outlined in the February 1997 report. For those cases in which expenditures in the foreign operations bill matched those for the requirements, the estimate included them; we did not include in enlargement cost estimates military requirements unrelated to an enlarged Alliance. Estimated U.S. enlargement costs included continuing U.S. assistance for the construction costs for Air Sovereignty Operations Centers under the Regional Airspace Initiative and for language training through the International Military Education and Training program.

Question. Is there any evidence that prospective NATO members are not expecting grants and loans from the U.S. for military upgrades?

Answer. Yes, there is some evidence that prospective NATO members do not have these expectations. They understand that they are expected to shoulder substantial national costs, as all other members do.

For example, the Czech government plans to increase their 1998 national defense spending from roughly \$900 million to \$1.1 billion, which represents about 1.88 percent of projected GDP. This is above the 0.1 percent annual increase that they had pledged for next year which would have raised defense spending from 1.7 percent to 1.8 percent of GDP for fiscal year 1998. Prime Minister Klaus told Secretary Cohen in November that he did not see any problem with Parliament passing the government's budget next month.

The Hungarians have increased their 1997 national defense budget to about \$800 million, which represents about 1.8 percent 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 3 to 8 percent annually during the next four years.

Poland spent 2.3 percent of GDP on defense in 1996. Poland's 15-year modernization plan calls for annual increases in defense spending which are pegged to the rate of GDP growth. Based on a conservative estimate of 4.2 percent annual economic growth, Polish defense spending should increase approximately 3.2 percent annually.

Of course, we would share in more of any such costs only to the extent that the United States, with Congressional approval, may choose to continue or expand the current modest assistance being provided to the military modernization of the new democracies of Central and Eastern Europe through programs like the Warsaw Initiative.

COST TO NEW MEMBERS

Question. The Administration and the CBO are not in sync on the question of the cost of expansion to the new members. CBO estimates that expansion will cost the new members \$42 billion, and the Administration estimates that it will cost them between \$13 to \$17.5 billion.

Why is there such a disparity in the cost estimates for the new members?

Answer. As described in the answer to Question No. 1, the CBO assumed that much more extensive upgrades would be required in virtually every category evaluated, compared to the assessments embodied in the Department's notional cost estimates.

Question. Please provide, for the record, a breakout of the costs of expansion to each of the new countries?

Answer. According to DOD's notional estimates, the breakout of NATO enlargement costs by each potential new member country studied is as follows:

	<i>In billions</i>
Czech Republic	\$2.3 to \$3.1
Hungary	2.6 to 3.6
Poland	7.5 to 10.1
	<hr/>
Total	12.4 to 16.8

NATO is currently working on its own enlargement cost estimate, to be provided to Ministers in December.

Question. Do the prospective NATO countries agree with these estimates?

Answer. Our European allies and prospective NATO members have neither formally accepted nor rejected the Department of Defense's notional estimate of enlargement costs contained in the President's February 1997 Report to Congress. At the conclusion of the NATO Summit in Madrid in July 1997, the current allies reaffirmed that the costs of enlargement would be borne.

In general, prospective members agree with the U.S. approach to enlargement requirements and costs; they understand and have committed to developing the capabilities required.

In their accession papers, the Czechs have agreed to pay a 0.9 percent national cost share of the NATO common budgets; Hungary has agreed to a 0.65 percent national cost share; and the Poles have agreed to a 2.48 percent national cost share.

COST TO THE REST OF NATO

Question. The Administration and the CBO appear to agree about the cost of expanding NATO to our current European allies. CBO estimates it will cost our current European allies \$13.8 billion to expand NATO, and the Administration estimates that it will cost \$12.5 to \$15.5 billion. However, the Europeans are claiming that the U.S. is over-estimating costs. For example, President Chirac says NATO expansion can be managed by reallocating funds and that Paris intends to pay nothing extra. Why is there such a disparity between American and European estimates about the cost of expanding NATO?

Answer. There are several aspects to the cost issue. The President presented the Congress with our notional cost estimate in February. Currently, NATO is working on a refined enlargement cost estimate.

Based on what we know now, I believe that the NATO cost estimates will be lower than those which you received from us in February. First the initial cost study assessed four, not three new members. Further, the NATO estimate will address only direct, common-funded costs.

But I 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.

Despite what has been reported in the press, our allies have formally agreed to pay the costs necessary to meet enlargement requirements. Recently, both senior British and German government officials placed editorials in major American newspapers, stating that their governments were pledged to provide their fair share of enlargement costs. On October 21, British Secretary of Defense George Robertson stated in an editorial in the Washington Times that “[w]e all recognize that bringing new members into NATO will incur a cost. * * * But, if additional spending is required, Britain will pay its share”. Most recently, on 4 November, German Foreign Minister Klaus Kinkel stated in an editorial in the Washington Post that “[t]he debate on admitting new members into the Alliance must take into account the political and military rationale behind NATO enlargement. * * * It goes without saying that Europe and Germany * * * must bear their fair share of the costs of NATO enlargement. * * * This European contribution to the Alliance will not drop with the admission of new members, but will further increase”.

CURRENT NATO MEMBERS

Question. NATO member countries have been paring defense spending since the end of the Cold War, and our European allies have been complaining about the U.S. cost estimate, saying that they won't pay so large a share of the costs. President Chirac has said that Paris intends to pay nothing extra for NATO expansion. The U.K. has said America's cost estimates are 40 percent too high. The German Defense Minister has called for a “realistic calculation of costs, not on the basis of the Cold War.”

I was encouraged by Secretary Albright's comments before the Foreign Relations Committee on October 7 on the issue of burden sharing. At that hearing, Secretary Albright said: “I will insist that our old allies share this burden fairly. That is what NATO is all about.”

Under the Administration's current burden sharing arrangement, the U.S. will pay for roughly 16 percent of the direct NATO expansion costs. Current and prospective NATO allies will pay the rest. As the cost estimates are refined during the upcoming months, can you assure me that the American people will not be asked to pay a greater share of the costs?

Answer. The Administration's estimate of enlargement costs assumed that the United States would pay its current share (approximately 24 percent) of NATO common-funded budgets. In 1997, NATO common budgets totaled about \$1.8 billion. The total U.S. contribution to these budgets was about \$485 million, while the allies contributed the other \$1.3 billion.

In the context of an enlarged Alliance, we expect that the relative national cost share contributions that prevail now will stay about the same—three European dollar equivalents to one U.S. dollar.

Question. Given the tough fiscal qualifications for entry into the European Monetary Union, is it realistic to expect European members of NATO to increase—rather than reduce—spending?

Answer. At the Defense Ministers meeting in Brussels this past June, Ministers acknowledged that “the admission of new members * * * will involve the Alliance providing the resources which enlargement will necessarily require.” Later, in July

at Madrid, all allies agreed that there will be costs associated with the integration of new members, that these costs will be manageable, and that the resources necessary to meet these costs will be provided.

Recently, both senior British and German government officials placed editorials in major American newspapers, stating that their governments were pledged to provide their fair share of enlargement costs. On October 21, British Secretary of Defense George Robertson stated in an editorial in the *Washington Times* that “[w]e all recognize that bringing new members into NATO will incur a cost. * * * But, if additional spending is required, Britain will pay its share”. Most recently, on 4 November, German Foreign Minister Klaus Kinkel stated in an editorial in the *Washington Post* that “[t]he debate on admitting new members into the Alliance must take into account the political and military rationale behind NATO enlargement. * * * It goes without saying that Europe and Germany * * * must bear their fair share of the costs of NATO enlargement. * * * This European contribution to the Alliance will not drop with the admission of new members, but will further increase”.

Our initial estimate of overall enlargement costs for current Allies represents less than 1 percent of their projected defense spending. Thus, spending increases are not required. What will be necessary, and is already underway, is a small reallocation of Allies’ defense programs toward developing more deployable forces. But we have all been downsizing and restructuring simultaneously since the end of the Cold War, so this is not a new dynamic.

PROSPECTIVE NATO MEMBERS’ ABILITY TO PAY

Question. The economic strength of the prospective NATO countries is a mixed bag. GDP growth in Poland may reach 6 percent in 1996. On the other hand, Hungary’s economy experienced modest growth in 1994 and 1995, but it declined 1 percent in 1996. In 1996, the Czech economy grew by about 4 percent. However, GDP growth for 1997 was estimated to drop to 2.7 percent. Although these prospective NATO countries need to continue to focus on strengthening their economies, NATO expansion will require them to spend additional resources on their defense budget. Meeting the Administration’s cost estimate will require the new countries to increase their budgets by roughly 20 percent in real terms over the next 15 years. Meanwhile, defense spending in each of the prospective NATO countries has declined since the Cold War ended. What evidence does the Administration have demonstrating that prospective NATO members are planning to accommodate defense budget increases over the next 10 to 15 years?

Answer. All three invited countries are planning to accommodate defense budget increases. For new members, the costs of NATO enlargement will be a manageable percentage of their planned military budgets.

For example, the Czech government has approved plans to increase their 1998 national defense spending to about \$1.1 billion, which represents about 1.88 percent of projected GDP. The Czech Republic has stated its 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 annually for the next 3 years which will raise it from the current 1.7 percent in fiscal year 1997 to 2.0 percent in 2000.

The Hungarians have increased their 1997 national defense budget to about \$800 million, which represents about 1.8 percent 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 3 to 8 percent annually during the next four years.

Poland spent 2.3 percent of GDP on defense in 1996. Poland’s 15-year modernization plan calls for annual increases in defense spending which are pegged to the rate of GDP growth. Based on a conservative estimate of 4.2 percent annual economic growth, Polish defense spending should increase approximately 3.2 percent annually.

The three invited countries are also pledging national funds to NATO’s three common budgets. In their accession papers, the Czechs have agreed to pay a 0.9 percent national cost share of the NATO common budgets; Hungary has agreed to a 0.65 percent national cost share; and the Poles have agreed to a 2.48 percent national cost share.

The Administration’s study did not suggest that new members would need to increase their budgets by 20 percent to develop the required capabilities. Rather, the portion of new members’ projected budgets devoted to meeting the requirements would be about 20 percent. Some percentage of new members’ budgets already includes such programs.

Question. Are plans sufficient to meet the costs of NATO expansion?

Answer. For new members, the costs of NATO enlargement will be a manageable percentage of their current military budgets. Poland, Hungary, and the Czech Republic are already beginning to invest in modernizing and restructuring their forces. The costs can be met by a combination of modest increases in the percentage of GDP devoted to defense to bring them into line with NATO averages, a growing GDP base as growth advances, and probably most important, reduction in the size of their manpower base.

Throughout this effort, NATO as a whole and the United States in particular will try to help new members set priorities in their plans and programs in order to focus their resources on the most critical areas first. The Administration's study did not suggest that new members would need to increase their budgets by 20 percent to develop the required capabilities. Rather, the portion of new members' projected budgets devoted to meeting the requirements would be about 20 percent. Some percentage of new members' budgets already includes such programs.

Question. Given economic pressures in each of the prospective NATO countries, are these plans realistic?

Answer. As I indicated in my responses to Questions Nos. 12 and 13, for new members, the costs of NATO enlargement will be a manageable percentage of their current military budgets. Poland, Hungary, and the Czech Republic are already beginning to invest in modernizing and restructuring their forces. From all indications, these plans are sound and realistic, given prevailing economic and spending forecasts.

Throughout this effort, NATO as a whole and the United States in particular will try to help new members set priorities in their plans and programs in order to focus their resources on the most critical areas first. The Administration's study did not suggest that new members would need to increase their budgets by 20 percent to develop the required capabilities. Rather, the portion of new members' projected budgets devoted to meeting the requirements would be about 20 percent. Some percentage of new members' budgets already includes such programs.

PUBLIC OPINION REGARDING NATO EXPANSION

Question. While public opinion regarding the question of NATO expansion has been consistently strong in Poland, it has been weaker in the Czech Republic and Hungary. What do the public opinion polls in each of the prospective countries indicate about the resilience and durability of the public's support for NATO membership, especially if public sacrifice is required?

Answer. Three-fourths of the Polish public support joining NATO and many (44 percent) are strong proponents. Asked how they would vote "if a referendum were held tomorrow," nearly eight in ten (79 percent) say they would vote to join NATO. The Polish public is willing to accept the many responsibilities associated with NATO membership. A solid majority approve of sending Polish forces to defend other NATO members and allowing routine NATO exercises to take place in Poland. While nearly nine in ten Poles (88 percent) believe that membership in NATO will increase the amount their government spends on defense, a majority (55 percent) say they would support such an increase.

In the Czech Republic, support for membership continues to rise. According to a September poll, 63 percent of Czechs say they would vote to join NATO in a hypothetical referendum, a two percent rise since May. Both foreign and defense officials are actively engaged in educating the Czech people on the importance of joining NATO and steady increases in popular support both to join NATO and to take on the responsibilities of NATO membership are expected.

Support for Hungarian accession into NATO has been steadily rising. Pre-referendum polling indicated that popular support was fluctuating from 54 percent to 60 to 65 percent. Press reports on the November 16th referendum indicate that about 85 percent of eligible voters favored accession.

PUBLIC OPINION IN RUSSIA

Question. Russian political leaders across the spectrum strongly oppose enlargement, although President Yeltsin apparently concluded he would rather work with the West than fight us. For now, public opinion shows that among ordinary Russians, NATO enlargement is not a significant issue. Under what circumstances could you see public opinion in Russia swinging in the opposite direction?

Answer. While most ordinary Russians do not consider NATO enlargement a salient issue, one must nevertheless assume, given the negative images of NATO that have been presented to Russians for decades and the strong public sense of national decline, that there is at least a widespread latent distrust of the Alliance. Mobilizing

this latent tendency into more strongly expressed mass opposition would depend on the degree to which opponents of NATO among the elite could make the case that enlargement—or something related to enlargement—was having a tangible negative effect on people's daily lives or imminently threatening Russian security.

Question. Is any current or potential leader in Russia capable of arousing public sentiment against expansion?

Answer. Various leaders have already sought to arouse public sentiment against expansion but without notable success. The ability of current or future leaders to do so would depend in large measure on the domestic political and economic situation in Russia. At present, social and economic issues are the most salient with the Russian public. In addition, with no elections on the immediate horizon, there would be little obvious political advantage to be gained at present by seeking to make enlargement a major issue. It would not be surprising, however, if the Communists, Vladimir Zhirinovskiy's "Liberal Democrats," and other so-called "national-patriotic" groups sought to make the Yeltsin administration's inability to stop enlargement a theme in the next parliamentary and presidential elections, now scheduled for 1999 and 2000.

Question. To what extent does mass public opinion in Russia regarding NATO expansion have an impact on Russian government policy?

Answer. The main effect of mass public opinion on Russian government policy on any international issue, including that of NATO enlargement, is mainly indirect. For example, public dissatisfaction with Russia's general status in the world played a significant role in the way both President Yeltsin and his Communist opponent, Gennadiy Zhuganov, positioned themselves in the 1996 presidential election and in Yeltsin's decision after the first round to bring Aleksandr Lebed into his Administration. Both the executive and legislative branches of the Russian state are sensitive to their own assessments of mass opinion. Other than in the electoral process, however, how this sensitivity is reflected in policy depends on other aspects of the power relationships and rivalries in Moscow.

RUSSIA'S ROLE IN NATO

Question. Regardless of what the Russians want, I am curious about the long term Administration's thinking regarding Russia. Is the Administration's ultimate goal to include Russia as a full-fledged member of NATO?

Answer. The Administration's ultimate goal is for a democratic and stable Russia to play an important and cooperative role in European security. A post-Cold War order which does not engage Russia cannot successfully maintain stability and security in the Euro-Atlantic area. I believe that the NATO-Russia Founding Act and the Permanent Joint Council it created can be valuable tools in this process of engaging Russia. The Founding Act and PJC do not give Russia a place or a veto in the Alliance, but do create a forum for consultation, and where possible and desirable, cooperation between NATO and Russia.

While NATO's Madrid Declaration makes clear that the Alliance remains open to new members, to date, Russia has not applied for NATO membership. If a time comes when Russia does apply to join NATO, the United States and our allies will have to consider that application on its merits.

Question. Is the relationship outlined in the NATO-Russia Founding Act and the Permanent Joint Council sustainable over the long run?

Answer. While the NATO-Russia Permanent Joint Council is still a young forum, it has already proven to be an important venue for discussion between NATO and Russia, and a place in which a more trusting relationship is being built. It is our hope and that of our allies, that the Founding Act and PJC will continue to play this constructive role for the foreseeable future. To a large extent, the PJC's success, both short- and long-term, is contingent on both parties' continued willingness to engage with each other in a constructive manner.

Question. What would the reaction to Russia as a full-fledged NATO Member be among current and prospective NATO members?

Answer. Russia has not applied for NATO membership and we have had no indication that Russia intends to do so in the foreseeable future. I would venture that when and if Russia seeks NATO membership, the security environment in Europe will be sufficiently different from the present, and that any comments I could make now on the reaction among others to that event would be pure speculation.

OUT-OF-AREA INTERESTS

Question. In the Senate Foreign Relations Committee hearing on October 7, Secretary Albright highlighted that, in addition to regional defense, NATO agreed to adapt the alliance to meet "out of area" interests. Bosnia, as a non-NATO member

without the guarantee of Article V protection, is one example of an “out of area” operation. Peacekeeping and crisis management beyond alliance borders are types of missions I’ve heard to which new members might contribute. What does “out of area” mean exactly? Does it include the Middle East? Asia?

Answer. The current NATO “Area of Responsibility”, or AOR, is defined as the territorial integrity of the sixteen members of the Alliance. “Out of Area” has never been formally defined by the Alliance but has been judged by its members to be areas that either border the Alliance or that can influence or threaten its AOR. No country from the Asian region currently falls under the “out of area” purview.

Question. By what standards will participation in an “out of area” operation be judged?

Answer. U.S. participation in an “out of area” operation will be determined in accordance with the USCINCEUR contingency plans. If an “out of area” operation is deemed to be in the U.S. National Security Interest as stipulated through such a plan, the U.S. could conceivably contribute to the operation. It is important to note that any such deployment would have to be approved by the North Atlantic Council (in which the U.S. participates with full veto powers) after formal consideration.

Question. Will NATO take on peacekeeping tasks that are currently the responsibility of the United Nations? What tasks?

Answer. NATO may, on a case-by-case basis, take on peacekeeping tasks that the United Nations is currently conducting. Again, it would take a NAC decision to implement such an operation.

QUESTIONS SUBMITTED BY SENATOR TOM HARKIN

CONSENSUS

Question. NATO has operated effectively by consensus. If the organization grows—especially beyond the inclusion of the Czech republic, Hungary and Poland—many have expressed concern about its ability to reach consensus. How would consensus be reached in an organization that is almost double the size of the existing organization?

Answer. Since the time that the Alliance decided to admit new members, it has realized the importance of enlarging in a manner that preserves the military capability and political cohesion of NATO.

The Alliance made the commitment to build consensus on all issues an explicit criteria for membership in NATO. In the accession process, Poland, Hungary and the Czech Republic recognized and accepted that the Alliance relies upon commonality of views, based on the principle of consensus in decision making, and state in their letters of intent to join the Alliance that they will work for consensus within the Alliance.

Concern for preservation of the political cohesion of NATO was one of the basic factors which informed President Clinton’s decision last June to support the admission of just three new members to the Alliance. The President was determined that NATO avoid diluting itself by pursuing a hasty or overly-ambitious enlargement which could undercut the vitality of the Alliance.

Our vision of NATO enlargement is that as the nations of Europe develop their democracy and their capacity to contribute to NATO’s purposes, they should become members of the Alliance in a steady but gradual and deliberate process, one that reflects their own development and NATO’s ability to assimilate new members without weakening its military effectiveness or its political cohesion.

COSTS OF NATO: WHO WILL PAY THE COSTS?

Question. I understand that the Administration position is that the U.S. will pay no more than 15 percent of the costs, leaving the lion’s share to our NATO allies. However, our European allies seem to disagree. To quote the British Defense Ministry, “the accession of new members to [sic] result in a proportionate reduction in the U.K. share of NATO common budgets”. Other NATO nations seem to agree with this point. If our allies expect to pay less for NATO, doesn’t it follow that we will pay more?

Answer. The distribution of costs will be in accordance with long-standing NATO financial principles. The U.S. share of NATO’s common-funded budgets is about 24 percent. U.S. estimated costs are incurred largely through our share of those direct enlargement measures that are common-funded. We do not expect that U.S. contributions to these common-funded budgets will change drastically because of enlargement. The U.S. would share in more of the overall costs only to the extent that the U.S., with Congressional approval, may choose to continue or expand the cur-

rent modest assistance being provided to the military modernization of the new democracies of Central and Eastern Europe through programs like the Warsaw Initiative.

Recently, both senior British and German government officials placed editorials in major American newspapers, stating that their governments were pledged to provide their fair share of enlargement costs. On October 21, British Secretary of Defense George Robertson stated in an editorial in the Washington Times that “[w]e all recognize that bringing new members into NATO will incur a cost. * * * But, if additional spending is required, Britain will pay its share”. Most recently, on 4 November, German Foreign Minister Klaus Kinkel stated in an editorial in the Washington Post that “[t]he debate on admitting new members into the Alliance must take into account the political and military rationale behind NATO enlargement. * * * It goes without saying that Europe and Germany * * * must bear their fair share of the costs of NATO enlargement. * * * This European contribution to the Alliance will not drop with the admission of new members, but will further increase”.

COST TO NEW NATIONS VERSUS OTHER NEEDS

Question. The New York Times reported earlier this year that the International Monetary Fund has concerns over the cost of expansion for the new nations themselves. The IMF understandably has questions regarding the billions of dollars in loans that are conditioned on fiscal constraint by nations such as Poland, Hungary and the Czech Republic. Do you share the concerns of the IMF that the increased costs to the new nations could mean a huge and difficult burden?

Answer. From our best assessments, we understand that for new members, the costs of NATO enlargement will be a manageable percentage of their current military budgets.

For example, the Czech government has approved plans to increase their 1998 national defense spending to about \$1.1 billion, which represents about 1.88 percent of projected GDP. The Czech Republic has stated its 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 annually for the next 3 years which will raise it from the current 1.7 percent in fiscal year 1997 to 2.0 percent in 2000.

The Hungarians have increased their 1997 national defense budget to about \$800 million, which represents about 1.8 percent 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 3 to 8 percent annually during the next four years.

Poland spent 2.3 percent of GDP on defense in 1996. Poland’s 15-year modernization plan calls for annual increases in defense spending which are pegged to the rate of GDP growth. Based on a conservative estimate of 4.2 percent annual economic growth, Polish defense spending should increase approximately 3.2 percent annually.

Throughout this effort, NATO as a whole and the United States in particular will try to help new members set priorities in their plans and programs in order to focus their resources on the most critical areas first.

COSTS OF MEMBERSHIP FOR FULL LIST

Question. What about the cost for adding additional nations to NATO beyond the three? How much will it cost for not just the Czech republic, Hungary and Poland, but also Romania, Slovakia, Slovenia, Bulgaria, etc.? Please provide cost estimates for an expanded list beyond the first three nations.

Answer. DOD notionally estimates the cost of integrating Slovenia into the Alliance at about \$600 to \$700 million over a thirteen-year period. DOD has not estimated the cost for integrating other potential new members.

MARSHALL PLAN FOR DEFENSE CONTRACTORS

Question. Secretary Cohen, does the Administration estimates for NATO expansion costs include any increases in the U.S. subsidies for overseas weapon sales? Has the Pentagon been approached by any U.S. arms manufacturers to expand the current arms subsidy program?

Answer. The Administration’s February 1997 estimate did not include increases in these subsidies. 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 be a contributor to overall alliance security, acquiring high tech weapons systems should not be the highest priority. We have told each invitee that its highest priority should be

investing in quality personnel: recruiting and training good troops, and developing an effective NCO corps. The second priority should be training those troops. The next priority is achievement of a real degree of interoperability with NATO, including communications, logistics, infrastructure for reinforcement, and air defense.

ORGANIZATION FOR SECURITY AND COOPERATION IN EUROPE

Question. Why hasn't the Organization for Security and Cooperation in Europe been receiving the same attention as NATO expansion recently? If a primary goal for NATO expansion is the protection of democracy and stability among the European nations, why can't the power and resources of the OSCE be expanded? Are there any initiatives for the OSCE that are being pursued?

Answer. There is a wide measure of consensus throughout the membership of the OSCE that the Organization is doing an effective job carrying out its mandates in the areas of enhancing and protecting European democracy and stability and that it is a vital part of the mosaic of European security institutions. This mosaic of institutions, each of which contributes its own unique capabilities, includes both OSCE and NATO as well as other bodies. Because of our respect for the unique contribution made by the OSCE, the United States is actively engaged with the other members of the Organization to strengthen its capabilities to carry out its existing mandates and to expand its work into the economic and environmental areas. Throughout these efforts, the United States has sought to focus attention on enhancing the OSCE's practical work rather than creating new theoretical structures.

WHAT ABOUT SLOVENIA?

Question. What is the status of Slovenia's application to join NATO? What are its prospects for joining NATO during the next expansion round?

Answer. Slovenia has made progress towards reaching the level of political, economic, social and military reform needed for membership in the Alliance. During the Madrid Summit, Allied leaders took special note of the positive developments towards democracy and the rule of law in Slovenia.

It is premature to speculate about Slovenia's (or any other state's) prospects for membership. The Administration has stressed that no state should assume it has an "assured invitation" for the next round of enlargement. In our conversations with all interested Partner states, we have stressed that active participation in the Partnership for Peace remains the prime pathway to membership in NATO. We also have stressed that the criteria for membership will remain the same: democracy, a market economy, civilian control of the military, good relations with neighboring states, and compatibility with NATO forces.

ARMS CONTROL INITIATIVE ALONG WITH NATO EXPANSION

Question. One of the motivations we hear for an expanded NATO is to protect nations against future military threats. For example, one hears a lot about a renewed Russian military power, although not necessarily from the Administration. What arms control initiatives are being pursued to reduce or avoid such future threats?

Answer. The key initiative to enhance arms control in the European area is adaptation of the Treaty on Conventional Armed Forces in Europe (CFE). The CFE Treaty, which entered into force in 1992, has been a critical cornerstone of European security and stability, resulting to date in the reduction (by destruction or conversion) of over 50,000 items of Treaty-limited conventional weapons equipment (TLE). In recognition of the changing European security environment, the 30 CFE parties (including Russia) agreed in December 1996 to adapt the Treaty to enhance its effectiveness and to improve the security of each party. The parties have agreed that there will be no increase in total numbers of permitted TLE, that their objective should be to achieve overall lower force levels and to continue to preclude any potentially destabilizing build-up of forces in different regions, and that they will exercise restraint during adaptation negotiations with respect to their force levels and deployments. CFE adaptation will also preserve and enhance the Treaty's transparency and verification measures, contributing further to a stable and predictable security environment. Adaptation negotiations are currently underway in the CFE Treaty's Joint Consultative Group in Vienna.

PROMOTION OF DEMOCRATIC VALUES

Question. What measures have been taken to ensure that NATO's new members uphold values about democracy, the rule of law, and human rights?

Answer. There are many programs sponsored by the Department of Defense that expose Democratic values to the young soldiers as well as to the senior military and

civilian leadership of potential new member countries. Especially emphasized is civilian control of the military and the ways in which that concept is carried out in the West.

There are information exchange programs between our military and civilian defense establishments that discuss important fundamentals such as the role in defense establishments of legislative relations and public liaison. The National Defense University also conducts seminars on civilian control. Other DOD initiatives expose civilian defense ministry personnel to the tools which civilian ministries must employ, such as defense budgeting and planning, to exercise civilian control. Soldiers and civilians also attend professional military education and training courses (through IMET) which focus on civil-military relations, human rights and other Democratic values. Young soldiers also attend our military academies and other military training facilities.

Another example of a DOD program which stresses civilian control is the Regional Airspace Initiative (RAI). To be eligible to participate in the RAI, countries must reorganize the way in which they ensure air sovereignty (such as air traffic management) so that it is managed by civilian agencies like it is done in the West.

Probably the best way in which Democratic values are passed on to potential new members is through the hundreds of contacts between U.S./Allied soldiers and their counterparts in PFP. Through interaction in PFP exercises and other PFP events, as well as U.S.-sponsored "in the spirit of PFP" events, Partner soldiers are shown by example how democratic values are upheld in the West.

Question. What part of NATO's organizational structure is responsible for internal implementation of the Alliance's values?

Answer. NATO is an alliance of sovereign states in which decisions are taken under the rule of unanimity. Throughout its almost half-century of existence, the Alliance has never been given responsibility for supervising the internal affairs of its members. The United States, for one, would never accept such an imposition on its sovereignty.

That said, since its establishment by the 1949 Washington Treaty, NATO has always identified itself as an alliance founded on the principles of democracy, individual liberty and the rule of law. During the accession process, each new member will reiterate its support for these principles. Each of the new members, as well as each of the current Allies, realizes that it could not long remain a viable member of the Alliance in the absence of a democratic system of government.

NUCLEAR NONPROLIFERATION

Question. South Africa and other nations have expressed concern in April of this year that despite the political statements by NATO for nuclear weapons non-deployment that bring these nations into the political planning group and tying these states into nuclear planning and deterrence is a form of proliferation. Is the Administration addressing any Nuclear Non-Proliferation Treaty problems associated with NATO expansion?

Answer. First, there are no "Non-Proliferation treaty problems associated with NATO expansion". All the new NATO countries have signed and ratified the NPT. By doing so, they have agreed not to receive, manufacture or otherwise acquire nuclear weapons, or other explosive devices (Article II). If NPT signatories attempted to acquire nuclear weapons, they would break their commitment to the NPT, whether they were in NATO or not.

There is no requirement to change NATO's current nuclear posture. NATO countries have no intention, no plan, and no reason to deploy nuclear weapons on the territory of new member states, nor any need to change any aspect of NATO's nuclear posture or nuclear policy—nor do they foresee any future need to do so.

The new NATO members are expected to support NATO's strategic concept, including its nuclear components. They will, as do current members, contribute to the development and implementation of NATO's strategy, including its nuclear component. They are eligible to become members of the Nuclear Planning Group and its subordinate bodies and to participate in the political oversight of NATO's nuclear posture as well as in nuclear consultations during exercises and in crises. The NATO defense ministers in the Nuclear Planning Group confirmed in 1996 that NATO's nuclear forces are not targeted at any country, neither on NATO's periphery or elsewhere.

NATO ENLARGEMENT AND NUCLEAR WEAPONS POLICY

Question. In the "Founding Act on Mutual Relations, Cooperation and Security between NATO and the Russian Federation" NATO's members "reiterate that they 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 do not foresee any future need to do so.” According to the administration's point of view, does this statement commit the U.S. and its European allies:

(a) to maintain the presence of U.S. nuclear weapons on the territory of all NATO member nations currently hosting U.S. nuclear weapons?

(b) to not reduce the number of U.S. nuclear weapons beyond the numbers agreed by the alliance members for 1998?

(c) to maintain and not change the NATO system of nuclear sharing as currently practiced?

Answer. The origin of the statement above stems from early 1995 when, as part of the NATO Enlargement Study effort, the NATO High Level Group, which has a continuing remit from Defense Ministers to review matters involving nuclear policy and force structure, reached the judgment that in the current security environment NATO's current nuclear posture was adequate for an enlarged Alliance. Foreign and Defense Ministers reaffirmed that decision in December 1996 with the statement that NATO has “no intention, no plan, and no reason” to deploy nuclear weapons on the territory of new NATO members. NATO Heads of State and Government reaffirmed the statement in the Founding Act. As such, the statement is a matter of NATO policy, not a legal commitment. Moreover, NATO will retain its existing, much-reduced, nuclear capabilities, and retain its right to modify its nuclear posture or policy should circumstances warrant.

Question. Does the NATO statement—reiterated in the Founding Act—preclude training pilots from the possible new member states in nuclear missions during peacetime and transferring the necessary equipment to these countries as soon as these countries have introduced into service dual capable aircraft?

Answer. As noted earlier, the statement in the Founding Act is not legally binding on the members of the Alliance. Nonetheless, NATO's current nuclear posture has been judged adequate for an enlarged Alliance. Thus, there are no plans and no foreseeable reason to train new member states' pilots in nuclear missions during peacetime nor to transfer equipment or infrastructure to support these countries' dual-capable aircraft in a nuclear role.

Question. Does the administration intend or plan to conclude bilateral agreements with future new member states to the effect of or similar to the “Agreements for Cooperation for Mutual Defense Purposes” concluded with other NATO members participating in NATO nuclear sharing? If so, what are the administration's plans?

Answer. No. We have no such intentions or plans.

Question. Which airbases in European NATO countries are currently equipped with WS3-storage vaults for U.S. nuclear weapons and which airbases are to be equipped according to current plans? How many vaults have been built or will be built on each of the airbases of the new NATO states?

Answer. We would be happy to provide a classified briefing to cleared personnel to discuss this subject.

Question. Are the new member states, according to the administration's point of view, expected to equip at least one unit within its air forces with Western dual-capable aircraft? By when should such equipment programs be completed?

Answer. From the Administration's point of view, there are no plans, nor are there any requirements, for the new member states to equip at least one unit within their air forces with Western dual-capable aircraft. Nonetheless, members of the Alliance may purchase dual-capable aircraft for use in a conventional role, as has been done by some current NATO members who do not participate in nuclear programs of cooperation. The fact that a certain type aircraft is dual-capable is not an indication that such an aircraft is indeed nuclear certified or has an assigned nuclear role.

Question. Which types of aircraft considered by the new member states fulfill the requirement of providing DCA to NATO's future posture?

Answer. None of the aircraft currently in or planned to be in the inventory of new member states fulfill the requirement of providing DCA to NATO's future posture, since we have no plans to change NATO's future nuclear posture or to provide nuclear certification to any of the new member states' aircraft.

Question. What other preparations are under consideration to prepare the new member states for participation in NATO nuclear sharing arrangements?

Answer. New members will, as do current members, contribute to the development and implementation of NATO's strategy, including its nuclear component. New members will be eligible to join the Nuclear Planning Group (NPG) and its subordinate bodies (NPG Staff Group and High Level Group), and to participate in nuclear consultations during exercises and crisis. During the interim period leading to accession, they will be offered periodic briefings on the main nuclear-related issues which

the NPG Staff Group is addressing as part of its work program, but all such briefings will be unclassified due to the sensitivity of nuclear matters.

NATO ENLARGEMENT COSTS

Question. Could the Administration provide a detailed record of U.S. contributions to all bi- and multilateral defense and defense industry related projects and programs under which (a) the new member states, and (b) the other PFP members receive(d) weapons systems, military equipment, training or other defense-related services such as financial aid, financial loans, or debt waivers during the 1990–1997 timeframe?

Answer. The Department of State handles financial aid and related actions for the U.S. PFP program, the Warsaw Initiative. Those items that the Department of Defense is responsible for are accounted for in the attached spreadsheets on Foreign Military Financing (FMF) grants, International Military Education and Training (IMET), and Excess Defense Article (EDA) Offers.

The question asked for information on the transfers of defense articles and services to all Partner countries. Such transfers are conducted under the auspices of the Arms Export Control Act and the Foreign Assistance Act, as amended. However, the Department of Defense offers initiatives to Partners that, while not transfers of defense articles and services, assist their participation in PFP and “in the spirit of PFP” activities. DOD also offers information exchange programs which help expose Partners to democratic values as they pertain to the military in a democratic society. The exchanges particularly emphasize aspects of civilian control of the military. These initiatives are provided in the attached spreadsheet.

DOD WARSAW INITIATIVE PROGRAMS—FISCAL YEAR 1995–97 EXPENDITURES

	Amount	Country
FISCAL YEAR 1995 PROGRAMS		
Partnership Information Management System (PIMS)	\$5,921,326	All Partners. ¹
Defense Resource Management Study	929,199	Poland, Hungary, Slovenia, Romania.
Emergency Preparedness Planning Seminar	750,000	All Partners.
Transport of Excess Defense Articles to Albania	145,000	Albania.
Regional Airspace Initiative Study	2,000,000	Poland, Hungary, Czech Rep., Romania.
Czech C ⁴ /Hungarian NAVADS Studies	975,718	Czech Rep, Hungary.
English Language Development Study	385,000	NA.
J-8 PFP Workshop and Gaming Program	300,000	All Partners Invited.
Albania MOD Advisor (EUCOM)	200,000	Albania.
Support for Partner Participation in PFP Exercises	18,240,868	All Partners.
Fiscal year 1995 total	29,847,111	
FISCAL YEAR 1996 PROGRAMS		
Regional Airspace Initiative (RAI)/Czech C ⁴ Study	1,972,000	Baltics, Czech Rep (C4).
Partnership Information Management System (PIMS)	3,533,600	All Partners. ¹
Defense Resource Management Study	2,140,562	Czech Rep, Ukraine, Slovak., Balts.
EDA Transport	2,520,000	Albania, Bulgaria, Balts.
Marshall Legacy Symposium	1,975,000	All Partners. ¹
NATO Environmental Conference (NATO CCMS)	67,600	All Partners. ¹
Ukraine Emergency Preparedness Exercise	1,017,000	Ukraine—all Partners invited.
Albanian Defense Advisor (EUCOM)	200,000	Albania.
General Officers Program	40,000	Russia.
NDU PFP Conference	13,200	All Partners. ¹
Public Affairs Information Exchange	25,000	Hungary, Czech Rep, Poland.
Support for Partner Participation in PFP Exercises	26,478,000	All Partners. ¹
Fiscal year 1996 total	39,981,962	

DOD WARSAW INITIATIVE PROGRAMS—FISCAL YEAR 1995–97 EXPENDITURES—Continued

	Amount	Country
FISCAL YEAR 1997 PROGRAMS		
Regional Airspace Initiative (RAI)	710,000	Bulgaria, FYROM, Lithuania.
NAVAIDS Study	850,000	Bulgaria, Poland.
C ⁴ Studies	1,820,000	Hungary, Poland.
Partnership Information Management System (PIMS)	4,475,305	All Partners. ¹
Defense Resource Management Study	2,151,000	Czech Rep, Ukraine, Slovak., Balts. NIS.
Personnel and Readiness Exchange	200,000	All Partners.
General Officers Program	150,000	Russia, Ukraine.
EDA Transport	1,000,000	Baltics, Bulgaria.
NATO Environmental Conference (NATO CCMS)	170,695	All Partners. ¹
Hungarian Emergency Preparedness Conference	20,000	All Partners. ¹
NDU PFP Conference	25,000	All Partners. ¹
Public Affairs Information Exchange	20,000	Poland, Romania.
Support for Partner Participation in PFP Exercises	28,700,000	All Partners.
Fiscal year 1997 total	40,292,000	

¹ Except Austria, Finland, Sweden, and Switzerland.

NA: Not available.

FMF GRANTS

[In thousands of dollars]

	1990	1991	1992	1993	1994	1995	1996	1997	Total
CENTRAL EUROPE									
Albania ¹							2,525	100	2,625
Bulgaria							4,275	3,000	7,275
Czech Republic							8,900	9,087	17,987
Estonia						2,706	³ 1,500	1,500	3,706
FYROM							750	1,648	2,398

Hungary ⁴	3,200	10,087	13,287
Latvia	³ 1,500	1,500	3,706
Lithuania	³ 1,500	1,500	3,706
Poland ⁴	16,475	12,587	30,062
Romania	9,275	6,500	15,775
Slovakia	3,550	6,000	9,550
Slovenia	400	1,000	1,400
Totals	3,118	54,509	111,477

NIS

Belarus .....	.....	.....	.....
Georgia .....	.....	.....	.....
Kazakhstan .....	.....	.....	.....
Kyrgyzstan .....	.....	.....	.....
Moldova .....	.....	.....	.....
Russia .....	.....	.....	.....
Turkmenistan .....	.....	.....	.....
Ukraine .....	.....	.....	.....
Uzbekistan .....	.....	.....	.....
Totals .....	.....	.....	.....

¹ Albania: In fiscal year 1997, State exchanged \$1.5 million of Albania's \$1.6 million fiscal year 1997 FMF allocation for PKO authority.
² These FMF funds were provided for Baltic Peacekeeping Battalion (BALTBAT) and were augmented by \$9,779 million PKO funds in fiscal year 1995 and fiscal year 1996, plus another \$750,000 in fiscal year 1996 FMF Total USG grant assistance to BALTBAT. \$12,647 million.

³ \$250,000 of each of these nations' allocations was earmarked for BALTBAT.

⁴ Fiscal year 1997 data for Poland, Hungary and the Czech Republic each reflect \$587,000 in reprogrammed excess CE defense loan subsidy funds. An additional \$18.24 million in subsidies may also be available.

IMET

[In thousands of dollars]

	1990	1991	1992	1993	1994	1995	1996	1997	Total
CENTRAL EUROPE									
Albania			128	172	165	226	432	666	1,789
Bulgaria			333	279	300	400	708	903	2,923
Czech Republic ¹		246	648	530	500	500	795	737	3,956
Estonia			61	88	152	180	386	572	1,439
FYROM						125	249	319	693
Hungary		250	641	699	700	796	1,034	1,014	5,134
Latvia			46	113	195	197	388	535	1,474
Lithuania			72	148	150	196	498	523	1,587
Poland		351	2,095	684	700	747	1,021	1,000	6,598
Romania				309	312	460	758	922	2,761
Slovakia ¹				128	296	253	471	621	1,769
Slovenia				82	113	150	253	400	998
Total		847	4,024	3,232	3,583	4,230	6,993	8,212	31,121
INS									
Belarus				97	100	94	279	273	843
Georgia					63	82	302	312	759
Kazakhstan				163	90	97	388	389	1,127
Kyrgyzstan					50	60	231	257	598
Moldova					57	106	273	268	704
Russia			132	455	471	413	760	842	3,073
Turkmenistan					50	118	213	262	643
Ukraine			77	379	600	707	1,019	1,015	3,797
Uzbekistan						95	293	286	674
Total			209	1,094	1,481	1,772	3,758	3,904	12,218

¹ Czech Republic numbers include IMET provided to the unified Czechoslovakia (1991: \$246; 1992: \$648; and 1993: \$61).

EDA GRANT OFFERS

[Then-current value, in thousands of dollars]

	1990	1991	1992	1993	1994	1995	1996	1997	Total
CENTRAL EUROPE									
Albania									
Bulgaria					258	609	33,452	115	34,434
Czech Republic						453	7,310	6	7,769
Estonia				466	613	(¹)			(¹)
FYROM						659	8,887	1,343	11,968
Hungary				7,142	584	(¹)		84	7,810
Latvia					221	268	10,062		10,551
Lithuania					168	292	7,135	45	7,640
Poland					398				398
Romania						4,337			4,337
Slovakia						11			11
Slovenia									
Total				7,608	2,242	6,629	66,846	1,593	84,918

NIS

Belarus (See note 1.)									
Georgia									
Kazakhstan									
Kyrgyzstan									
Moldova									
Russia									
Turkmenistan									

EDA GRANT OFFERS—Continued

[Then-current value, in thousands of dollars]

	1990	1991	1992	1993	1994	1995	1996	1997	Total
Ukraine									
Uzbekistan									
Total									

¹ Less than \$100,000.

Note 1: NIS countries become technically eligible for grant EDA in fiscal year 1996; however, Belarus is not eligible for EDA.

Note 2: Offers do not necessarily result in actual deliveries. Significantly, Hungary and Bulgaria rejected C-130 offers.

Note 3: Large numbers generally represent either C-130 or wartime host nation support equipment.

COMMITTEE RECESS

Chairman STEVENS. If there is nothing further, the committee will stand in recess.

[Whereupon, at 12:32 p.m., Tuesday, October 21, the committee was recessed, to reconvene at 10 a.m., Wednesday, October 22.]

**NORTH ATLANTIC TREATY ORGANIZATION
[NATO] ENLARGEMENT COSTS**

WEDNESDAY, OCTOBER 22, 1997

U.S. SENATE,
COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The committee met at 10:04 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Ted Stevens (chairman) presiding.

Present: Senators Stevens, Domenici, Gorton, Burns, Faircloth, Hutchison, Inouye, Bumpers, Lautenberg, and Mikulski.

**NATO ENLARGEMENT COSTS AND DEPARTMENT OF
DEFENSE READINESS IMPACT**

DEPARTMENT OF DEFENSE

STATEMENTS OF:

**GEN. HENRY H. SHELTON, CHAIRMAN, JOINT CHIEFS OF STAFF,
DEPARTMENT OF THE ARMY**

**GEN. WESLEY K. CLARK, COMMANDER IN CHIEF, U.S. EUROPEAN
COMMAND, DEPARTMENT OF THE ARMY**

OPENING STATEMENT OF HON. TED STEVENS

Chairman STEVENS. We appreciate your being with us this morning, Generals. We are going to continue now our hearing on NATO expansion costs. I do welcome you, General Shelton, as the new Chairman of the Joint Chiefs of Staff, and General Clark as the Supreme Allied Commander in Europe.

We had a very interesting hearing yesterday on the policy aspects of NATO expansion, and today we would like you, the two commanders who face the challenge in implementing this process, to help us understand how it will be done. Of course, our primary interest is in the funding of this process.

Within our 5-year funding agreement you will face difficult tradeoffs to pay for the costs of expansion, if there are additional costs. General Clark, I am sure that you will make the process work within NATO and the European Command, and, General Shelton, you are now the president and Secretary of Defense's principle military advisor for our total global aspects of military strategy.

We have some real concerns. I believe that we cannot accept a reduction in the United States presence in Asia, the Pacific, and Latin America, in the Middle East as a cost of expanding NATO. But I do welcome your views on these matters.

Your written statements will be included in the record in full. I do not know if we are going to be joined by any other members this morning. I do welcome my friend, the chairman of the Military Construction Subcommittee, Senator Burns, if he has comments.

STATEMENT OF HON. CONRAD BURNS

Senator BURNS. Thank you, Mr. Chairman. First of all, let me congratulate both of you for the fine job that you do for this country and especially General Shelton, who just assumed this new job. It was a great selection.

I think the chairman hit the nail on the head when he said that we have to deal with not only policy—is it correct policy to do so—and the ramifications of that policy further down the line and what it does. Where do we want to be in 20 years as far as Europe, as far as NATO is concerned, and the position of this country?

I am not saying that we have not looked into the future 20 years hence, but sometimes we do not all have the same crystal balls, and we get different pictures of what might happen.

We are dealing especially in military construction, where we have tried to refocus our money that we spend for our men and women in uniform to quality of life—health care centers, child care centers, better facilities. And, as you know, we have some of our enlisted personnel that their living conditions could be better.

In order to maintain a strictly voluntary army, professional army, as it is today, and the best in the world, we have an obligation to those people. And when I say that, then I have to put a footnote that whenever we take a look at expansion, maybe it would make good policy, but do we have the ways and means to get where we want to be and still maintain the quality of life with a finite figure as far as dollars we spend on our military.

So we have to weigh all of those things, and I am not real sure that I am smart enough by myself to get that done. We rely heavily on your recommendations and your judgment on what we need in order to fulfill the mission of this country after the policy is made. So we will be working a lot with you. I am sort of trying to put together a trip. We may not get it done but, General Clark, we want to come to see you and to take a look and sit down in an environment where we can discuss some things with regard not only to the European Command but also with NATO and your role. We are very much looking forward to that.

I think the only way we get those things done, we have to just sort of sit down in that kind of a setting and work at it.

So I thank you, Mr. Chairman, for calling these hearings. They are very, very important to our committee, who has to make some very, very tough decisions and, of course, with Senator Stevens, chairman of the full Appropriations Committee, and his work in the defense area, making some very, very tough decisions with regard to that too.

So thank you very much.

Chairman STEVENS. Senator Faircloth.

STATEMENT OF HON. LAUCH FAIRCLOTH

Senator FAIRCLOTH. Thank you, Mr. Chairman, and thank you for being here, Generals.

There are two things about this NATO expansion proposal that do concern me. First, we do not know what it is going to cost. The General Accounting Office [GAO] has said that the costs could be substantially higher or lower than Department estimates. In other words, they have no idea what it is going to cost. If we have no idea how much it is going to cost, how could we measure if the benefits, if there are any, are worth the costs?

And, second, the Department has based its cost estimate on the belief that there is not a significant conventional threat in Europe, which there would appear not to be, and presumably this means Russia. But what about the nonconventional threats? We are going to go ahead and try and strengthen NATO against a threat that does not seem to be there, while we are leaving the door wide open for missile attacks from rogue nations around the world that we would not be prepared for, and NATO would have, presumably, no effect on. I see that as a greater threat than the lesser, conventional threat.

Also, I would like to know what is going to be the Russian role in NATO and if they are going to be eventually a partner of it. I guess my question is, if everything from Vladivostok to Calais is in NATO, then why do you need NATO, if the whole of Europe and the original enemy, would be in it?

The administration has been dragging its feet on providing a ballistic missile shield for the United States. It has openly opposed the Senate's effort to set a date certain for establishing a national missile defense. In my opinion, the umbrella of security for the United States is at least as important as for Poland, Hungary, and Czechoslovakia, and I think the issues need to be linked.

PREPARED STATEMENT

Mr. Chairman, I ask that my entire statement be made a part of the record, and I look forward to hearing from General Shelton and General Clark.

[The statement follows:]

PREPARED STATEMENT OF SENATOR LAUCH FAIRCLOTH

Thank you, Mr. Chairman. Back when there was a Cold War, the North Atlantic Treaty Organization was a great success for the democracies of Europe that were threatened by an unpredictable superpower to the east. There was a danger of a ground war in Europe, and through NATO, sufficient protection was attained. President Reagan sapped that Soviet threat, yet this does not mean that we should be using NATO now as a trade or economic alliance.

We do not know what an expansion of NATO will cost the American taxpayers. The General Accounting Office has stated that the costs could be "substantially higher or lower" than the Defense Department's estimates—in other words, we have no idea. And if we have no idea, how can we measure whether the benefits of expansion, if any, are worth the cost? Certainly, we cannot assume that "larger" automatically means "stronger." It also can mean unwieldy, cumbersome, and more bureaucratic.

As much as I want to encourage Poland, the Czech Republic, Hungary, and other former Soviet satellites to adopt economic policies that will help make their citizens more free, I need to be sure that a NATO expansion will not cause the United States to take on additional dollar or troop commitments. We will need to see our European allies take on a bigger commitment in the future because I do not want to create any more excuses to send our troops on "peacekeeping" missions. Misusing our military, as we've seen over the past several years, not only wastes U.S. taxpayers' money but degrades the image of what used to be known as the world's most feared fighting forces.

The arguments for this expansion claim the benefit of added protection for Europe. The Department, however, believes that there is not a "significant conventional threat" today facing Europe, even though one could materialize in the future. So it would appear that we would be fortifying our front door against a "conventional" threat, which does not exist, while we continue to leave the back door wide open to a non-conventional threat.

Both our continents are now vulnerable to an attack from smaller, terrorist countries that are becoming more and more capable of raining down ballistic missiles with nuclear, biological, and chemical warheads. This is a greater threat to our national interests than an East versus West ground war in Europe. In my opinion, the umbrella of security for the U.S. is at least as important as it is for Poland, the Czech Republic, and Hungary. Consideration for expanding NATO needs to be linked with National Missile Defense. This would be a forward-looking assessment of our whole national security picture.

I encourage the President to be as supportive of National Missile Defense as he is of NATO expansion.

Chairman STEVENS. Thank you. Both your statements will be made a part of the record.

General Shelton, as I said, is the new chairman of the Joint Chiefs of Staff. It is not only an honor to have you present, but it is your first appearance before our committee. We spend a great deal of time with the people who work with you, so we are pleased to have you and your staff that is behind you and look forward to your views.

I will tell you that I think your views, the views of you two gentlemen, will have more to do with how the members of this committee vote than anyone else that will come before it, because we do try our best to pursue actions that you think are in the best interests of our national defense.

Thank you very much for coming.

Senator FAIRCLOTH. Mr. Chairman, may I just make a brief statement? General Shelton is from North Carolina, the eastern part of North Carolina, so we can believe unquestionably what he tells us, and his judgment will be beyond reproach.

Chairman STEVENS. My grandmother used to tell me it is easy to take a boy from the hills, but the question is whether you can take the hills from the boy. Nice to have you here, General.

General SHELTON. Thank you, Mr. Chairman.

Mr. Chairman, distinguished Senators, I am pleased to come before you today to speak on the subject of NATO enlargement. As you are well aware, NATO has been a cornerstone of our peace and security in Europe for almost 50 years. In fact, we will celebrate the 50th anniversary in 1999.

In recent years, the European and international security environment has changed, and this change must be tied directly to our national security strategy. To be the strong force for peace in the future that it has been in the past, NATO is examining new concepts and new approaches to keep peace and keep pace with a rapidly changing world.

NATO enlargement, the alliance's initiative to embrace new partners, is fundamental to restructuring NATO for a new century. Every NATO country shares in the cost, as well as the benefits, of membership in the alliance, and that will include NATO enlargement.

Mr. Chairman, the Joint Chiefs and I endorse the President's support for this initiative because we are convinced that our strate-

gic interests and the interests of our European friends and allies are better served with enlargement than without it.

Mr. Chairman, too often in this century we have been called upon to intervene in the major conflicts on the European continent at a great price to our Nation, in blood and in our treasure. We learned the hard way that we can avoid war by joining hands with our friends and by extending a hand to yesterday's adversaries to turn them into tomorrow's friends. In fact, no NATO country has ever been attacked in the nearly five decades of NATO's existence.

We have lived through the most dangerous century in world history, and even today in Bosnia we can see the legacy of those earlier conflicts. That is why, in my view, we can only gain by encouraging deserving nations to join with us in the interest of peace. But we must be sure that candidates for NATO membership are up to the task.

From the military perspective, it is important that new members bring genuine military capabilities to NATO though specific military standards are not required for admission. We must ensure that new members are net contributors and not net consumers of security.

They must be able to conduct coordinated operations with other NATO members. They must participate fully in the defense planning process. And their military forces must reflect the shared values of our alliance, particularly the imperative of civilian control, which is so central to our democratic systems.

Of course, we do not expect new members right away to operate at the same level as members of long standing, nor do we expect them to bear alone all the costs associated with joining the alliance. That is why I share the view of my NATO counterparts, expressed to me during my recent trips to Europe, that NATO enlargement must occur in a deliberate way. We must carefully and prudently assess the cost of bringing in new members, just as we weigh the benefits to us and to NATO as a whole.

Part of that responsibility is to capture the military requirements for NATO enlargement as precisely as we can, and to provide an accurate basis for our cost estimates. We are doing just that.

As General Clark will tell you in a moment, the major NATO commands are currently conducting a comprehensive study of the military requirements associated with NATO enlargement. I share the view of Secretary Cohen that these requirements must be the foundation upon which NATO cost estimates are based. The results will be ready soon, but based on what I have seen thus far I am confident that the benefits of NATO enlargement, a more stable and secure Europe, will far outweigh the financial cost we will incur.

Just as we must assess our costs accurately, we are also obligated to apportion them fairly. As Secretary Albright said in testimony before your colleagues on the Foreign Relations Committee, the United States will insist that our allies pay their fair share. And I would note that new members will pay the largest share.

On balance, I am confident that the methodology that we are using to project costs is sound. Considering the alternative, the prospect of future instability and conflict, I see the tradeoff be-

tween the projected cost of enlargement and the value of a stable Europe as much in our favor.

I am also encouraged by the military performance of NATO candidates in Partnership for Peace events, in military operations in the Balkans, and in other operations like Desert Storm. If these operations are any guide, they are well on their way to achieving levels of military competence and professionalism which will enhance NATO.

And apart from their military value, these cooperative ventures suggest a willingness to share the risk of collective security that deserves our respect and our support.

Mr. Chairman, I believe that the choice before us is clear. If we are to avoid the tragedies of this century in the next one, then we must embrace the lessons that we have learned at such great cost to achieve the peace that we owe our children and their children. One of those lessons is that peace is based on closer ties—politically, economically, and militarily—and NATO enlargement serves these ends very well.

PREPARED STATEMENT

Mr. Chairman, thank you for the opportunity to address this distinguished committee. I look forward to answering your questions shortly, and at this time I would like to turn the microphone over to General Clark. Thank you, sir.

[The statement follows:]

PREPARED STATEMENT OF GEN. HENRY H. SHELTON

Mr. Chairman, as you are all well aware, NATO has been a cornerstone of our national security strategy for almost fifty years. In recent years, the European and international security environment has changed, and this change must be tied directly into our national security strategy. To be the strong force for peace in the future that it has been in the past, NATO is examining new concepts and new approaches to keep pace with a rapidly changing world.

“NATO Enlargement”—the Alliance’s initiative to embrace new partners—is fundamental to restructuring NATO for a new century. Every NATO country shares in the costs as well as the benefits of membership in the Alliance, and that will include NATO Enlargement. The Joint Chiefs and I endorse the President’s support for this initiative, because we are convinced that our strategic interests, and the interests of our European friends and allies, are better served with Enlargement than without it. Too often in this century, we have been called upon to intervene in major conflicts on the European continent, at great price to our nation, in blood and in treasure. We learned, the hard way, that we can avoid war by joining hands with our friends, and extending a hand to yesterday’s adversaries, to turn them into tomorrow’s friends. In fact, no NATO country has ever been attacked in the nearly five decades of NATO’s existence.

We have lived through the most dangerous century in world history, and even today, in Bosnia, we can see the legacy of those earlier conflicts. That is why, in my view, we can only gain by encouraging deserving nations to join with us in the interests of peace. But we must be sure that candidates for NATO membership are up to the task.

From the military perspective, it is important that new members bring genuine military capability to NATO, though specific military standards are not required for admission. We must ensure that new members are “net contributors” and not “net consumers” of security. They must be able to conduct coordinated operations with other NATO members. They must participate fully in the defense planning process. And their military forces must reflect the shared values of our Alliance, particularly the imperative of civilian control which is so central to our democratic systems.

Of course we do not expect new members, right away, to operate at the same levels as members of long standing. Nor do we expect them to bear alone all the costs associated with joining the Alliance. That is why I share the view of my NATO

counterparts, expressed to me during two recent visits to Europe, that NATO Enlargement must occur in a deliberate way. We must carefully and prudently assess the costs of bringing in new members, just as we weigh the benefits to us and to NATO as a whole. Part of that responsibility is to capture the military requirements of NATO Enlargement as precisely as we can, to provide an accurate basis for the costing experts. We are doing just that.

As General Clark will tell you in a moment, the major NATO commands are currently conducting a comprehensive study of the military requirements associated with NATO Enlargement. I share the view of Secretary Cohen that these requirements must be the foundation upon which NATO cost estimates are based. The results will be ready soon, but based on what I have seen so far, I am confident that the benefits of NATO Enlargement—a more stable and secure Europe—will far outweigh the financial costs we incur.

Just as we must assess our costs accurately, we are also obligated to apportion them fairly. As Secretary Albright said in testimony before your colleagues on the Foreign Relations Committee, the United States will insist that our allies pay their fair share. And I would note that new members will pay the largest share. On balance, I am confident that the methodology we are using to project future costs is sound. Considering the alternative, the prospect of future instability and conflict, I see the tradeoff between the projected costs of Enlargement, and the value of a stable Europe, as very much in our favor.

I am also encouraged by the military performance of NATO candidates, in Partnership for Peace events, in military operations in the Balkans, and in other operations like Desert Storm. If these operations are any guide, they are well on their way to achieving levels of military competence and professionalism which will enhance NATO. And apart from their military value, these cooperative ventures suggest a willingness to share the risks of collective security that deserves our respect and support.

Mr. Chairman, I believe that the choice before us is clear. If we are to avoid the tragedies of this century in the next one, then we must embrace the lessons we learned at such great cost, to achieve the peace we owe to our children, and their children. One of those lessons is that peace is based on closer ties, politically, economically, and militarily—and NATO Enlargement serves those ends very well.

Chairman STEVENS. General Clark.

General CLARK. Mr. Chairman, distinguished members of the committee, it is a privilege and a pleasure to be here today to discuss NATO enlargement.

I think we are living in a unique period of history. We have unique opportunities and we have some unique challenges. And NATO enlargement is an appropriate policy to address both the opportunities and the challenges.

As you know, sir, I have two sets of responsibilities, first as Supreme Allied Commander, Europe, and in this role my staff has been addressing the military requirements of enlargement and is supporting NATO headquarters by determining military requirements, identifying training needs, and conducting operational planning for all missions in Supreme Allied Command, Europe.

In my second hat, I am the Commander in Chief, U.S. forces in Europe, and in this role we have been engaged in providing U.S. military support and assistance to the three prospective new members.

COSTS OF ENLARGEMENT

Turning to the costs of enlargement first, it is best to group these costs into three categories. The first is the cost borne by the new members for their own national security and their contributions to the alliance. Although we do not yet know the full extent of the defense requirements these countries will identify in the force planning process, each country has professed its willingness to commit additional resources to live up to its obligations.

My force planners in NATO tell me that their initial assessment of the respective countries' force proposals indicates that the plans that these nations are developing will be appropriate for the strategic circumstances of the 21st century.

Now, the second category of costs are the expenses to be borne by the present 16 member nations to enhance their own contributions to the alliance in support of accession. We have established that fulfilling the existing force goals will fully prepare all current members for the strategic requirements introduced by NATO enlargement.

The third category of cost consists of the NATO common-funded accounts, of which there are two major areas. First is the military budget, which covers travel, common operations, maintenance, civilian salaries and pensions, training and exercises.

NATO SECURITY INVESTMENT PROGRAM [NSIP]

The other account is the NATO Security Investment Program. This account totals about \$800 million annually, and it provides for infrastructure improvements that are required for the NATO common missions. Now this is the area most impacted by the enlargement decision.

The requirements for command and control, integrated air defense, reinforcement infrastructure, training and exercises, and related projects are the subjects of a vigorous study that has been taken by my headquarters and will come to me in approximately 2 weeks. This will list the requirements but not the costs. The study then goes to NATO headquarters, where the requirements are costed. And we are pointing up toward having this report completed to support the December ministerial meeting in Brussels.

THE NEW COUNTRIES

Mr. Chairman, I would tell you that NATO welcomes the military capabilities that Poland, Hungary, and the Czech Republic can bring to the alliance. All three nations have transitioned their militaries to civilian control under democratic political leadership. And although they have inventories of predominantly Soviet equipment, they recognize the need to modernize.

As with many other nations, they are downsizing their force structures to finance modernization. We have been active with all three nations in the Partnership for Peace Program, and they have all contributed units to the implementation and stabilization forces in Bosnia. Poland and the Czech Republic also contributed forces to the gulf war coalition. Hungary has served as an invaluable staging area for NATO forces in Bosnia.

In working with the invited nations, we have learned to respect and value their capabilities. All three are moving to adopt NATO's standards and doctrine. Through the Partnership for Peace Program and our Bosnian interface we have built a solid foundation for interoperability. And I would add that during our survey of military facilities in the three new nations, we have been very pleasantly surprised by both the quantity and the quality of the infrastructure that we saw.

Our goal is to make the new nations providers of security rather than consumers of security as quickly as possible. And so even be-

fore accession we have been taking active measures to assist. Our major NATO commanders have been interfacing with the three nations. For example, one of the component commands of NATO, AIRCENT, which is the air arm of NATO's central region, has been working to develop a graduated and disciplined program to improve interoperability with the new nations. AIRCENT has prepared an air interoperability handbook. They are pursuing an air operation English course. They have supported the European regional air-space initiative to develop a common air picture, and so forth.

The United States-European Command has also had significant involvement with these new countries. In 1992 we started a joint contact team program with Poland. We now have the same in Hungary and the Czech Republic. These joint contact teams establish numerous programs that help the militaries to transform themselves and they also provide key advice and access to U.S. support.

The State partnership program is now in place, which matches United States National Guard units from Illinois with Poland, from Ohio with Hungary, and from Texas with the Czech Republic. All of these activities, as well as bilateral security assistance efforts, have accelerated the progress of interoperability and reduced the remaining tasks for full interoperability with NATO.

PREPARED STATEMENT

Mr. Chairman and Senators, thank you for the opportunity to be here this morning. I look forward now to answering your questions. [The statement follows:]

PREPARED STATEMENT OF GEN. WESLEY K. CLARK

INTRODUCTION

Mr. Chairman, distinguished members of the Committee, it is a privilege and a pleasure to be here today to discuss NATO enlargement.

First, let me note that NATO's decision to enlarge has been a political decision, made by all 16 allies together. I agree that it is important that we take advantage of the opportunities and address the challenges presented by this unique period in history, and NATO is the security organization best suited for this purpose. As you know, I have two sets of responsibilities, first as Supreme Allied Commander Europe, and in this role my staff has been addressing the military requirements of enlargement and is supporting NATO HQ by determining military requirements, identifying training needs and conducting operational planning for all missions in Allied Command Europe. As Commander in Chief, U.S. Forces in Europe, I have been engaged in providing U.S. military support and assistance to the three prospective new members.

COSTS OF ENLARGEMENT

In considering potential costs of enlargement, it is best to group costs into three categories. First is the cost borne by the new members for their own national security and contributions to the Alliance. Although we do not yet know the full extent of the defense requirements these countries will identify, each has professed its willingness to commit additional resources to live up to its obligations. As a percentage of Gross Domestic Product, Poland is spending 2.2 percent on defense, Hungary is increasing to 1.8 percent and the Czech Republic is increasing to 2 percent. This compares to the NATO average of 2.2 percent. Moreover, the projected growth rates of their economies is higher than the average for current NATO nations, so the defense budgets will become larger in absolute terms. Clearly, the newly invited members are willing to bear the cost of their own defense. My force planners tell me that their initial assessment of their force proposals indicates that these nations' plans will be appropriate for the strategic circumstances of the 21st century.

The second category of cost is expenses borne by the present 16 member nations to enhance their own contributions to the alliance in support of accession. As NATO

has adapted from a static defense to emphasize more-mobile operational concepts, the operational and strategic deployability of forces has been strengthened. As NATO enlarges, this characteristic is clearly desirable because it offers an alternative to larger permanently stationed forces. These force requirements are routinely developed through the NATO force planning process and funded by each nation. We have established that fulfilling existing force goals will fully prepare all current members for the strategic requirements introduced by NATO enlargement.

The third category of costs consists of the NATO common-funded accounts of which there are two major areas: The Military Budget which covers travel, common operations and maintenance, civilian salaries and pensions, training and exercises, etc. The other account is the NATO Security Investment Program or NSIP. This account, approximately \$800 million in size, provides for infrastructure improvements and is the area most impacted by enlargement. The NATO Senior Resource Board prioritizes and funds projects to be executed from all these common accounts. The ongoing accession process will recommend projects required to improve infrastructure in the three invited countries to meet the minimum military requirement for an Article V response. It is this category of costs that will directly impact U.S. and allied expenditures for enlargement. National contributions to common funds are agreed on at the ministerial level and have remained fairly constant over the years. Presently, the U.S. provides about one-fourth of the NATO common funds. The requirements for command and control, integrated air defense, reinforcement infrastructure, training and exercises, and related projects are the subject of a rigorous study that will be submitted to me in two weeks. I am confident that we have addressed all potential requirements in a comprehensive manner, and that NATO's final report based upon our requirements will accurately capture costs to NATO through the first decade after enlargement. This report is intended to support the December ministerials in Brussels.

PLANNING FOR ENLARGEMENT

Every year, NATO submits a Defense Planning Questionnaire to each of its members. This DPQ document is used by each nation to provide a self-assessment of its military capabilities and contributions to the Alliance. This year, the three newly invited nations have also completed the DPQ. Because this is their first effort at this process, the SHAPE staff has worked closely with them to produce this detailed document. From this information, we are establishing Target Force Goals for the invited nations. Their force goals are "Targets" for this cycle because we recognize that accession does not occur until all nations ratify the process with a target of 1999. We are in the middle of this process now. NATO and SHAPE force planners have traveled to each of the three nations to assess their military capabilities. By the spring ministerials, NATO will be able to describe Target Force Goals for the new nations.

MILITARY CAPABILITIES OF NEW MEMBERS

We welcome the military capabilities that Poland, Hungary, and the Czech Republic bring to the alliance. First and foremost, all three nations have transitioned their militaries to civilian control under democratic political leadership. Although all have inventories of predominantly Soviet equipment, they recognize the need to modernize. As with many other nations, they are downsizing their force structures to finance modernization. We have been active with all three nations in the Partnership for Peace (PfP) program and they have all contributed units to the Implementation and Stabilization Forces in Bosnia. Poland and the Czech Republic also contributed forces to the Gulf War Coalition. Hungary has served as an invaluable staging area for NATO forces in Bosnia. In working with the invited nations, we have learned to respect and value their capabilities. All three are moving to adopt NATO standards and doctrine. Through the Partnership for Peace Program and our Bosnian interface, we have built a solid foundation for interoperability. During our survey of military facilities in the three new nations, we have been pleasantly surprised by both the quantity and quality of the infrastructure we saw. Let me expand on what they have found.

POLAND

By far the largest of the three, Poland's military is downsizing from 214,000 to 180,000 troops. They have 1,700 tanks, 1,400 Armoured Combat Vehicles (ACV's), 340 fighter aircraft, and a modest navy. At the recent ministerials in Maastricht, their Defense Minister pointed out that NATO membership is broadly supported in Poland by all political parties and 90 percent of the population. Key priorities are to enhance interoperability with NATO forces with modernization of equipment,

starting with command and control elements and education in the English language and professional military courses. They have developed a fifteen-year plan to upgrade their military and are financing it with 2.2 percent of their GDP allocated toward defense. Our survey team was especially impressed with the infrastructure located in the Malbork area which featured a superb airfield, expansive training complex, extensive rail support to both and proximity to Baltic ports. This could prove to be an excellent NATO training complex comparable to Grafenwohr, Bergen, or Irwin.

HUNGARY

Hungary has 67,000 troops, 800 tanks, 1,300 ACV's and 150 fighter aircraft. They are weaning themselves from conscription and developing a professional corps of non-commissioned officers. At Maastricht, their Defense Minister said that Hungary recognizes its requirement to finance its proper share for NATO membership. They are prepared to commit the bulk of their forces to the common defense and are ready to participate in other Alliance missions such as peace keeping and humanitarian operations. Hungary is initiating a comprehensive defense review in 1998 to posture its military to fully integrate into the NATO structure. They are emphasizing inter-operability, especially in command and control, air defense and air control. The government has pledged to raise their defense expenditures by 0.1 percent of their GDP annually until 2001 when they will be spending 1.81 percent of GDP on defense. Hungary's NATO accession is supported by all political parties and they have launched a campaign to increase public awareness and support. Hungary has already demonstrated its ability to support major NATO force projections. Taborfalva and Taszar, the bases that supported IFOR and SFOR deployments have been used by thousands of NATO troops.

CZECH REPUBLIC

The Czech military has 65,000 troops, 950 tanks, 1,360 ACV's and 140 fighter aircraft. They committed to the challenge of meeting NATO standards. Their Defense Minister has identified the priority areas that they need to fix such as increasing the budget, defense planning and interoperability. Despite funding recovery from devastating floods, they are increasing their defense budget and by the year 2000 will be spending 2 percent of their GDP on defense. They have formed a high-level committee to address integration issues, chaired by the Prime Minister. They have pledged 90 percent of their forces to NATO's use and are aggressively pursuing language training, interoperability of air defense as well as command and control functions. They have recognized the need to build public support for NATO integration and are working a media campaign to inform the public. We can in fact see the momentum building in the Czech Republic, as evidenced by their energetic efforts to bring communication and information systems up to NATO standards even prior to accession.

TRAINING/INTEGRATION

As the SHAPE staff works with NATO in assessing capabilities and requirements for the new nations, one area that I have directed them to examine closely is the area of training. Although we have a solid record of combined operations and exercises with the three nations, we have not fully exploited the capacity of structured command training to teach and reinforce NATO doctrine and standards, particularly leadership and decision making. We have found it very successful in economically training our own forces, and I think it will have a direct application to rapidly enhancing the interoperability of our NATO allies. My goal is to make the new nations providers of security rather than consumers of security as quickly as possible.

Let me share how some of our major NATO Commands have been interfacing with the three new nations. From an air perspective one of my components, AIRCENT, the air arm of NATO's Central Region, has been interfacing with the Air Forces of the three new nations. Because flying safety demands close cooperation of all users, AIRCENT has developed a graduated and disciplined program to address interoperability with the new nations. They have prepared an Air Interoperability Handbook with separate sections on Flight Safety, Air Defense, Logistics, Air Refueling, etc. They are also pursuing an Air Operation English Course to supplement basic English courses. They have supported the European "Regional Airspace Initiative" to provide a common picture of air traffic in the region, with standardized command and control. This air picture will be exportable to NATO air command and control centers throughout Europe. All three invited nations have fully subscribed to this initiative.

On the ground, LANDCENT is even further along with respect to integration due to their long cooperative experience in Bosnia. Forces from Poland, Hungary and the Czech Republic have been full participants in both IFOR and SFOR. The Poles have been key players in the Nord-Pol Brigade where English is the language of command. The Czechs have been full partners with the Canadians and British. The Hungarian engineer battalion has been so useful and effective, our force planners are requesting that Hungary provide it permanently to NATO's Rapid Reaction Force. There remains a lot of work to be done of course, but the combination of Partnership for Peace and Balkan Peacekeeping have already welded a great deal of ground cooperation with the newly invited countries.

From a maritime perspective, only Poland has a navy, so less integration is required than in the above cases. Poland has been active in PfP naval activities and has successfully accomplished a number of exercises with NATO, particularly with their German and Danish counterparts.

These examples demonstrate the range of activities we are pursuing to enhance our present activities with partner nations and when political guidance is received, to rapidly integrate the new nations. These initiatives serve to invest first "between the ears" rather than for additional hardware.

The U.S. European Command also has significant involvement with the three new countries. In 1992, we started a Joint Contact Team Program with Poland and now have the same in Hungary and the Czech Republic. In addition to numerous engagement activities common to all countries in the region, EUCOM has intensified the exercise schedule with the three invited nations and has increased their opportunity to attend courses at the George C. Marshall Center where the role of the military in a democracy is emphasized. The State Partnership program matches U.S. National Guard units from Illinois with Poland, Ohio with Hungary and Texas with the Czech Republic. All of these activities, as well as bi-lateral security assistance efforts have accelerated the progress of interoperability and reduced the remaining tasks for full interoperability with NATO.

CONCLUSION

Throughout the remainder of this century and into the next, the United States has the historic opportunity to help expand security and democracy in Europe. Adapting NATO to the present day realities is the most important step we can take toward making this possibility become reality. NATO will continue to set the conditions for peace in Europe well into the 21st Century, and, as in the past, U.S. leadership will remain key to success. Any assessment of costs should include the potential costs and risks of not taking advantage of these rare circumstances.

Again, I appreciate the opportunity to address the committee and I look forward to answering your questions.

Chairman STEVENS. General Clark, when is that meeting in Brussels that you mentioned?

General CLARK. The NATO ministerials in December will be on December 2-4 for the ministers of defense and December 16-17 for the ministers of foreign affairs.

Chairman STEVENS. It appears we are sort of premature on this hearing, then, I think. I apologize for that. I thought we were further along in assessing these costs. I think we have to handle these hearings from that point of view.

We will have additional hearings after the first of the year. We had intended to listen to some of the people from academia at that time. But I think it would be well if we could schedule a hearing after you have had time to assess the reports that you and General Shelton have mentioned.

I think it is going to be critical for us to have an analysis of these projected costs because of our experience with Bosnia. We did hold hearings. We were assured as to costs. And we have now seen the costs of Bosnia just literally go off the wall. If there is going to be a similar experience within the new member countries in terms of assessing what their costs will be, I think it will have an enormous impact upon our budgetary concepts here in the United States.

Let me just say this. I made my statement at the beginning, and I do want to follow our process here and move it along a little faster than we did yesterday. So unless there is severe objection, what I am going to do is say each member has 5 minutes. You may ask questions or make a statement, whatever you would like to do, and we will pursue that on the basis of the early bird rule.

I have had my statement, and I turn to Senator Burns.

Senator BURNS. I would yield to my friend from New Mexico. I think you have other obligations; is that right, Senator Domenici?

Senator DOMENICI. I do, and I do not know that I have any questions, but I would raise one for the committee and one for the generals that I would hope they would look at.

Chairman STEVENS. Senator Burns yields to Senator Domenici.

Senator DOMENICI. Yesterday, Generals, we had a hearing in the Budget Committee—Senator Lautenberg and I were there and then he had to leave to come to the meeting here—and it centered around a subject that most Americans are not familiar with yet but we will be familiar with soon, and that is the European Union countries and the new European monetary union.

It is in the offing. It will occur prior to enlargement, I would assume, at least its first steps. And I would like to make sure that you all are looking at what the economic commitments, the fiscal commitments, that are going to be imposed on the European community, including, by coincidence, the three countries that we are closest to saying we should bring into NATO. They are all going to have pressures to dramatically reduce their deficits.

A condition to joining that union is a dramatic reduction in the annual expenditures of those countries. I think it is absolutely necessary that the economic people that help you be able to tell us about the implications of that pressure to reduce expenditures to get their deficits in line so that they can have a unified currency. Mr. Chairman, you cannot imagine the changes that are already being made in their budgets just in anticipation of joining this union.

I think we ought to know what is the potential impact of that on current members' and future members' ability to meet their military commitments. It is most interesting. We are, on the one hand, saying we think they are going to have to increase their military commitments. On the other hand, they are talking about reducing their expenditures that they can make to stay within their union.

I just want to put that on the record. Mr. Chairman, I believe if you take a trip, as you plan this issue ought to be raised not by the appropriators. We are going to take a trip on the Budget Committee to look at this overall European monetary situation. We will want to know what does the EMU really mean in the future in terms of their ability to meet military commitments, when they are being pressured to reduce the amount of money they spend in their budgets?

I thank you for yielding, Senator, and that is all I have to say.

NATO MINISTERIAL MEETINGS

Chairman STEVENS. Well, you make an extremely important point, Senator, and I welcome your contribution. I think we ought

to know before the day is out here what the timeframe is. Can you tell us now, General Clark? Is that possible?

General CLARK. As I recall, the first set of meetings is the first week of December, and there is another set of meetings the third week of December. So I would say by the 17th of December all of the NATO meetings should be concluded.

Chairman STEVENS. That would be not only the estimates of requirements but the cost of those per country will be analyzed at the ministerial?

General CLARK. That is correct, Senator. The common costs for both the military budget and the NATO security investment program are what will be reported in December.

Chairman STEVENS. Senator Faircloth, you made a statement. Do you have any further statement at this time?

Senator FAIRCLOTH. No; I do not.

Chairman STEVENS. Senator Bumpers.

Senator BUMPERS. General Clark perhaps this question would be best directed to you. Does NATO have any kind of a doctrine for settlement of disputes within the borders of a member? I am talking about violent disputes, something close to civil war.

General CLARK. Yes; we do. Of course, one of the reasons that people, countries want to be included in NATO is the very close consultative process that occurs on a day-by-day basis at NATO headquarters amongst Ambassadors, and the twice and three times yearly meetings of ministers, key ministers of foreign affairs and state.

This provides the foundation for the resolution of all problems. Now, in addition, we have stated that one of the preconditions for the invitation of these three countries and others who might be interested in joining NATO is that disputes with neighbors must be satisfactorily resolved as a precondition for joining.

Senator BUMPERS. If I may, that brings me to the next question and you can include the answer to that also. Because the next question was, do we have a doctrine or do we have rules for how NATO will deal with border disputes between member nations.

General CLARK. Well, we would settle these in the context of the ongoing business of the alliance.

Senator BUMPERS. What does that mean?

General CLARK. There is consultation and dispute resolution and problemsolving constantly at work at all levels of the alliance. This is done in the military at the major NATO command levels. It is done at the international military staff. It is done in Brussels at the North Atlantic Council, with permanent representatives.

So whatever issues may arise are dealt with by the standing mechanisms of NATO. This is one of the features that distinguishes NATO and makes NATO such a robust and effective alliance. It provides full-time, integrated consultation on all matters affecting security for its members.

Senator BUMPERS. Does NATO have the authority to send troops into a civil conflict within one of its member nations?

General CLARK. NATO has a pledge for collective defense, that is under article V, and all of the members are committed to work together if there is a violation of a border of another member. Obviously, diplomatically NATO is going to do everything it can to pre-

vent a quarrel arising between members. Were that to happen, it would be dealt with in the consultative mechanisms and the North Atlantic Council, composed of the member nations of NATO, would have to decide the appropriate response.

RUSSIA AND THE NATO ALLIANCE

Senator BUMPERS. I saw something the other day—I do not know where it was, some sort of an intelligence document that had been leaked to the press that said, and Russia later on said, so what is the big deal—and the document presumably said that Russia has already made a determination that they are going to move toward a tactical nuclear force and not try to rebuild their conventional forces.

Are you familiar with that story?

General CLARK. Yes, Senator, I am.

Senator BUMPERS. Could you confirm it? Is that the present doctrine in Russian military circles?

General CLARK. Well, my understanding of the doctrine is that there is no reason for them to try to build the excessive military forces that they had when they were the Soviet Union and that represented the Warsaw Pact. They do have a large inventory of tactical nuclear weapons.

Now how they would actually use those weapons or threaten to use them is not clear, and I do not have any insight on the doctrine to that. But I do know that the conventional forces are not, as I understand it, projected to grow back to what they were previously.

Senator BUMPERS. When you consider 70 years of Soviet-American relations and the history of the Soviet Union and the hostility that existed between the two nations for all of that time, we have a little difficulty in this country turning loose the cold war mentality, and I am sure that is true in Russia too.

We say that we will never introduce tactical nuclear weapons in any nation that joins Russia. If you were the chief military guy in Russia, what would you tell President Yelstin? Would you accept that just on our word that we would never do it? This is not a formal part of NATO's doctrine, is it? And it is not a formal part of the agreement to admit Poland, the Czech Republic, and Hungary?

We just simply say do not worry, Russia; we are not going to introduce tactical weapons into these three nations. Would you be willing to accept that as the chief military advisor in Russia?

General CLARK. Senator, I think that the Russian military advisors have to be realistic enough to appreciate the fact that the security environment is dynamic, and at the present time NATO has stated it has no reason and has no intent to introduce any nuclear weapons into the territories of these prospective new members.

And should the relationships continue to improve, as they have in the past, I would think that would be a very sound assumption for the Russian military to continue to rely on.

General SHELTON. If I might add, Senator, the Founding Act, a part of the NATO expansion plan, itself, along with the Permanent Joint Military Council provides two other high-level forums within which they could express any reservations or any concerns they had about NATO's plans. But, to second what General Clark says,

no plan, no intent, no reason to introduce these weapons into the new members.

Senator BUMPERS. I see my time is up. Thank you.

Chairman STEVENS. Senator Faircloth, do you have a question?

Senator FAIRCLOTH. Yes, I do. My question would be, General Clark, where does Russia fit into this expansion of NATO? Is there a potential to bring Russia into NATO? Is that not being considered?

General CLARK. Well, from NATO's perspective, Senator, we have said that the alliance is open to new members, and no nation is excluded from the consideration that it could someday want to become a new member.

Now, Russia has said thus far, as I understand it, that they do not intend to become a new member. But I would also note that they are working very closely with us. As you may know, I have a Russian deputy at NATO, a deputy for Russian forces that are engaged with us and working with us on the ground in Bosnia. In Bosnia there is a Russian airborne brigade with two battalions and a brigade headquarters, with a very fine Russian colonel there.

And I give orders through my Russian deputy to this Russian brigade. So they are involved very closely with us in peacekeeping. They want to expand and deepen this relationship. And they want the partnership to go well beyond what is currently in place on the ground in Bosnia.

So I have hopes that we can expand and deepen the relationship with Russia.

Senator FAIRCLOTH. Thank you.

Chairman STEVENS. Senator Mikulski.

Senator MIKULSKI. Thank you very much, Mr. Chairman. I would like first to welcome you, General Shelton. We have not yet had a chance to become acquainted, but I really want to give you my enthusiastic congratulations as the Chairman of the Joint Chiefs and look forward to working with you on many issues facing the military.

General SHELTON. Thank you, Senator.

Senator MIKULSKI. And, of course, a very cordial welcome to you, General Clark.

General CLARK. Thank you.

PERSONNEL AND THE THREAT

Senator MIKULSKI. My question goes to—I have two areas of questioning—one, personnel, and then the other what threat are we dealing with. Know that I am a supporter of NATO expansion, an enthusiastic supporter. And while we are looking at the cost let me go to the personnel issues, not our personnel but their personnel in the three countries.

As I understand it, while we are looking at cost I am also looking at benefit. I understand that as part of the requirement to join NATO the new nations joining NATO must have a military capability among their officer corps to speak English. Am I correct in that?

General CLARK. That is correct.

Senator MIKULSKI. What is the nature of that? Does that mean five generals per country? Does it mean that the ability to speak English goes through the entire ranks? If so, how do they learn

English and what do you think would be the impact of a whole new generation of Poles, Hungarians, and Czechs with an incredible ability to speak English, who are part of an officer corps, both as officers and then when they go to civilian life?

Could you elaborate on that? Like how many will have to speak English? Who is going to train them? And what do you think will be the impact not only in the military but the future nature of that in those countries? And who is going to pay the cost of that teaching?

General SHELTON. First of all, just to give you the facts, Senator, right up front, it varies between the new member nations right now. From Hungary there are already roughly 10 percent of the officers that speak the NATO language, 7 percent in Poland, and 2 percent in the Czech Republic.

There is a program underway, and I will let General Clark address that.

General CLARK. For some time we have had a variety of efforts to improve the NATO interoperability, including the ability to speak English. One of these programs is at the Marshall Center, where we bring officers in from these three countries, they study English, they participate in the defense studies. We also have sponsored the development of language laboratories for these officers in their own countries. Other nations—Germany and England and The Netherlands—are also sponsoring training in English language for the officers for these countries.

So there is a broad array of programs underway, some financed directly by the United States, others financed by our allies, to help prepare these officers.

Senator MIKULSKI. Do you have a goal on what percentage of the officers will be speaking English? Is it 15 percent, 20 percent?

General CLARK. To the best of my knowledge, we have not established a numerical goal. But clearly there is a practice standard at work. Their forces have to be able to interoperate with ours. And the principal language for operations is English, and this is the language that is being used primarily in Bosnia today, and this is the experience that these countries are drawing from, from their participation there.

Senator MIKULSKI. Do you anticipate that this really profound educational effort that is going on for really a whole group of military personnel of all ages and all officer corps levels, do you think that has an impact on building democratic institutions in those countries and ties to the United States of America that outweigh the benefits of only interoperability, which, of course, is the reason for doing this?

General CLARK. Absolutely.

Senator MIKULSKI. General Shelton, did you want to elaborate?

General SHELTON. Very clearly, Senator, I think that is one of the great side benefits, so to speak, that comes out of this. And I might add opening up the communications, the ability to consult, the ability to talk to their counterparts when operating together all adds to building democratic and not only democratic but shared values in a lot of areas.

Senator MIKULSKI. Do you also feel that one of the other dynamics is that by interacting with NATO democracies they have a

clearer understanding of what it is to be military operating under parliamentary democracies, which further democratizes the military in these new countries?

General SHELTON. Very clearly, and not only just in NATO but throughout the world where our forces operate. One of the benefits and one of the things that we try to inculcate in the forces that we operate with are democratic principles—civilian control of the military as an example. We try to teach our partners, our military counterparts how we operate and how the civilian control of the military works.

And that is true not only in NATO but down in South America, in the Pacific, et cetera.

Senator MIKULSKI. Mr. Chairman, I know my time is up. Let me just say a few things to you and to some of the members.

When I had the opportunity to travel, particularly with the Pacific dialog with Senator Glenn, Senator Cohen, and Senator Nunn, when we went to countries like Malaysia and Thailand they were so eager to be involved with our military, not only because we had the best technology, not only because we had brilliant tactics, but also our code of conduct, that the military embraced a code of conduct under a civilian head of a military and it was for their officer corps to see what it was like to be part of democratic militaries.

Now, as they convert from a comrade military, though they never really embraced them in their heart and soul, this then is a whole other benefit which I think, when you have a military that is working with democratic military, because what has always been the tool of instability has been who controls the military and who controls the military's mind.

So here it is reinforcing a democratic state of mind. I also believe that the cost of English is a benefit that will accrue both in terms of democratic institutions, but even in terms of our economy. So when we analyze the cost, we use the term "collateral benefits," but I think these collateral benefits are going to be part of the intrinsic benefits.

I share those thoughts with my colleagues just as they are analyzing this. General Shelton, thank you, and, General Clark, thank you.

General SHELTON. Thank you, Senator.

Chairman STEVENS. Thank you. Senator Burns.

Senator BURNS. Senator Mikulski brought up saying we are going to start establishing a democratic military, and I almost had a heart attack. I made corporal in the U.S. Marine Corps, and I did not see anything democratic about that. [Laughter.]

We never did get to take a vote.

Senator BUMPERS. I am a former marine, and that is the only mistake I can ever remember the Marine Corps making—making you a corporal. [Laughter.]

Senator BURNS. I would have made sergeant, but I think there was a ship tied up at White Beach—well, that had quite a lot to do with a lot of things back in those days.

But, anyway, thank you. I am not real sure that Senator Bumpers, for those of you who may not know, may have had a hand in getting General Clark into the military academy, he has been

around here that long. He has been around as long as dirt. [Laughter.]

General, I think all of us who live in the political arena—and I direct this to either one of you but principally to General Clark—I want to pick up on what Senator Domenici raised, I think a bona fide question that maybe we should consider here, with the expansion of the EU and what they are doing with their budgets, and also knowing of your expertise or somewhat expertise in political science and your interest in that—and I think you are a man in the right place probably at the right time to understand some of these things.

But also, we have to go back home and we have to justify what we are doing to our own constituents. And I know with me we put \$156 million into the NATO Security Investment Program this time so far as military construction is concerned. My question with our expansion to the three, how that impacts that particular line and can we do that plus fulfill our obligations like Aviano and some things that we have to do in other areas that are sort of beyond the planning stages and ready to put into effect.

Can you give me an overall on what impact that will have, because we are dealing with finite numbers?

MILITARY CONSTRUCTION

General CLARK. Senator, it is my understanding that once we develop requirements, those requirements will go up to Brussels for costing. And the NATO staff up there will look at the cost of the requirements—whether it is airfield improvement or whatever else. And this is something that will have to be dealt with by the NATO military committees that work these issues.

So at this point I do not know what the magnitude of the requirements will be and how they will impact on the existing funding programs. But we have made very clear from the outset that there were going to be costs associated with NATO expansion and the job of my staff is to come up with good solid military requirements that will assure that we can meet our article V commitments when we bring these countries in.

Senator BURNS. I may have to agree with the chairman this morning. Maybe this hearing and maybe our asking those kinds of questions is premature until after your meetings in December. Is that a correct assumption?

General CLARK. For that particular level of detail, it is, sir.

Senator BURNS. Whenever we talk about mission expansion, we understand that the cost of the Bosnian situation is starting to become critical and brings on quite a lot of concern on this committee and the rest of the Congress. People, when I talk—I was down to a stock show, of all things, but they still are concerned about mission creep in Bosnia and what our role is there, that SFOR may be turning into EFOR, and they are concerned about that.

So I think most of my questions, Mr. Chairman, are really basically on my end of it could be premature to December, but I wanted to make that point, and maybe even our trip over there might even be put off until after the first of the year, whenever we can talk about more things that we have on the table and we will have more to talk about.

That may be a distinct possibility also. But I thank you and my time is up.

Chairman STEVENS. Senator Lautenberg.

Senator LAUTENBERG. Thanks, Mr. Chairman. I too, General Shelton, add my congratulations to you and wish you well in your very important assignment.

General SHELTON. Thank you, Senator.

Senator LAUTENBERG. Of course, General Clark, the same goes to you, but I think that is a more recent action.

General CLARK. Thank you, sir.

Senator LAUTENBERG. I have a couple of questions. First of all, let me say at the outset my inclination is to support NATO expansion, but there are things I feel I must know to be able to communicate my views as to why I support it. The costs are a significant factor. Of course, our security is the most important factor.

Now we have seen various cost estimates. The administration has one, CBO has one, RAND Corp. has another. Does the Defense Department have one of its own?

General SHELTON. Senator, we do, in fact, have one, although I would tell you up front the estimate was done before the final three prospective new members were decided. But the Department's estimate that you have heard several times or seen in the press, I am sure, runs about \$150 to \$200 million per year.

This again—how much it costs and the reason you see such a disparity in the estimates between CBO, RAND, and DOD is based on the assumptions that you make about the threat. It is based on how quickly you plan to ramp up the three prospective new members to a full capability. And this can have a tremendous impact.

For example, in the CBO study their threat saw a resurgence of the Soviet Union and a necessity to ramp up the three new member nations very rapidly. The DOD study, on the other hand, looks at what has been confirmed by the GAO as a realistic threat—the same one basically that we used for the QDR—which did not see a resurgence of the Soviet Union but looked at what we think is the threat going out to about 2015 and viewed a more gradual ramping up of the prospective new members vice trying to do it overnight.

Senator LAUTENBERG. Well, just as a footnote here, the response of our longtime friends and allies about paying for the costs of expansion hardly seems enthusiastic. The United Kingdom says America's cost estimates are \$27 to \$35 billion, too high by about 40 percent. France says that NATO expansion can be managed by reallocating funds and that it intends to pay nothing extra. Germany says that they want to see a realistic calculation of costs, not one that is based on the cold war.

So the cost issue is significant, and I think we are going to have to get something more specific about costs and burdensharing to hang our hat on before we move forward.

Secretary Albright has said that theoretically Russia would be able to join NATO if it meets the criteria. So far Russia has indicated that they do not want to be a part of NATO.

Is including Russia as a full-fledged member a good or a bad idea? Do either of you have a view on that?

THE RUSSIANS AND INSTABILITY

General SHELTON. Senator, I would say from my perspective that having an open process, as we have, that allows any member in Europe to apply for admission is the right answer. Again, to my knowledge, the Russians have not expressed any interest in becoming a part of NATO.

But I think, on the other hand, it would be a mistake to say that you are excluded from ever being able to become a member of NATO at this point.

Senator LAUTENBERG. Then I would like to carry this further. If we bring into NATO those in Eastern Europe, who want to be members, it may be good for our security. It may be good for our relationships.

Of course, they have to pass all the tests, including the readiness test as well as the financial test. But if we are going to bring new members into NATO and we have got the full-fledged membership going even beyond the three, because everyone feels that three would be an invitation to others and certainly the door is not going to be closed if they qualify—we need to know more about the threat. Where is the threat? Where does it come from?

General SHELTON. I think I will take it first, Wes. First of all, I see potentially three threats. First is the instability inside Europe itself, and we have seen that in Bosnia, in which we are participating right now. We have threats from the outside, outside being represented by transnational threats, by weapons of mass destruction, terrorism. And then finally, as some have postulated, a revival of a Russian threat.

So there are three threats potentially that we have to watch for.

Senator LAUTENBERG. But the door is not closed to Russia. Senator Bumpers talked about their tactical nuclear forces would get their principal investment. I cannot imagine that those weapons are being developed to take care of Chechnya or what have you. So is that a signal of some kind that says OK, if we have to go to war, we know that we have got to be able to carry this thing pretty far off our boundaries, and with weapons of mass destruction.

What does that tell us? What is the possibility there? What is their inclination?

General CLARK. First of all, Senator, I am not sure that anybody has said—and certainly we do not have any evidence to indicate, that I am aware of—that their tactical nuclear weapons will get the majority of their investment. It is my understanding these weapons are the leftovers. This is what happened. They are not covered under the strategic arms reduction talks, and they were more or less left over.

The conventional forces have rapidly come down in size. What is left are these nuclear weapons. There has been talk repeatedly that maybe this could form the basis for giving Russia a sense of protection from other threats that would mean they would not have to rebuild large conventional forces.

So I think that there is substantial, still substantial uncertainty in where Russia is going. I think we can very much shape the direction that Russia perceives its threats and where Russia may want to go with its defense programs.

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

Chairman STEVENS. Thank you very much.

Senator HUTCHISON.

Senator HUTCHISON. Thank you, Mr. Chairman.

I too want to welcome General Shelton for your first appearance here at the Appropriations Committee.

General SHELTON. Thank you, Senator.

Senator HUTCHISON. And I want to thank General Clark for going with me on my last trip to Bosnia. It was very helpful to see the changes in Bosnia. I think my first trip was with Senator Stevens, and I have been there four times, and I think the ability to see it on the ground is essential to really begin to have an opinion on the policies.

I have a question for each of you, and I am going to first talk to General Clark and ask you to comment on information that was given to us yesterday from Secretary Cohen. He roughly laid out the parameters of the administration's view of the cost of expansion at about \$35 billion, and he allocated that at about \$10 to \$12 billion for the general NATO expansion, of which we would pay our part, roughly \$2 billion, then approximately \$10 billion for the new members to beef up their operations and come in, and then the third part was \$10 to \$12 billion for our present European allies to upgrade their own rapid deployment capabilities.

Now, lay that on top of the fact that at least France and Germany have said they are not going to increase their defense expenditures. Do you see that they will spend that \$10 billion that does not come out of our part for their rapid deployment capabilities, and if they do what they say they are going to do, which is not increase their share, who is going to make up that difference or what will have to be done to accommodate this shortfall?

ALLIED CONTRIBUTIONS

General CLARK. Senator, I do not have any independent means of validating the DOD cost study for what the shortfalls are for our other alliance members. So I am not able to say whether it is \$10 billion, \$5 billion or what. We just do not operate it that way inside NATO.

What we have seen, though, is some very, very encouraging responses since 1992 by our NATO allies to the new strategic concept for the alliance. If you permit me, I would just like to cover some of those because I do not think they have received very much notice in the United States.

The United Kingdom has a joint rapid deployment force. It has built a new headquarters. It is procuring 100 new attack and support helicopters. It is purchasing 25 new C-130's, 2 RO/RO ships, and 2 amphibious assault ships.

Germany is creating a rapid reaction force that will be a joint unit with 53,000 troops that should reach its operational capability in 1998. And I could go on through the list.

The force planning process that NATO uses is very effective and it has been met with very good response. So on balance we are encouraged that we are going to be able to meet the strategic require-

ments that are facing the alliance and that will continue to face us after the accession of the new members.

General SHELTON. Senator, if I could add onto that, we also are seeing that of the common-funded areas today 75 percent of our partners in NATO are paying their share right now. I do not believe, like you, everything I read in the newspapers, and that is where I have heard or read some of the statements made about not paying.

I can tell you that in meeting over in Maastricht along with the meetings that I had on the second trip to Europe just recently that I have heard in those particular forums three things. No. 1 is they all realize there will be costs associated with this. They also understand that the cost, as it appears right now, based on the studies that have been done by us as well as the way it appears to be going within NATO now, that they will be manageable costs, and they all understand the costs will have to be paid if we are to expand.

Senator HUTCHISON. Well, my time is almost up, so I cannot follow up on that, because I want to ask you, as the Chairman of the Joint Chiefs, the person who will be setting the priorities, you stated some of the other threats that we are facing outside of Europe, and you are going to have to establish the priorities.

I am concerned when I see the President vetoing military construction in America that is operational support, 300 million dollars' worth, while at the same time he signed the exact same types of projects for NATO, to the cost of \$150 million. I have to ask if our priorities are going to be set so that all of the threats that we are being faced with, that you have already outlined and which we could go into more detail on if we had time, are you going to be able to look at all of that and put NATO in context for the threat and the potential reaction to those threats when the time comes?

General SHELTON. Senator, I can assure you that from my perspective as the Chairman there is absolutely nothing that has any higher priority than our readiness accounts, our modernization accounts, and our quality of life accounts. But as I look at the cost of the current estimate that DOD has done and make an assumption that this is somewhere in the ballpark of what will come out of NATO, these costs are less than one-tenth of 1 percent of DOD's budget, and what we gain from that in terms of the NATO collective security, the alliance, I think fully justifies that type of an expenditure.

Senator HUTCHISON. Thank you.

Chairman STEVENS. Senator Inouye.

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

Before proceeding, I wish to add my congratulations to you, General Shelton.

General SHELTON. Thank you very much, Senator.

Senator INOUE. The chairman, in issuing this call for the meeting, entitled the subject to "NATO Enlargement Costs and DOD Readiness Impacts." The chairman and I have been very concerned about the readiness of our forces, so I will ask a general question.

Will the additional NATO enlargement costs have any direct impact upon the readiness of our forces?

General SHELTON. Senator, from my perspective, as we currently speak in the DOD budget, starting in fiscal year 2000, we have

built into that budget, into the POM, \$100 million, increasing up to \$200 million by 2003. That was done as a part of the QDR process, with a vision toward NATO enlargement occurring or expansion occurring.

Again, O&M, quality of life, modernization are of the utmost importance to us, without a doubt, but for this price, less than one-tenth of 1 percent, I think it is worth what we pay for it for what we get out of it.

Senator INOUE. It is not any weakening of our readiness level?

General SHELTON. To the contrary, as I would see it, the collective security arrangements that come out of this, long term for the United States, really put us in great shape compared to what it costs us, even though that cost occurs early on and continues.

Senator INOUE. I realize, General, that in discussing threats we must make guesstimates, at best. Prior to World War I, no one suggested that an assassination in Bosnia would cause World War I. I think all of us will admit now, we were woefully unprepared for World War II. In fact, we are lucky that we were given the opportunity to build up our forces.

In the Korean conflict, once again we sent a very bad message to the world that we were not ready for anything. So there are some of us here who have seen war and who have seen blood and believe that the best way to prevent war is to be ready for war. Are we ready for war?

General SHELTON. From my assessment as Chairman, the answer is unequivocally yes. Do we have some challenges within some of our accounts right now, again the answer to that question is yes. But we are well prepared today. We have a trained and ready force. And I do not see the long-term cost associated with NATO expansion as being detrimental to our readiness.

Senator INOUE. Do you think that involvement in NATO would enhance our readiness?

General SHELTON. It would enhance our security, readiness being a little different from security. The requirement to have to use our forces I think would be reduced by having an expanded or enlarged NATO.

The readiness per se, if we looked at it in a purely hypothetical manner and say every penny that we get our hands on will go directly into either another exercise or operation or modernization or building more barracks, then you could argue that every dollar you take away from that will result in less of one of the three things that I have said are extremely important to us.

But in a larger context reducing the requirements to have to use these forces I think are extremely important to us as well. And I put this in that context, that this reduces the possibility that we would have to use the forces that we want to keep trained and ready.

Senator INOUE. As our Nation's No. 1 military leader, you are in favor of NATO enlargement.

General SHELTON. Yes, sir, I am.

Senator INOUE. Thank you, sir.

Chairman STEVENS. Generals, I keep looking at costs and wondering where we are going to get the money for our own modernization programs, and I came across one yesterday after the

hearing. I want to direct your attention to the ground surveillance statement, the joint surveillance target attack radar system, Joint STARS.

JOINT STARS

Now Senator Inouye and I had visited that here when it was a testbed, and then we found it when we went over to Desert Storm and we were there the night they brought it in. It was still a testbed but we made it operational right then at the time. You all did; we did not.

We offered Joint STARS to NATO, a package of six aircraft and ground equipment, for \$3 billion to meet the advanced ground surveillance [AGS] system requirements of NATO. That was scaled back to four aircraft and common ground equipment based on a lack of support from Britain, France, and Germany.

Now we have a new proposal that we have offered at \$2.14 billion for four aircraft, and we will pay 49.5 percent of that cost to NATO. I think this sort of begs the question for many of us. We paid the cost of developing that, and now we are going to pay more than \$1 billion to make it available to NATO. We seem to pay on both ends.

And yet we are still meeting opposition from our NATO allies with the proposal. Instead, I understand they are going to independently develop systems to meet the NATO AGS requirement.

Now is there not a message there for us in terms of paying and paying? We develop a system. Certainly they can replicate it. There is no question about that. And we will have to pay for what they replicate when we pay our cost to the NATO acquisition eventually, will we not, General? And that will be the way it comes, if they adopt another system, a competing system to what we have already developed and proved to the world, we will pay for that too.

Is that not right?

General CLARK. Senator, there is no question about it, that when you are looking at defense procurement there is hot competition between various manufacturers, and when those manufacturers are in different nations, then the competition is even more intense.

Chairman STEVENS. I understand that, General. What I am saying is this committee will review and pay for the cost. We have already paid for JSTARS, but if NATO, where you are, decides to take the European version, we will pay almost 50 percent of that too. Now I am beginning to question our involvement in NATO in terms of the fact that the United States continues to pay the bulk of the costs no matter where it goes.

We are paying more than anybody else in Bosnia. We are paying more than anybody else right now to support NATO. Why should we continue to do this?

General CLARK. These are the shares that generally have been assessed based on relative gross national products of the partners, and that has been used as the basis upon which shares were developed. So we typically pay about 28 percent of the infrastructure cost, and it depends on what program it is as to what our share is.

But that is the basic method for assessment.

Chairman STEVENS. Well, I quit going to the NATO assembly because for year after year after year I asked them to review that, but we continue to pay the same amount that we did 15, 20 years ago. Are we going to get a new allocation if NATO is enlarged? Will our costs come down?

General CLARK. I need to get you an answer for the record on that, Senator. It is my understanding that there will be a reallocation, but I have not heard anything definitive on that.

[The information follows:]

Yes. The U.S. percentage cost shares in the three NATO common funded budgets (National Security Investment Program (NSIP), Military and Civil Budgets), along with the cost shares of all other existing NATO members, will be reduced proportionally based on the added participation of the three new members. If the budgets are maintained at their current levels, then the U.S. and other existing members will pay less than they do now. However, budget levels may be increased to pay for the cost of enlargement, in which case the U.S., while paying a lower percentage, may actually pay a greater amount of funds.

Chairman STEVENS. Well, when we were new Senators I remember listening on the floor to Senator Mansfield, and I went over and sat and listened to him because Senator Jackson and I had great regard for him, and yet here he was, saying we should bring our forces back from Europe at that time. And I think we voted against—I know we did—against Senator Mansfield.

U.S. FORCE REDUCTION

Now we have a situation, as I asked Senator Cohen yesterday, where we are going to have about 300,000 more forces in NATO if it is enlarged. And as our commander there, General Clark, do you think we will be able to bring some of our forces back? We have 100,000 there now. If we had 300,000 from these new NATO countries, will we be able to have some offsetting cost and bring some of ours back?

General CLARK. Senator, I think you have to look at the functions that the U.S. forces perform over there before you can answer that question.

Our forces are the glue of the alliance. They are there not only to meet NATO's interests but to meet our own American interests. They participate in the Mediterranean. They are available to be deployed as a contingency force outside of NATO areas, and we did this during the gulf war, and they were very effective in that purpose.

When they are there, they are available to help shape the international environment. Those forces today are serving a very important function, for example in strengthening the relationship and reducing the remnants of the cold war attitudes that are residual in Russia.

So I think we are getting a substantial benefit for the forces that are there, and I would hope that we would continue to maintain the level of approximately 100,000 forces in Europe.

General SHELTON. And, Senator, if I might add to that, we also I think show a total commitment to peace and stability on the European continent in addition to that. And we also have forward-deployed forces, which reduce the strategic mobility required if we have to move forces into that part of the world to reinforce, or for whatever reason.

And so there is a substantial savings in that regard, and one of the most critical parts of it is the time we save. Without the strategic mobility assets ready to start moving our forces instantaneously, then you have already bought quite a bit of time to be able to reinforce or to react to an environment.

Chairman STEVENS. Well, I predict to you gentlemen that there will be people sitting here in 2007, 2008 that will have a different point of view, and it does seem to me that what we are hearing in these statements of my colleagues, they are all saying, you know, yes, we believe in NATO, but if there is a stable Europe is that the place to keep our forces.

Isn't the instability somewhere else in the world, then? We are locking ourselves into a period here, it seems to me, that we are going to rue the day when we have some real crisis somewhere else in the world and they are tied down here, tied down in the NATO structure.

Now I think I am going to go back and get out Senator Mansfield's speeches and read them to the Senate, because, you know, the older I get, the more I understand what Mike was saying at the time, that forever is a long time. We kept forces in Europe now for more than 50 years after World War II, and we continue to build them up, and we continue to increase the cost of keeping them there.

The cost per person over there now is just enormous compared to the original cost of keeping our people there. They were draftees then. They were unaccompanied tours. We were not providing all of the things we are providing over there now. We were not paying costs to nations that were there at the time. We do not get much host nation support any more in NATO.

I see just an ever-increasing cost of our presence in NATO, and I do not know why we do not put something on this to say, look, if we get 300,000 more forces over there, let us bring part of our people back. It does not cost as much to keep them here as it does to keep them over there. The cost factor is going to have to be looked into, as far as I am concerned, before we are through.

And I look forward to the results of your December ministerials, General Clark. But I again say, you know, I do not know how we are going to maintain the force that I believe we will need in the period of 2003 to 2023 at the rate we are going now.

General Shelton, your ships, as I said yesterday, average 20 years of age today. They are being replaced at the rate of two to three per year. It does not take a rocket scientist to tell you that by the time my and his watch are over the average age of our naval vessels is going to be somewhere around 30.

General SHELTON. I know.

Chairman STEVENS. Now where are you going to get the money to replace them if you increase the cost of keeping people in NATO and we increase our payments to NATO, and we face something like this JSTARS thing. I think that is what really irritates us.

We are going to pay one-half of the cost of developing a competing system to one we have already proven to the world is available and we offered to make it available to them at less than cost. Now somehow or other I think that the Nation has to understand where we are going as far as this readiness concept is concerned.

My friends ask, are we ready today. Yes; I think you are ready today. But I do not think you are going to be ready in 2003 if you keep spending money in Bosnia the way we are going to spend it and spend money in expanding NATO and do not modernize this force. I do not know. Somehow or other you are going to have to prove to me that we are capable of modernizing this force and replacing the aircraft, replacing the ships, replacing the tanks, replacing the other systems we need and developing new ones before we add to the cost of our military because of an enlarged NATO.

It is cost that is driving me and the need for modernization, not the question of whether NATO should be enlarged. Of course, NATO should be enlarged. That is not the question. The question is who should pay for it, and every one of our colleagues has read what has been reported in the European press.

France is not going to pay any more. We visited Britain. They are not going to pay any more. Germany says they are not going to pay any more. And by definition there are more costs, and we are being told and you and the two Secretaries said, well, do not worry. It is not going to cost us any more.

But that has not been proven to me yet. So I would hope that you do not mind if we say to you, after you have this ministerial and get those costs, we would like to have you come back and tell us what the analysis is and how they justify telling us that we can fit it into this program and continue to modernize and maintain our capability to defend this country.

As I said, that has not been proven to me yet, that we should proceed on the course we are on and just assume that the money will be there.

General SHELTON. Senator, as you probably recall from the QDR process, in terms of modernization we are counting very heavily on three things. One was a reduction in our infrastructure, one was a revolution in military affairs, and one was a revolution in business affairs. And, of course, that will have to be done in conjunction with Congress, but that is going to be critical for us as well as we look at how we modernize our U.S. forces.

Chairman STEVENS. Well, I have to confess to you that yesterday I did not read that you had the money in the QDR for this, and you have mentioned today that there is \$100 million going up to \$200 million. I did not see that.

General SHELTON. Starting in 2000.

Chairman STEVENS. I am glad to know that it is there. I do not think it is enough if you look at the cost of our involvement in Bosnia. I do not think it is enough to say that is what it is going to cost us to bring these people in and make them interoperable and make them part of the force that we are a part of.

I think the interoperability costs alone are going to be staggering. We will wait and see what you all tell us.

Do you have any further comments?

Senator HUTCHISON. Yes; and I appreciate very much what you said. But I just want to reinforce the chairman and the ranking member. We are looking at an average of over \$3 billion a year in Bosnia right now. This is a committee that has increased the President's defense budget year after year. The defense budget is going to be about where it is now.

So I would just ask you, as you are putting these costs together, to look at the priorities, look at the threats that we face throughout the world, and make sure you understand that with the defense budget what it is and the choices that we have, there is an issue right now in the defense authorization bill where there is an effort being made to severely curtail competition in depot maintenance, which is another \$100 million per project that will be wasted if we are not able to have competitive bids on that, in addition to the infrastructure that you are talking about bringing down.

Everything that we have been told since I have been in the United States Senate about being able to be ready with a smaller force structure depends on lift and rapid deployment, and I worry very much that we are cutting back in this country to too great an extent, that we are not looking at the full range of our security risks when we are building up so much with NATO military construction, with NATO investment, with investments in Bosnia.

I just hope that you will think about these priorities as you are assessing what the costs will be and what our share is and what our fair share should be with regard to stability in Europe.

Thank you. Thank you, Mr. Chairman.

Senator INOUE. General, I have had the privilege of serving with the chairman now for over 25 years on this committee, and one thing I have learned, take his words very seriously.

Senator HUTCHISON. Other than his wonderful personality. [Laughter.]

ADDITIONAL COMMITTEE QUESTIONS

Chairman STEVENS. Enough of that. We will continue these hearings tomorrow. But I do thank you very much, and we are very grateful to you for what you do. You are both distinguished officers and have proven yourself in the field and certainly proven yourself to get where you are today. And we respect you for what you are doing.

Thank you very much.

General SHELTON. Thank you very much, Mr. Chairman, Senators.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO GEN. HENRY H. SHELTON

QUESTIONS SUBMITTED BY SENATOR RICHARD C. SHELBY

INTELLIGENCE SHARING

Question. What is the status of military to military meetings with regard to arrangements about intelligence gathering and intelligence sharing?

Answer. The Defense Intelligence Agency established relationships with its counterpart organizations in the three prospective NATO members in 1992. Since that time these nations have all concluded General Security Agreements on the protection of classified military information with the United States. The relationships both at the leadership and working levels have become increasingly comfortable. All three countries send students to our Combined Strategic Intelligence Training Program where they learn about U.S. intelligence doctrine and have an opportunity to interact with mid-grade officers from allied military intelligence organizations. The primary focus of current exchanges with these nations has been in Bosnia, where interaction between the militaries of these nations and those of the Alliance has

been excellent. In particular, as part of IFOR/SFOR, military units of these nations have gained experience in using U.S. military intelligence and also in the application of tactical intelligence in a NATO military environment. Military and intelligence relationships between the U.S./NATO and these three countries continue to mature in a very satisfactory and mutually beneficial manner.

ENLARGEMENT AND U.S. FORCE STRUCTURE DECREASES

Question. For several years, I have been extremely concerned about the defense budget topline and the concomitant shortages we are experiencing in virtually every facet of defense spending, end strength goals, and near-term and long-term readiness. These problems are especially vexing when no one takes into account the fact that our troops are being deployed at a record pace. With this in mind, will enlargement allow us to decrease our force structure in Europe and apply the savings into those program areas that need it, like modernization? Is NATO enlargement just another "event on the operational continuum" that will push our forces to the breaking point more quickly than if NATO was not enlarged?

Answer. NATO Enlargement is not a factor in determining the size or shape of U.S. military forces in Europe. Maintaining a sufficient level of U.S. military forces in Europe is essential to preserving U.S. influence and leadership there and in adjacent regions. For the foreseeable future, this forward deployed presence will remain approximately 100,000. This size is sufficient to respond to plausible crises, provide tangible evidence of America's commitment to preserve regional stability, actively participate in multinational training, reinforce our bi-lateral relations with key partners, bolster U.S. leverage in helping allies shape allied defense capabilities, and minimize the likelihood of having to deploy additional forces from CONUS in the early stages of a regional crisis. This force anchors both NATO's deterrent capability and the alliance's ability to respond to out-of-area contingencies.

NATO EXPANSION IN THE QDR

Question. General Shelton, I was surprised by Secretary Cohen's statement during testimony to this Committee yesterday that the Quadrennial Defense Review takes into account the admission of our new nations to NATO. It was my understanding that the QDR does not contemplate NATO expansion into its strategy. While I realize the QDR was presented prior to your appointment as Chairman of the Joint Chiefs of Staff, I would appreciate learning in detail how the proposal to expand NATO impacted the QDR. If the QDR does not in fact contemplate additional nations joining NATO, how do you reconcile this omission and what accounts in the DOD budget do you intend to use as bill payers for the costs of NATO expansion in the fiscal year 1999 budget submission?

Answer. The Joint Chiefs of Staff provided a strategic assessment to the Secretary of Defense prior to the QDR process that assumed the likely addition of an unspecified number of new members to NATO between now and 2010. This was based on the stated NATO and USG policy, since 1992, of seeking to admit new members to the Alliance, while acknowledging that such admissions would not occur until and unless ratified by the U.S. Congress and the Parliaments of all NATO members. This assumption is reflected in the Defense Strategy's discussion on successful adaptation of our alliances. During development of the Quadrennial Defense Review (QDR), it was anticipated that there would be costs associated with NATO enlargement and it was designated as one of a number of priority areas for funding. Funds sufficient to cover our expected share of enlargement costs are provided in the FYDP.

The cost will be sourced from infrastructure and force structure savings. Therefore, cancellation of programs or reduction to troop readiness is not needed.

We anticipate that the funding will be divided between O&M (which funds the U.S. contribution to the NATO Military Budget), and Military Construction funds (which funds the U.S. contribution to the NATO Security Investment Program).

Specific details of how this funding stream will be apportioned between O&M and MilCon funds will be decided as the Department develops its fiscal year 2000 budget.

COST OF NATO ENLARGEMENT

Question. All Administration cost estimates that I have seen assume no military deployment, extended or otherwise, like Bosnia. In your opinion, is that wise or realistic, and if so, why? Let me ask a related question: What trade-off to modernization, R&D, end strength, and readiness would have to be made if we faced another prolonged "engagement" either simultaneously or subsequently to Bosnia?

Answer. It is Department of Defense Policy to budget for known, ongoing contingencies only. The Department does not budget for unforeseen crises. Therefore, the methodology for estimating costs associated with NATO enlargement is consistent with Department of Defense policy.

Current cost estimates for NATO enlargement represent common funding requirements for NATO infrastructure investment. These are primarily military construction and procurement requirements to provide capabilities for interoperability between armed forces of current and new members; and to extend NATO's integrated command, communications, and air defense surveillance systems.

The Department of Defense is analyzing the recently completed NATO Enlargement Study. This study provides SHAPE's analysis of NATO's military requirements for enlargement. The Department is in the process of refining initial cost estimates based upon the study's findings. The Department will be able to provide refined cost estimates in early 1998.

As with other priorities, NATO enlargement requirements will compete for resources in the budget development process. In this rigorous process, programs are resourced within the context of the entire Defense program. As you know, we are already looking at requirements for fiscal years 2000 through 2003 in our Future Years Defense Plan, and NATO enlargement costs are included. Funding NATO enlargement will involve resources across appropriations within the Department. Readiness remains the Department's number one priority and will not be compromised.

NATO CONTINGENCIES

Question. What type of contingencies may involve the United States if the three prospective nations are admitted to NATO? What steps are you taking to incorporate these scenarios into our military planning and budget?

Answer. In general, the major contingency that the U.S. could be involved in if the three prospective members are admitted to NATO is the Article 5 defense of an attacked member. At present, however, NATO military authorities have not yet completed detailed contingency planning that involves the new members.

As for budgeting for these contingencies, it is Department of Defense policy to budget only for known, ongoing contingencies. However, once contingency plans are developed, they will impact NATO's Defense Planning Process and Defense Planning Questionnaire. It is through this process that the U.S. will take the scenarios into our military planning.

NATO EXPANSION

Question. It is my understanding that the European members of NATO lack the sustainment capability for prolonged operations. Specifically, NATO's European members have an inadequate Combat Support (CS) and Combat Service Support (CSS) elements, and therefore, NATO planners have no alternative except to rely heavily on the United States to provide that type of critical support for NATO operations. If NATO is weak in CS and CSS units, should we look to the three prospective members for that CS and CSS capability? Would this proposal improve NATO's capability to conduct sustained operations without U.S. logistical involvement?

Answer. I would not characterize NATO as being weak in Combat Support (CS) or Combat Service Support (CSS) forces. Since NATO's creation, military forces of several European member nations have been tailored toward an "Article V" scenario, which is the collective defense of NATO nations. Their forces relied upon some military support functions being performed by their own nations' civilian infrastructure, in defending their own soil. In the past several years, NATO has become involved in "non-Article V" operations, such as in Bosnia, and has seen the need for military CS and CSS increase. Therefore, any increase in NATO's support forces would obviously contribute toward sustainment issues in non-Article V operations. Such an increase would be generated through NATO's Defense Planning Process and Force Goals.

Regarding our nation's logistical involvement, we must always maintain the capability to logistically support our own forces, whether we're in a NATO operation or somewhere else in the world. Having additional logistical support options within NATO would obviously relieve the potential reliance of U.S. support forces by Allied nations in a multinational operation.

MILITARY CAPABILITIES OF PROSPECTIVE NATO MEMBERS

Question. Based on NATO's experience working with the prospective members in the Partnership For Peace program and in Bosnia, I'm interested in knowing your assessment of the strengths and weaknesses of their militaries. How will the addi-

tion of Poland, the Czech Republic, and Hungary to NATO add to the alliance's ability to fulfill its collective defense mission?

Answer. The greatest strengths of the armed forces of the three NATO invitee states is their commitment to constitutional civilian control of the military, democracy and reform. Senior civilian leaders in all three states have taken steps to ensure that their militaries follow the guidance of civilian authorities. In addition, reforms to instill commitment to democratic principles, as well as to improve defense planning and staff procedures, are underway in all three countries. These reforms have made considerable progress. Hungary's willingness to allow NATO Allies to use Hungarian facilities in support of IFOR/SFOR operations indicates the desire to put words into action in support of NATO. Additionally, each country possesses a reservoir of talented, trainable professional officers who will form the core of their restructured militaries.

The principal weakness of the three militaries is their current limited ability to operate in conjunction with NATO military forces. Four areas in particular—air defense, command, control and communications, military infrastructure and training to NATO standards—are of greatest concern because they directly affect the Alliance's ability to reinforce these states in time of crisis.

Early warning and command and control for air defenses are extremely weak in all three countries, but are being aided by the U.S.-sponsored Regional Airspace Initiative.

Planning for command, control and communications upgrades is underway that will establish connectivity between NATO and the three invitees at the highest levels of government and the military shortly after accession.

All three countries are currently working with NATO to determine which infrastructure needs to be upgraded. Several areas that require attention after accession are: cargo-handling capabilities, ammunition storage facilities and POL (petroleum, oils and lubricants) storage and distribution. A number of areas require more modest improvements, including air bases, road and rail networks, staging areas, ports and headquarters facilities.

All three invitees are working to develop their officers and non-commissioned officers, to adopt NATO doctrine, to build understanding of tactical procedures, and to increase the number of troops proficient in NATO languages, particularly English. NATO's Partnership for Peace program and the NATO-led peacekeeping force in Bosnia-Herzegovina have been important tools for improving interoperability with the Alliance in all these areas.

Question. What are the most serious military deficiencies of each as candidates for NATO?

Answer. 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.

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 NCO's 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 NCO's, but they also plan to address quality of life issues for the military, win a 23 percent 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 NCO's 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.

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 (STANAG's) 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 has 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.

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.

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 on-line 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 modern combat aircraft, and Poland and the Czech Republic plan to do so by 1999. Shortcomings exist in terms of the quality of their equipment, but this is not critical in the near-term. Units from all three selectees participate successfully in the NATO-led Stabilization Force (SFOR) with this equipment. The key point is communications. Most of these countries' modern Warsaw Pact equipment can continue to be used and made to operate satisfactorily with NATO forces' equipment, so long as communications can be upgraded for compatibility.

Question. What can each prospective member offer the alliance militarily in the interim?

Answer. While the three selects are not formally NATO members, they already have appreciable capabilities, as demonstrated by their performance in Bosnia; however, improvements are still necessary. They have developed plans on how to improve in critical interoperability areas and will continue to increase and improve their capabilities, provided sufficient resources are obtained from their parliaments. Poland has already committed to meeting all 41 of NATO's interoperability objectives, Hungary has pledged to meet 38, and the Czech Republic has promised to attain 31.

All three states are capable of defending their own territory against current and projected threats in the short- to near-term. This would prove invaluable in an Article V operation that might take place within their own borders.

In addition, all three invitees can contribute military forces to peacekeeping and other non-Article V missions. Forces capable of conducting such operations are currently limited to a few Rapid Reaction units, which amount to several high-readiness, well trained battalions. As capabilities improve, they will be able to project power better and develop the capability to more flexibly deploy their troops abroad.

EUROPEAN ALLIES

Question. What really is the limit of their ability to reprogram funds to cover the cost of NATO expansion?

Answer. The allies have said that they are willing to reallocate money from efficiencies and economies within the three NATO common budgets to cover the cost of upgrading and improving common requirements. The total for these common budgets currently is about \$1.8 billion. Additionally, they have indicated a willingness to pay their "fair share" of direct enlargement costs. Our European allies would not include force modernization, either for new members, or for themselves, as part of these direct costs. We believe that additional funds will be required over and above those made available through reprioritization.

THREAT

Question. A key issue that many members of Congress will be considering as we contemplate the issue of NATO expansion is the threat level in Europe and the likelihood that U.S. troops would be involved in a conflict on behalf of a new NATO member. What is the threat to Europe? Are we more likely to see a flare up of border clashes or the type of ethnic strife we have seen in former Yugoslavia?

Answer. While Article 5 collective defense is still the cornerstone of NATO's strategy, the Alliance, as it accommodates the new strategic landscape, has put emphasis on its ability to respond to Article 4 type contingencies that exhibit the potential for escalation. NATO assesses that Russia poses only a minimal threat over the next decade, owing to its greatly diminished military. Conceivably, there does exist the possibility of conflict emerging among various contiguous states within Europe. On

NATO's southern flank, Iran, Iraq, Syria, and Libya are identified as potential threats to the Alliance during the near- to long-term. Threats from these nations fall into several functional threat areas, to include terrorism, religious extremism, development and possession of weapons of mass destruction, and direct destabilization of neighboring nations. Instability among nations in North Africa and the Mediterranean littoral in general, is viewed by NATO as potentially threatening in that it might fuel refugee flows, narcotics trafficking, and organized crime, all of which have the potential for spilling over into Europe.

The potential for political instability in the Balkans remains relatively high. Indeed, it is this type of threat which is assessed in NATO as the most likely near-term threat to the Alliance. Within the former Yugoslavia, border clashes, ethnic strife and general instability will remain serious threats for the foreseeable future (although, NATO's present commitment to stabilization efforts will continue to reduce these threats in former Yugoslavia.) Tensions in Kosovo have not abated, and the potential for violent Serbian repression there continues to fuel fears in Macedonia and Greece of a spillover crisis in the form of refugees. Macedonia itself will remain vulnerable to internal ethnic strife, a scenario which could in turn destabilize its neighbors. Similar low intensity conflict threats will continue to fester throughout the Balkans. Recurrences of civil unrest, similar to what recently happened in Albania, will remain possible for the near-term in countries like Bulgaria and Romania. Driven by ethnic and political strife, poor economies, and lingering undemocratic tendencies, the weaker Balkan nations will remain volatile and will challenge the Alliance's ability to maintain regional stability.

Question. What are the foreseeable threats to the national security of each prospective member that might involve the use of NATO troops?

Answer. Prospective NATO members are stable and face no foreseeable internal threats (as do some of their neighbors). Nor are there currently identifiable external, strategic threats to these nations' security. [Deleted.]

Question. As NATO expands, how likely is it that Russia would want to or be able to build up its armed forces and pose a threat to NATO countries?

Answer. Russia is exhibiting those tendencies which will lead to a type of military that will become a positive component on the European and global landscape. We agree with NATO's current threat estimate which identifies little strategic threat to the Alliance from Russia for the foreseeable future. While Russia may concentrate additional forces on the border areas and orient its armed forces against the West in general, its military capability will be severely constrained by its own harsh economic realities.

Question. Do NATO allies and incoming members share the American assessment of the threat in Europe? What are the differences?

Answer. The United States, its fellow NATO allies, and prospective NATO members largely agree on the nature and scope of threat to the Alliance, now and in the future. There are however minor differences in threat perceptions. For example, the European allies, particularly "southern" nations perceive the threat emanating from the Mediterranean littoral as more serious than the Atlantic powers do. The closer proximity of some allies to unstable North African countries has led to disagreement over where to bolster the Alliance—both in terms of new members and in terms of the level of European control of the southern region in NATO. Similarly, prospective NATO members—each having a history of repeated Russian invasions, appear to see a resurgent Russian threat as far more likely than do other allies.

INTELLIGENCE SHARING

Question. As I understand it, new NATO members will have the same access to intelligence information that current NATO allies have. Are you confident that the prospective NATO members have severed all ties with Russian intelligence and security agencies?

Answer. In spite of a long history of close intelligence sharing with Russia and other former Soviet states, prospective NATO members have, to the best of our knowledge, ended these relationships. The high value intelligence officials in these countries place on NATO membership far outweighs any possible benefit in maintaining residual ties to Russia. Moreover, counterintelligence efforts in these countries have been mounted to closely monitor the behavior of retired Russian military personnel and other Russians living in their respective countries. These efforts are predominantly aimed against any Russian infiltration of intelligence operations. Moreover, the intelligence organizations have signed agreements and adopted security procedures to safeguard NATO classified documents. All three prospective members have restructured their intelligence services to mirror those of the West, in order to ensure security of classified NATO information.

QUESTIONS SUBMITTED BY SENATOR FRANK R. LAUTENBERG

MILITARY CAPABILITIES OF PROSPECTIVE NEW MEMBERS

Question. What is the greatest strategic value of each prospective member to the NATO alliance?

Answer. Poland, Hungary and the Czech Republic are each enhancing NATO's mission of a stable and secure European continent through unilateral initiatives along their borders and thus contributing to collective defense. They act as a benchmark against ethnic strife and demonstrate support for contingencies to quell disturbances on the continent as in Bosnia-Herzegovina. For example, the Czech Republic has made great progress in establishing broad democratic control over its armed forces and has also cultivated close ties with all 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. 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.

The invitees have dramatically improved in the last several years regarding military strength and interoperability capabilities. Each of the invitees has substantially improved their ability to contribute to the work of the Alliance as evidenced in their excellent performance on Partnership for Peace exercises and through deployments with both IFOR and SFOR. As a result, the greatest strategic contribution that each NATO invitee brings to the Alliance occurs through the process of collective defense.

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. Poland has 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.

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. Its agreements with Romania and Slovakia are especially significant. Agreements with Slovenia, Italy, and with Romania, to form peacekeeping units in the future are especially noteworthy.

Numerically, the invitees bring some 347,000 troops and a significant force structure to supplement existing NATO capabilities. As seen in Bosnia and through numerous PFP exercises, these new nations have demonstrated they can operate with current NATO members and also bring strengths and areas of military expertise that are of significant benefit to the alliance.

Poland

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 thereby gained experience which has served to greatly enhance the NATO-interoperability of its forces. It currently has a 400-person airborne infantry battalion in SFOR, 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 U.N. observer missions. It currently has a 400-person airborne battalion in SFOR as part of the U.S. sector. In 1989, they established a military training center for U.N. operations in southeastern Poland. In 1992, the Poles deployed an infantry battalion with U.N. 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 U.N. efforts in Rwanda (UNIMIR), Georgia (UNOMIG), Tajikistan (UNMOT), Iraq/Kuwait (UNIKOM), the Western Sahara (MINURSO) and Cambodia (UNTAC).

Czech Republic

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 also provided observers to U.N. observer missions in Croatia (UNTAES), the Prevlaka Peninsula (UNMOP), the Former Yugoslav Republic of Macedonia (UNPREDEP), Mozambique (UNOMOZ), Georgia (UNOMIG) and Liberia (UNOMIL).

Hungary

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's ability to operate as part of the NATO team was demonstrated 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 Tazsar. U.S. artillery units calibrate their guns at Hungarian ranges prior to deploying to Bosnia, and again upon re-deploying. 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. 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. In short, Poland, Hungary and the Czech Republic are already working with NATO and NATO allies in the field.

Question. How difficult will it be to fully integrate these members and how long will it take?

Answer. All three invitees have been active contributors and participants in the Partnership For Peace Program. They have contributed units to the Implementation and Stabilization Force in Bosnia. Hungary has served as a valuable staging area for Bosnia deployments. In addition, Poland and the Czech Republic contributed forces to the Gulf War Coalition. The three countries are currently transitioning to NATO standards and doctrine. Senior DOD officials have conducted site surveys of military facilities and capabilities, and there are many encouraging signs. Poland has developed a 15-year plan to upgrade their military structure and are financing it with 2.4 percent of their GDP allocated toward defense. Key priorities are to enhance interoperability with NATO forces through a modernization of equipment and to increase the number of professional military courses and English language training opportunities. Hungary is prepared to commit the bulk of their forces to Alliance missions such as peace keeping and humanitarian operations. They are currently initiating a comprehensive defense review in order to posture their military to be fully integrated into NATO, emphasizing inter-operability, especially in command and control, air defense and air control. The Czech Republic has pledged 90 percent of their forces to NATO's use and are aggressively pursuing language training, interoperability of air defense and command and control upgrades.

While much more work remains to be done, we are confident that the three NATO invitees will accomplish all the necessary tasks to meet minimum NATO standards for accession by 1999. Full integration is a longer term issue and could take an estimated 10–15 years as these nations restructure and rebuild their militaries under democratic principles.

EUROPEAN ALLIES

Question. Our European allies have said they can cover the cost of NATO expansion through reallocation of funds in their defense budgets. Is it true?

Answer. No. We believe that additional funds will be required over and above those made available through reprioritization. Our European Allies are committed to strengthening the Alliance through NATO Enlargement. As such, they have agreed to pay for their fair share of enlargement related costs. The allies pay the majority of NATO common costs year in and year out. While the U.S. pays in about 25 percent of NATO common costs, our European allies pay out the other 75 percent of those costs—some \$1.3 billion last year. We expect them—and they have pledged—to provide the resources necessary to support a successful enlargement effort.

Question. In 1991, NATO adopted a "strategic concept" that called for making our forces more deployable, lighter, and easier to project. Have our European allies adapted their force structure to meet the 1991 strategic concept?

Answer. Yes. NATO's military doctrine has changed since 1991, going from a reliance on in-place forces for a static defense to a requirement for a more mobile, flexible, military capability to respond to problems when and where they arise. We knew in 1991 that this was to be a long-term project, just as the United States expects to take a number of years to field completely new capabilities.

Our European allies have made considerable progress over the past six years toward building the needed capabilities for the Alliance's new doctrine. Some examples: The UK now has the capability to deploy and sustain a division-sized force of 20,000–25,000 personnel in a Gulf War-style scenario. France is establishing a Rapid Reaction Force designed for rapid response in both European and overseas contingencies. The Italians, as demonstrated in Albania, are upgrading their ability to project forces to areas of need. Additionally, Germany is developing a Crisis Reaction Force that will eventually have the capability to deploy approximately 50,000 personnel. Clearly, these are capabilities the Alliance would need whether or not NATO added new members.

It is clear however, that more work needs to be done to improve the capability of the European forces for mobility, deployability and sustainability. Senior U.S. officials in Washington and at NATO continue to press the European Allies to fulfill the commitments they have already accepted to make available forces for Alliance defense.

Question. Do we expect them to make further force structure adjustments to accommodate the inclusion of new members?

Answer. Absolutely. The Alliance is currently going through comprehensive internal and external adaptation in anticipation of gaining three new members in 1999. The most important aspect of these adaptation issues is military integration and inter-operability between and among new and existing members. Any force structure adjustments to accommodate the inclusion of new members will be identified through NATO's Defense Planning Process.

Question. Since defense spending in the countries of our European allies has been on the steady decline, how can they do this?

Answer. While Alliance members are experiencing budget cuts, they are also downsizing and restructuring current force configurations. Costs will be sourced from anticipated infrastructure and force structure savings.

RUSSIA

Question. The Administration has said that theoretically, Russia would be able to join NATO if it meets the criteria. However, the Administration has also said that so far, Russia has said it doesn't want to be a part of NATO. Regardless of what Russians want, I am curious about our long-term thinking regarding Russia. Is our ultimate military goal to include Russia as a full-fledged member of NATO?

Answer. I support Secretary of State Albright's position on admitting Russia into the Alliance: "NATO membership is open to all European democracies who express interest, meet the requirements of membership and whose inclusion the Alliance believes will contribute to overall security of its members. The fact is, if we ever get to the point where Russia and NATO are seriously talking about membership, it would be a very different world—a very different Russia, and a very different NATO, in a very different Europe." There has been no discussion to have as an ultimate military goal the inclusion of Russia as a full-fledged member of NATO.

Question. Is including Russia as a full fledged member a good or a bad idea in your view? Why?

Answer. You are correct to state that Russia has not expressed an interest in joining NATO, nor has NATO been contemplating Russian membership. It is important to note that any decision on potential Russian membership would be made by NATO political authorities and would be contingent upon subsequent approval by each member nation. It is premature to make an assessment on Russian potential membership in NATO.

AMERICAN MILITARY RELATIONSHIP WITH RUSSIAN MILITARY

Question. I'm curious about your relationship with the Russian military. How will NATO expansion affect the American military's relationship with Russia's military leaders? Has it already had an impact? Are they less or more cooperative? Do you expect that to change?

Answer. Our military relationship with Russia's military leaders will continue to remain strong despite NATO expansion, especially if we ensure the successful development of the NATO-Russia relationship. Although much more work needs to be done, our cooperative relationship is steadily improving.

Yes, In the early stages of NATO expansion, Russian military officials were slow to respond to U.S. initiatives to improve our military-to-military relations. Political and military officials in Moscow considered the U.S. as the driving force behind an expanding NATO that continued to view Russia as an opponent. In addition, the high rate of turnover at the top of Russia's defense organizations has made it politically risky to be viewed as a supporter of a closer relationship with the United States. But as Russia maintains a course of internal reform, respect for its neighbors' independence, and cooperation with the West, NATO continues to evolve in the direction of maximum inclusiveness—including a relationship with Russia.

More. Today, we are experiencing with Russia a level of trust and cooperation previously unknown since NATO's post Cold War transformation began. As Russia's political and military leaders increasingly recognize NATO's reformation as building a stabilizing force for a democratic Europe, to include Russia, rather than as a force projected against Russia, the tensions associated with an expanding NATO begin to decline. Russia has also realized that it cannot stop NATO expansion and now understands cooperation and interaction with the U.S. and the West is the best means to influence its future position in Europe.

We expect this recent trend towards an improved relationship to continue. By including Russia in PFP activities and steadily pursuing our military-to-military contacts at all levels, we continue to strengthen the bridge of trust and cooperation between our militaries.

QUESTIONS SUBMITTED TO GEN. WESLEY K. CLARK

QUESTIONS SUBMITTED BY SENATOR RICHARD C. SHELBY

NATO ENLARGEMENT

Question. What is the status of military-to-military meetings with respect to arrangements about intelligence gathering and intelligence sharing?

Answer. [Deleted.]

Question. For several years, I have been extremely concerned about the defense budget topline and the concomitant shortages we are experiencing in virtually every facet of defense spending, end strength goals and near term and long term readiness. These problems are especially vexing when one takes into account the fact that our troops are being deployed at a record pace. With this in mind, will enlargement allow us to decrease our force structure in Europe and apply the savings into those program areas that need it, like modernization? Is NATO enlargement just another "event on the operational continuum" that will push our forces to the breaking point more quickly than if NATO was not enlarged?

Answer. NATO enlargement may not allow us to decrease our force structure in Europe. No immediate savings are evident.

USEUCOM defines its force requirements primarily in terms of the force structure required to implement our peacetime and wartime taskings. This force structure based on studies begun in 1990, has been repeatedly re-validated in DOD and Congressional studies. The strategic concepts of shape and respond defined in the Quadrennial Defense Review, generate the requirements for the USEUCOM force structure.

Shape.—The DOD complements other instruments of national power to shape or influence the international security environment. Forces permanently stationed abroad, forces rotationally deployed and temporarily deployed all contribute to shaping with programs such as defense cooperation, security assistance, training and arms cooperation. Although the impact of this concept is large, the force structure dedicated exclusively to shaping activities is a small portion of European Troop Strength. Engagement exercises can be manpower intensive but are of short duration and are typically conducted by in-theater response forces with augmentation from the reserve components. Small groups of staff officers at the embassies and on headquarters staffs manage security assistance. The Joint Contact Team is manned primarily by teams on temporary orders and individual reservists on temporary active duty. The Marshall Center has a permanent staff of under 200 personnel, and the German government pays many of these. U.S. leadership in the NATO arena is critical—we do this with forward presence and engagement activities.

Respond.—The Joint Strategic Capabilities Plan and the U.S. response to NATO's Defense Planning Questionnaire are the primary force structure drivers for USEUCOM. Respond requires the ability to form on short notice a capable, interoperable, joint task force for commitment in the region or elsewhere. Reinforcing an existing structure already in the command is many times faster than reconstructing

an organization that at the start of the crisis has major pieces missing. It is important that we continue our force contributions to NATO at approximately the current level. The present number of operations, and the dangers of a future that is still uncertain, make this a necessity. Furthermore, at a time when NATO adaptation requires decisions that will have impact for decades, American leadership is vital; that leadership is secured by our contribution to the Alliance's military capability. Respond also requires that USEUCOM respond to crises throughout the region as directed by the NCA. These events put tremendous stress on USEUCOM forces. There is little indication that these requirements will decrease in the future, and there is a real chance that they will increase.

NATO enlargement is more than "just another event on the operational continuum." It will mean a larger zone of security and stability in Europe thereby allowing the new democracies to flourish. It will also help heal old wounds in Europe encouraging abstention from costly arms buildups. As present operations tempo and personnel tempo for our land component, USAREUR, are near all-time highs, any additional NATO exercises or operations established as a direct result of NATO enlargement would have to be balanced by a corresponding decrease in U.S. participation in existing exercises and/or operations.

SUPPORT FOR FAMILIES OF 1ST ARMORED DIVISION

Question. General Clark, in a related question, (a) what steps have you taken to provide for the families of the soldiers from the 1st Armored Division in Germany who are being deployed to Bosnia for the second time in 18 months? (b) Do you see any evidence that this deployment will have a greater impact on the families of the soldiers who are participating in their third peacekeeping mission in 18 months? (c) Do you have assets to take care of these families? (d) If not, what do you need?

Answer. (a) With the initial deployment, USAREUR developed and established an effective system for family support and assistance which, per USAREUR Regulation 608-2, our commanders ensure operates continuously. This family support system (FSS) is implemented in three phases, pre-deployment, deployment and post-deployment. Pre-deployment support consists of Family Support Group (FSG) Training, unit-level personal financial readiness training, Family Assistance Center (FAC) Certification, Rear Detachment Commander/Family Support Liaison (RDC/FSL) Training, unit and community-level family assistance plans and a regular program of command information which confirms the unit and family partnership. Unit family support plans and community family assistance plans are coordinated and in place prior to deployment.

Deployment support or sustainment requires the smooth networking of the various FSS systems within the community. Well-trained FSG's, RDC's, FSL's help maintain information flow and stability within the families. The FAC's operate for extended hours allowing greater flexibility for families to access services. 24-hour emergency service is offered in each community. Additional personnel augment existing FAC staff to allow flexible work schedules.

Post-deployment preparation and assistance consists of coordinating reunion activities and providing information and training on reunion-related family issues both to the returning soldier and the waiting family. Additionally, in anticipation of increased stress levels connected with reunion, counseling services are monitored and counselor support can be adjusted from community to community as needed.

(b) USAREUR deployed approximately 54 percent for the second time, and 1 percent for a third. Initial feedback from the families indicates that adjustment to this deployment is good. Families are knowledgeable about the available support services and their previous experience with deployment in Europe was mostly positive. The 1AD command made a point of notifying their personnel well in advance of this deployment, including providing specific end-of-deployment by individual where possible—with the period of time for this mission well-defined, although families are feeling some stress with this additional deployment, knowing when it will end eases some of the difficulty of the separation. The families undergoing a third deployment are of particular interest—their commands are well-aware of who they are and ensure appropriate support—however it is fact that first-time deployers generally have more family support requirements. There is no evidence to date that this deployment will have a greater impact on families than any previous deployment.

(c) USAREUR is currently adequately resourced to deal with the deployment challenges, including personnel staffing at the Army Community Service (ACS) Facilities. Maintaining the current level of funding for family support programs will be sufficient to take care of the 1AD families. The staffing level and quality of personnel working in the FAC's directly impacts support to the families during deploy-

ment—essential to maintaining mission readiness and current Army OPTEMPO in Europe.

(d) We currently have no additional needs/requirements to ensure adequate support for our IAD families.

BOSNIA COST ESTIMATES

Question. All Administration cost estimates that I have seen assume no military deployment, extended or otherwise, like Bosnia. In your opinion, is that wise or realistic and, if so, why? Let me ask a related question: what tradeoffs to modernization, R&D, end strength and readiness would have to be made if we faced another prolonged “engagement” either simultaneously or subsequently to Bosnia?

Answer. Senator, the Department of Defense has always responded to unforeseen, assigned missions, making tradeoffs when needed. Congress has always been reluctant to provide funds for unspecified military operations. And, the Congress has been very supportive of our troops in Bosnia and provided funding to reimburse the DOD. It would, from my point of view, be ideal if a mechanism could be found to provide funds for unforeseen contingencies in advance so that readiness impacts could be minimized, however that is a decision for the wisdom of the representatives of the taxpayers. With respect to tradeoffs if we faced another prolonged “engagement”, I am afraid I can’t answer with any fidelity from my seat as CINCEUR. Many factors would be involved such as what time of the year the engagement began, where it was, and what its magnitude was. The fundamental decisions on tradeoffs would have to be made by the Secretary of Defense with the advice from the Joint Chiefs of Staff. While the history of those tradeoffs indicates that there would be impacts to readiness and modernization in particular, I cannot speculate on what those might be.

NATO ENLARGEMENT

Question. What type of contingencies may involve the United States if the three prospective nations are admitted to NATO? What steps are you taking to incorporate these possible scenarios into our military planning and budget?

Answer. Article V contingencies: [deleted].

Non-Article V contingencies: Non-Article V contingencies include humanitarian relief operation in the case of a natural disaster or influx of refugees. The latter could result from renewed hostilities in Bosnia or drastic economic downturn in Eastern Europe.

[Deleted.]

NATO ENLARGEMENT LOGISTICS

Question. It is my understanding that the European members of NATO lack the sustainment capability necessary for prolonged operations. Specifically, NATO’s European members have inadequate Combat Support (CS) and Combat Service Support (CSS) elements and, therefore, NATO planners have no alternative except to rely heavily on the U.S. to provide that type of critical support for NATO operations. If NATO is weak in CS and CSS units, should we look to the three prospective members for that CS and CSS capability? Would this proposal improve NATO’s capability to conduct sustained operation without U.S. logistical involvement?

Answer. The support provided by our NATO allies is based on the planning principle of Collective Defense Benchmark. Within NATO we plan for combat capability for future not present possible scenarios—we are currently planning for the 1998–2004 period. A review of our allies current status shows that our European met all their CS requirements for the Allied Rapid Reaction Corps and the ACE Mobile Force Land. [Deleted.] Additionally, our European allies have recently made significant improvements in their CSS to these units—in fact Turkey recently met all their requirements. Another example of how the Europeans have met the CS/CSS obligations has been in Bosnia. In Both IFOR and now SFOR Logistics have been a national responsibility and our European allies have fulfilled their requirements.

In regard to the three candidate nations the NATO staff has examined the full range of their combat and support capabilities through a highly intensive Defense Planning Questionnaire—we believe that they can become full partners within NATO and provide full combat ready and support units immediately upon accession. This report will be reviewed by an Office of the Secretary of Defense. Hungary will be able to provide outstanding engineering service support based on their proven results of supporting NATO Bosnian deployments. The Czech Republic has outstanding biological and chemical warfare capabilities. The Polish military has the most well-rounded capability in CS and CSS areas. However, we must not lose sight of the target—we are focused on developing all NATO forces for operations in the 2004

time-frame and the military three candidate countries will evolve into a inter-operable functioning force structure.

NATO ENLARGEMENT

Question. General Clark, is this proposal [Senator Shelby's proposal to look to the three prospective members to provide the CS/CSS capability in which he believes NATO is weak] credible? Do you believe this would promote tiered resourcing among NATO members or tension among members that is similar to the friction between the active Army and National Guard?

Answer. NATO continues to maintain a robust capability to provide for the collective defense of the Allies and in response to a changing security environment is aggressively pursuing a strategic concept that increasingly relies on a contingency response capability. There are at present four NATO committees at work to assess specific country capabilities and costs; the results of these analyses will be briefed at the December 1997 ministerials. However, it is not unreasonable to predict aspirant future CS/CSS support to NATO, though it is not feasible at this time. We are not suggesting they specialize in CS/CSS.

QUESTIONS SUBMITTED BY SENATOR FRANK R. LAUTENBERG

MILITARY CAPABILITIES OF PROSPECTIVE NATO MEMBERS

Question. Based on NATO's experience working with the prospective members in the Partnership for Peace Program and in Bosnia, I'm interested in knowing your assessment of the strengths and weakness of their militaries.

How will the addition of Poland, the Czech Republic and Hungary to NATO add to the alliance's ability to fulfill its collective defense mission?

Answer. These countries have established militaries and infrastructure able to support NATO missions. Poland has a force of more than 200,000, roughly the size of the forces of the United Kingdom (228,000) and Spain (200,000). The Czech Republic and Hungary both have forces greater than 50,000, roughly the size of the armed forces of Portugal (56,000) and Canada (64,830). Combined, the three invitees will add significant numbers of soldiers, sailors and airmen to the Alliance, including units with unique and specialized capabilities such as chemical decontamination and combat engineering.

The three countries also bring a fairly robust infrastructure: NATO would immediately attain 8 Rapid Reaction Brigades capable of deployment and reinforcement of other NATO forces; 96 paved runways capable of handling C-130 aircraft; 361,000 KM of roadway; 41,000 km of standard gauge railway; 22 merchant marine ships, 6 of which have total of 70,000 tons of roll-on/roll-off capability. Additionally, with the growth of three strong democratic governments in Central Europe, within the umbrage of NATO, the possibility of regional conflict is reduced, thereby increasing the strategic depth of security within Europe.

Question. What is the greatest strategic value of each prospective member to the NATO alliance?

Answer. From an alliance perspective the greatest value is the collective integration of three former totalitarian states into our democratic alliance—this has increased the strategic depth and security within Europe, thereby extending NATO's zone of stability and security further eastward across the European Continent. Additionally, as European democracies mature, it will allow NATO, through our PfP program, to pro-actively engage the NIS of the Caucuses and the Stans, giving these emerging countries a democratic security model in this highly volatile area of the world.

Poland has the most developed military of the three and occupies a large amount of key territory in the center of Europe. They have already taken on a leadership role in their region by 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.

The Czech Republic's strategic role is different but not any less important. It serves as a political role model for Central and Eastern Europe. It has made great progress in establishing broad democratic control over its armed forces since 1989 it has been a fully functioning democracy. Bilaterally, the Czechs have also contributed to the security of Central Europe by resolving historical disputes and develop-

ing 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.

Hungary's geographical location has already proven its strategic value. IFOR and SFOR have used Hungary as a launch point for two years—NATO troops are stationed there now and operating missions from there now. Further, 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.

Question. What are the most serious military deficiencies of each as candidates for NATO?

Answer. The Czechs, Poles and Hungarians are all focusing on the deficiencies that we believe present the greatest challenges: personnel; adoption of NATO doctrine, training, and interoperability. The first area they need to address is the personnel systems within their militaries. None of the three countries possess a professional NCO Corps based on our Western model; additionally they need to attract and recruit professional officers capable of functioning within civilian democratic control. Each of the countries recognize these personnel problems and have plans in place to remedy the situation. The military doctrine of the three countries was based on old Soviet tactics, but each country has begun to restructure their forces along the NATO model of mobility and deployability—they have demonstrated their recent improvements while participating with NATO forces in Bosnia. Since the fall of the Berlin Wall these countries devoted their resources toward developing their market economies and naturally let their commitment has a goal of military forces become less of a priority. Today each nation is committed to matching the NATO standard of approximately 2 percent of their GDP toward defense spending. A return to full combat capability will not occur overnight, but with the proper allocation of resources each of the countries will achieve the proper level of training, IAW NATO Doctrine, within the current six year Deliberate Planning Process. Finally, interoperability is a common challenge facing the three countries, particularly in the regard to radars, communication, and navigational equipment. Their present Soviet vintage military equipment will need to be replaced over the next 6 years, as it exceeds its useful life-span. As the equipment is replaced, NATO interoperability issues will be resolved. As mentioned earlier, with a 2 percent GDP commitment to defense spending force modernization/interoperability issues have been addressed by the three countries. Even in their present state, the three nations can provide real combat capability to NATO—they will be able to meet NATO requirements for Article V and non-Article V operations immediately upon accession into NATO. It is NATO's intent to make use of their strengths right away and take the long term view in fixing these deficiencies.

Question. How difficult will it be to fully integrate these new members and how long will it take?

Answer. Each nation will be able to immediately contribute forces for NATO Article V and non-Article V operations. NATO will soon implement a new Alliance command structure which reflects the new reality of the changed security environment in Europe. The new command structure provides the needed flexibility between strategic, regional, and sub-regional command relationships. This will allow the three countries to be immediately integrated into the NATO command structure—a full partner from day one. We are not starting from scratch—all three have viable militaries that are participating successfully with NATO units right now in SFOR. Like every military, each country has its strengths and weaknesses. SHAPE planners are developing Target Force Goals for the three invitees for release in February 1998 that will take their strengths and put them to use immediately upon accession. This iterative process will continue through each NATO force planning cycle to further increase their integration into more complex missions—just as we do for other NATO members. Full integration should be looked at in terms of 10–15 years, but with each country contributing something important to the NATO combat mission.

Question. What can each prospective member offer the alliance militarily in the interim?

Answer. Each country brings a well exercised and proven military capability immediately upon accession into NATO. They have participated in numerous U.N. and coalition operations ranging from on-going Peace-Keeping operations to Humanitarian Relief missions—they are experienced. As stated each nation also provides a significant NATO compatible infrastructure and associated facilities.

Poland.—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 U.N. peacekeeping, military observer and civilian police missions than any other country. 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 U.N. observer missions. Poland is currently working to establish joint peacekeeping battalions with Ukraine and Lithuania, and the Poles have contributed to U.N. efforts in Rwanda (UNIMIR), Georgia (UNOMIG), Tajikistan (UNMOT), Iraq/Kuwait (UNIKOM), the Western Sahara (MINURSO) and Cambodia (UNTAC). 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. 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 Ear-marked," meaning they could be put under NATO operational command or control in time of need.

Czech Republic.—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 U.N. observer missions in Croatia (UNTAES), the Prevlaka Peninsula (UNMOP), the Former Yugoslav Republic of Macedonia (UNPREDEP), Mozambique (UNOMOZ), Georgia (UNOMIG) and Liberia (UNOMIL). 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.

Hungary.—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. Over 80,000 U.S. military personnel rotated in and out of IFOR and SFOR assignments through the Hungarian airbase at Tazsar. 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 U.N. Standby Forces High Readiness Brigade (SHIRBRIG). 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.

EUROPEAN ALLIES

Question. Our European allies have said they can cover the cost of NATO expansion through reallocation of funds in their defense budgets.

Is this true?

Answer. Some of NATO allies, notably France and Germany, believe that sufficient resources are currently available within the existing NATO budget, combined with reallocating funds from their budgets, to pay their fair share of the costs of expansion. Our allies share our mutual commitment to enlargement and only want to be assured that if the funds required are not found within the existing NATO budget that they, like the U.S., will only pay their fare-share utilizing NATO and national resources. I believe they will honor this commitment.

Question. What really is the limit of their ability to reprogram funds to cover the costs of NATO expansion?

Answer. Members of the Alliance contribute to common funded accounts according to agreed-upon cost shares. The three new members will also share common expenses. Based on the stated military requirements, NATO is computing the cost of enlargement for the common funded accounts to be delivered for the upcoming ministerial. The analysis was based on the minimum military requirements for interoperability, C³I, air defense and reinforcement; costing was based on typical NATO military common-funded facilities.

Based on their initial analysis it appears that the shared infrastructure cost of enlargement will be approximately \$1.5 billion over a 10-year period; approximately \$4.3 million of requirements have been identified for 1998. Based on the U.S. 25 percent contribution to the infrastructure budget our cost will be \$375 million over the 10 year period. The ability of NATO nations to reprogram their funds to cover the costs of expansion will be determined by each individual nation.

NATO STRATEGIC CONCEPT

Question. In 1991 NATO adopted a "strategic concept" that called for making our forces more deployable, lighter, and easier to project.

Have our European allies adapted their force structure to meet the 1991 strategic concept?

Answer. Our allies have begun to adapt their force structure but many projected requirements have not been met. In 1991, the U.S. adopted a power-projection strategy. We decided, in order to be able to respond flexibly to a wide range of possible contingencies, our forces would require effective surveillance and intelligence, flexible command and control, mobility within and outside the regions, strong defenses against nuclear, biological and chemical weapons and missiles, and appropriate logistics and transport capabilities.

In response to those decisions, NATO developed force goals that emphasize those requirements. Many of those projected requirements have not been met. In addition to lift, there are substantial support assets required at the core level. For example, construction engineers, heavy equipment lifters, port offloaders, mobile maintenance, mobile medicine, and field hospitals. Current NATO force goals accommodate all of these, and are in the process of being met.

Question. Do we expect them to make further force structure adjustments to accommodate the inclusion of new members?

Answer. Yes. The decision to invite new NATO members has implications for defense planning. NATO is currently examining how enlargement will affect NATO's defense requirements. In light of this ongoing analysis, any further comments on specific force structure adjustments on the part of our European allies would be premature at this time.

Question. Since defense spending in the countries of our European allies has been on the steady decline, how can they do this?

Answer. Almost all allies have made significant reductions in their defense expenditure, both in real terms and as a percentage of GDP. In some countries, defense budgets risk further reductions as governments continue efforts to meet their financial targets. A few countries are projecting real growth in defense expenditure but most are anticipating zero growth or further reductions. The process of adapting the Alliance's new force structure has proved more expensive for some countries than had been expected and there are now major shortfalls in some essential modernization programs, especially relating to strategic capabilities.

The proportions of GDP devoted to defense vary considerably between allies. This needs to be addressed to ensure more equitable burden sharing. Provided that overall defense performance is not jeopardized, the efforts of many allies to make more effective use of national and collective resources to accommodate the inclusion of new members can make an important contribution to sustaining capabilities and programs. Allies performance in meeting resource guidance will be assessed in successive defense reviews; and within this broad guidance, our allies should aim to take into account the cost implications of enlargement.

THREAT

Question. A key issue that many members of Congress will be considering as we contemplate the issue of NATO expansion is the threat level in Europe and the likelihood that U.S. troops would be involved in a conflict on behalf of a new NATO member.

What is the threat in Europe? Are we more likely to see a flare up of border clashes or the type of civil ethnic strife we have seen in the former Yugoslavia?

Answer. No large-scale conventional threat to NATO in the near-term is foreseen. However, the threats and risks to the alliance are varied. The nations of the Alli-

ance are faced with regional instability, Islamic extremism, nationalism, state-sponsored terrorism, proliferation of weapons of mass destruction, organized crime, and economic and political instability. [Deleted.]

Question. What are the foreseeable threats to the national security of each prospective member of NATO that might involve the use of NATO troops?

Answer. [Deleted.]

Question. As NATO expands, how likely is it that Russia would want to or be able to build up its forces and pose a threat to NATO countries?

Answer. [Deleted.]

Question. Do NATO allies and incoming members share the American assessment of the threat in Europe? What are the differences?

Answer. NATO allies and Invitees share the American assessment of the threat in Europe, however, the degree and priority of concern vary.

[Deleted.]

NATO allies, incoming members, and the U.S. recognize the same threats to the security of Europe, although degree of concern will vary due to geography and history.

RUSSIA

Question. The Administration has said that, theoretically, Russia would be able to join NATO if it meets the criteria. However, the Administration has also said that, so far, Russia has said it doesn't want to be a part of NATO.

Regardless of what the Russians want, I am curious about our long-term thinking regarding Russia. Is our ultimate military goal to include Russia as a full-fledged member of NATO?

Answer. I support the position that "NATO membership is open to all European democracies who express interest, meet the requirements of membership and whose inclusion the Alliance believes will contribute to overall security of its members. The fact is, if we ever get to the point where Russia and NATO are seriously talking about membership, it would be a very different world—a very different Russia, and a very different NATO, in a very different Europe."

The question of Russian membership in NATO is a political one that would have to be decided by the collective NATO membership. At the moment, NATO is more interested in institutionalizing the processes embodied in the NATO-Russia Founding Act and engaging the Russians via its provisions.

Question. Is including Russia as a full-fledged member a good or bad idea in your view? Why?

Answer. Russian membership in NATO would have to be weighed carefully. Membership would require Russia to meet all the essential political criteria and military obligations. As you know, Russia is both a European and Asian nation with a complex security equation. Russian membership in NATO would require a fundamental transformation of NATO from a Euro-Atlantic Security organization to a Atlantic-Eurasian alliance, redefining the Alliance's Area of Responsibility and a reassessing of the security environment and risks. This would necessitate the reorganization of the NATO military command structure. With this in mind and the associated economic costs, many NATO nations would not be disposed to supporting Russian membership in NATO. Moscow as well would probably have several reservations associated with the political and military requirements of membership. However, Russia and NATO have just begun the implementation of the special relationship codified in the Founding Act. The Founding Act reaffirmed the determination of NATO and Russia to overcome the vestiges of confrontation, strengthen mutual trust and cooperation, and commitment to achieving the shared goal of a stable, peaceful, and undivided Europe. This document will be the basis for guiding the relationship between NATO and Russia for the near-term and foreseeable future.

INTELLIGENCE SHARING

Question. As I understand it, new NATO members will have the same access to intelligence information that current NATO allies have.

Are you confident that the prospective NATO members have severed all ties with Russian intelligence and security agencies?

Answer. [Deleted.]

AMERICAN MILITARY RELATIONSHIP WITH RUSSIAN MILITARY

Question. I'm curious about your relationship with the Russian military.

How will NATO expansion affect the American military's relationship with Russia's military leaders? Has it already had an impact? Are they less or more cooperative? Do you expect that to change?

Answer. My experience with the Russian military has been very positive. I work daily with Gen. Lt. Krivolapov, my Deputy for Russian Forces in SFOR. A common understanding and appreciation of the SFOR mission has evolved at all levels, strategic, operational, and tactical. In IFOR/SFOR, NATO and Russia have conducted an unprecedented military to military consultative process, involving numerous meetings with the Russian Minister of Defense and Chief of the General Staff and routine, working discussions with my Gen. Lt. Krivolapov, who is permanently assigned to my headquarters.

Recently, I met with Russian MOD Sergeyev in the Netherlands. Russian Chief of the General Staff, Gen. Kvashnin and I conducted a joint visit to Bosnia to see first-hand Russian and U.S. soldiers implementing the difficult tasks associated with the SFOR mission. I have received an invitation from Col. Gen. Kvashnin and plan to visit in early 1998. This consultative process has strengthened mutual understanding and respect and provided an essential communication link between NATO and Russian military authorities. Moreover, NATO and Russian military forces have been working shoulder to shoulder in Bosnia for almost two years. Mutual trust and confidence has developed between NATO and Russian soldiers. The numbers of Russian soldiers exposed to NATO and U.S. military operations in SFOR is impressive, particularly in light of the limited exposure of the Russian military to their western counterparts since the end of the Cold War.

In Bosnia, over 4,000 Russian Airborne Troops have served with U.S. and NATO forces in a common mission with common tactics and common rules of engagements. This number includes 2 Russian General Staff Representatives to SHAPE, 4 Brigade Commanders, 7 Russian Airborne Forces Generals, 9 Battalion Commanders, 52 Company Commanders, 196 Platoon Commanders, and over 3,400 other officers and soldiers. This operation represents the most significant U.S.-Russian military cooperation since War II and I am strongly in favor of the Founding Act's mandate to develop this relationship further based on the SFOR operation.

I am encouraged by Russia's establishment of a permanent mission in Brussels, headed by Gen. Lt. Zavarzin. Gen. Lt. Zavarzin has already visited my headquarters. I strongly support Russia's robust participation in the PFP program, including permanent representation in the Partnership Coordination Center in Mons. It is my hope that Russian will follow through with their plans to develop a new Individual Partnership Program for PFP. The Russian military is also interested in establishing a permanent military presence at my headquarters in Mons and support the establishment of a permanent NATO presence with Russian MOD/GS in Moscow. It is my goal to continue to develop a strong, stable military to military relationship with Russia, building on the achievements in IFOR and SFOR and the Founding Act.

COMMITTEE RECESS

Chairman STEVENS. If there is nothing further, the committee will recess until tomorrow morning at 10 a.m.

[Whereupon, at 11:26 a.m., Wednesday, October 22, the committee was recessed, to reconvene at 10 a.m., Thursday, October 23.]

**NORTH ATLANTIC TREATY ORGANIZATION
[NATO] ENLARGEMENT COSTS**

THURSDAY, OCTOBER 23, 1997

U.S. SENATE,
COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The committee met at 10:01 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Ted Stevens (chairman) presiding.

Present: Senators Stevens, Gorton, Campbell, Hutchison, and Inouye.

GAO STUDIES ON NATO ENLARGEMENT COSTS

GENERAL ACCOUNTING OFFICE

**STATEMENT OF HENRY L. HINTON, JR., ASSISTANT COMPTROLLER
GENERAL FOR NATIONAL SECURITY AND INTERNATIONAL RE-
LATIONS**

ACCOMPANIED BY:

**HAROLD J. JOHNSON, JR., ASSOCIATE DIRECTOR FOR INTER-
NATIONAL RELATIONS AND FOREIGN TRADE ISSUES, NATIONAL
SECURITY AND INTERNATIONAL AFFAIRS DIVISION**

**F. JAMES SHAFER, JR., ASSISTANT DIRECTOR FOR INTER-
NATIONAL RELATIONS AND FOREIGN TRADE ISSUES, NATIONAL
SECURITY AND INTERNATIONAL AFFAIRS DIVISION**

OPENING STATEMENT OF HON. TED STEVENS

Chairman STEVENS. Good morning. I appreciate the witnesses being here. This is a strange day in the Senate. There is a markup in the Commerce Committee and another one in another committee, and we have two votes at 11 o'clock. So I would prefer that we just go ahead and have an opportunity for you to make your statement, and, hopefully, there will be other Senators here and if they have questions they will be able to ask them. If not, they have your statement, Mr. Hinton, and we would ask that you respond to questions if they decide to submit them.

Again, we are continuing the hearings we have had to try and get a better understanding of what the NATO expansion costs are going to be. GAO has completed two studies which evaluate the NATO costing estimates. These reports raise some questions about the accuracy and reliability of the estimates that have been provided already by others, and we were told yesterday that there is a new costing process going on at NATO and there will be a ministerial meeting in NATO in the first weeks of December.

We will probably review those after the first of the year. But we want to work with you throughout the consideration of the debate on the NATO expansion, and I think that you will find that Congress will put strong emphasis on the results of your studies.

We have your statements in the record, and let me see if Senator Campbell has an opening statement.

Senator CAMPBELL. No; I have none, Mr. Chairman, other than to say I am sorry I have been in and out. As you can tell by this turnout this morning, we have many conflicts. But I wanted to thank you for the hearing. I have been reading with interest the testimony, and I think my big concern, like many of the members of the committee, has not been policy as much as it has been what it is going to cost the taxpayers.

I just appreciate your doing this hearing. Thank you.

Chairman STEVENS. Mr. Hinton, we have your statement for the record, but I want you to give your statement to the full extent that you wish to present it. You have with you Mr. Harold Johnson, I see, and Mr. James Shafer.

Mr. HINTON. Yes, sir, two of my colleagues have been actively involved in looking at NATO issues.

Chairman STEVENS. Well, let us proceed with your statement and see who else comes before we start the question period.

Mr. HINTON. Very well. Thank you, Mr. Chairman. I am pleased to be here today to help the committee sort through some of the issues related to the cost and financial obligations of expanding NATO.

NATO ENLARGEMENT ISSUES

My testimony today will address three issues—one, current U.S. costs to support NATO's common budgets and other funding that supports relations with central and East European nations and promote NATO enlargement; two, NATO's defense planning process, which will form the basis for more definitive cost estimates for an enlarge alliance; and, three, our evaluation of the recent DOD study of NATO expansion and a comparison of DOD's studies with studies by CBO and the RAND Corp.

Mr. Chairman, in a few moments I am going to be referring to the tables of my prepared statement as I go through my summary.

To begin, Mr. Chairman, I would like to point out that the ultimate cost of NATO enlargement will be contingent on several factors that have not yet been determined. Specifically, NATO has yet to formally define its future strategy for defending the expanded alliance or the force and facility requirements of the newly invited states. Nor has NATO determined how costs of expanding the alliance will be financed.

NATO's process for doing so is underway and is expected, as you said, Mr. Chairman, to be completed later next year. And right now the date I have is June 1998 when it will be completed.

U.S. CONTRIBUTIONS TO NATO COMMON BUDGETS

Now let me turn briefly to the U.S. contributions to NATO's common budgets and other funding sources. As it does now, the United States will fund its share of NATO enlargement primarily through contributions to the three common budgets. The NATO security in-

vestment program pays for infrastructure items that are over and above the needs of the member nations, including, for example, communication links to NATO headquarters or reinforcement reception facilities such as increased apron space at existing airfields.

The military budget pays for NATO's AWACS program and military headquarters cost. The civil budget pays primarily for NATO's international staff and operations and maintenance costs for its civilian facility at Brussels.

For fiscal year 1997, the U.S. contribution for the three common budgets was about \$470 million: \$172 million for the security investment program, \$252 million for NATO's military budget, and about \$44.5 million for NATO's civil budget.

Any increases to the U.S. budget accounts would be reflected primarily through increased funding requests for the DOD military construction budget from which the security investment program is funded, the Army's O&M budget, from which the military budget is funded. Both of those accounts reside in the 050 budget function. And last the State Department's contributions to international organizations from which the civil budget is funded. That is the 150 account.

In addition, the United States could choose to help members in their efforts to meet their NATO membership obligations through continued foreign military financing grants and/or loans, or through the international military education and training grants, and joint exercises.

OTHER ASSISTANCE TO CANDIDATE COUNTRIES

The three candidate countries and other countries have been receiving such assistance since the inception of the Partnership for Peace Program, and this has enabled some of these countries to be more prepared for NATO membership. In fiscal year 1997, over \$120 million was programmed for these activities, and about \$60 million of this amount was targeted to the three candidates for NATO membership.

This is strictly bilateral assistance that may assist the candidates and other countries' participation in PFP to meet certain NATO standards, but it is not directly related to NATO decisions concerning military requirements or enlargement. Any increased funding for this bilateral assistance would be funded through the international affairs or national defense budget functions.

NATO DEFENSE PLANNING PROCESS

With regard to NATO's defense planning process, NATO planners are now developing military requirements and are close to completing their analysis. These requirements will be ultimately translated into costs eligible for common funding. I should point out, Mr. Chairman, that, according to officials at the U.S. mission to NATO, it is unlikely that any additional military capability requirements will be placed on NATO members over and above the force goals that they have already agreed to provide.

In other words, if current force goals are attained, NATO will have sufficient forces to respond to likely contingencies in the current and new member countries. Therefore, it can be concluded that although enlargement of the alliance is another reason for cur-

rent allies to attain their force goals, it will not add any new, unknown costs to existing members' force plans. Nonetheless, this is a very important issue and stresses the need for our allies to meet their force goals.

NATO officials plan to present their cost estimates for approval at the NATO defense ministerial meeting in early December. However, it will not be until June 1998 that NATO will make decisions about whether or how much to increase the common budgets, which would then be shared among current and new members. Until this has been done, Mr. Chairman, the implications for the U.S. contributions to NATO's common budgets will be unclear.

If you could turn to attachment I of my prepared statement, there is a table about milestones for decisionmaking around NATO enlargement. I would like to call your attention to the middle section of that table, which lays out the various reports that are now being prepared at NATO that will be considered as they go through the decisionmaking process this December and carrying forward through June 1998.

You can see that those reports cover requirements, commonly funded items, infrastructure, communications, interoperability issues, and the studies that will eventually lead to cost estimates.

COMPARISON OF DOD, CBO, AND RAND ENLARGEMENT ESTIMATES

Last, Mr. Chairman, let me turn to the cost studies on NATO enlargement. As you know, CBO, DOD, and RAND developed cost estimates for enlarging NATO before invitations were extended to Poland, Hungary, and the Czech Republic and, therefore, before NATO had assessed its current military needs or developed military requirements that could be used to make more accurate cost estimates.

We found the estimates in these studies to be speculative, and that the ranges of estimates, from \$10 to \$125 billion, to be substantially different depending upon the assumptions that were used. In some instances, the cost range estimates overlap. However, this may be coincidental, since the assumptions and force postures used to develop the estimates were different.

Thus, it is not surprising that the debate on this issue has been surrounded by some confusion. In August, Mr. Chairman, we issued a report in response to a request by Messrs. Gilman and Hamilton of the House International Relations Committee evaluating DOD's study and comparing DOD's estimate to the estimates by CBO and RAND.

An analysis of DOD's cost estimate to enlarge NATO indicates that its key assumptions were generally reasonable and were largely consistent with the views of United States, NATO, and foreign officials that we spoke with. In particular, the assumption that large-scale conventional security threats will remain low significantly influenced the estimate. However, DOD's lack of supporting cost documentation and its decision to include cost elements that were not directly related to enlargement call into question the overall estimate.

Because of the uncertainties associated with enlargement and DOD's estimating procedures, the actual cost of NATO enlargement

could be substantially different from DOD's estimated cost of about \$27 to \$35 billion.

If I could have you turn to attachment II of my prepared statement, we have provided a table that will help you see how DOD broke out the \$27 to \$35 billion estimate. There are a couple points that I would like to mention.

In the first two columns of the table, where you see the new member share and the current allies' share, DOD's assumption is that the new members and the allies would pay their share of those costs. There are indications that direct enlargement, which is the third line down, that NATO has gone in and visited with some of the new invitees, and that some of the costs for infrastructure improvements may be less than what they had originally anticipated. This means that those costs that you see in that third line may be lower.

One point that I would like to mention concerns the middle line dealing with the current members' reinforcement enhancements. Throughout our study of DOD's work, we have not seen any comprehensive assessment of where the allies stand in terms of meeting their current force goals.

This is a very important point, as NATO proceeds in implementing its new defense strategy, and we have not seen that. We have anecdotal information about various countries in terms of what they have done, but we have not seen a comprehensive assessment across all the allies about where they are in meeting the force goals.

As I mentioned, CBO and RAND developed a range of cost estimates for NATO enlargement, including estimates that employ a defense strategy similar to DOD's. That is, each member would have a basic self-defense capability and the ability to rapidly receive NATO reinforcements. CBO's estimates range from \$61 to \$125 billion. RAND's estimates range from \$10 to \$110 billion.

If you would turn to the last page of my prepared statement, Mr. Chairman, we have attempted to capture these three studies in this table. There are several factors that account for the differences between DOD's estimate and the estimates of CBO and RAND.

For example, CBO assumed a much larger reinforcement force and much more extensive modernization, infrastructure, and training costs than DOD did. RAND, on the other hand, assumed a somewhat larger reinforcement force and higher training and air defense modernization costs than DOD did.

PREPARED STATEMENT

Mr. Chairman, that concludes my opening statement. My colleagues and I would be happy to address any questions you or the other members of the committee may have.

[The statement follows:]

PREPARED STATEMENT OF HENRY L. HINTON, JR.

Mr. Chairman and Members of the Committee: I am pleased to be here today to help the Committee sort through some of the issues related to the cost and financial obligations of expanding the North Atlantic Treaty Organization (NATO). My testimony today will address three issues: (1) current U.S. costs to support NATO's common budgets and other funding that supports relations with Central and East European nations and promotes NATO enlargement; (2) NATO's defense planning proc-

ess, which will form the basis for more definitive cost estimates for an enlarged alliance; and (3) our evaluation of the recent Department of Defense (DOD) study of NATO expansion and a comparison of DOD's study with studies of the Congressional Budget Office (CBO) and the Rand Corporation.

SUMMARY OF OBSERVATIONS

The ultimate cost of NATO enlargement will be contingent on several factors that have not yet been determined. Specifically, NATO has yet to formally define (1) its strategy for defending the expanded alliance, (2) force and facility requirements of the newly invited states, and (3) how costs of expanding the alliance will be financed. Also unknown is the long-term security threat environment in Europe. NATO's process for determining the cost of enlargement is underway and expected to be completed by June 1998.

In fiscal year 1997, the United States contributed about \$470 million directly to NATO to support its three commonly funded budgets, the NATO Security Investment Program (NSIP), the military budget, and the civil budget. This is about 25 percent of the total funding for these budgets. It is through proposed increases to these budgets, primarily the NSIP and to a lesser extent the civil budget, that most of the direct cost of NATO enlargement will be reflected and therefore where the United States is likely to incur additional costs.

Additionally, over \$120 million was programmed in fiscal year 1997 for Warsaw Initiative activities in the three countries that are candidates for NATO membership and other Partnership for Peace (PFP) countries.¹ This money was provided to help pay for Foreign Military Financing grants and loans, exercises, and other PFP-related activities. Funding for these activities will continue, but the allocation between the candidates for NATO membership and all other PFP participants may change over time. This funding is strictly bilateral assistance that may assist the candidate countries and other countries participating in PFP to meet certain NATO standards, but it is not directly related to NATO decisions concerning military requirements or enlargement.

NATO defense planners are now developing military requirements through their defense planning process and are close to completing their analyses. These requirements will ultimately be translated into costs eligible for common funding. NATO officials plan to present their cost estimates for these items for approval at the NATO defense ministerial meeting in early December 1997. However, it will not be until June 1998 that NATO will make decisions about whether or how much to increase the common budgets, which would then be shared among current and new members. Until this has been done, the implications for the U.S. contributions to NATO's common budgets will be unclear.

As you know, DOD, CBO, and Rand developed cost estimates for enlarging NATO before invitations were extended to Poland, Hungary, and the Czech Republic and therefore before NATO had assessed its current military needs or developed military requirements that could be used to make more accurate cost estimates. Thus, the ranges of these estimates—from \$10 billion to \$125 billion—are substantially different, depending on the assumptions used. In some instances, the cost range estimates overlap; however, this may be coincidental, since the assumptions and force postures used to develop the estimates were different. Thus, it is not surprising that the debate on this issue has been surrounded by some confusion.

Our analysis of DOD's cost estimate to enlarge NATO indicates that its key assumptions were generally reasonable and were largely consistent with the views of U.S., NATO, and foreign government officials.² In particular, the assumption that large-scale conventional security threats will remain low significantly influenced the estimate. However, DOD's lack of supporting cost documentation and its decision to include cost elements that were not directly related to enlargement call into question its overall estimate. Because of the uncertainties associated with enlargement and DOD's estimating procedures, the actual cost of NATO enlargement could be substantially different from DOD's estimated cost of about \$27 billion to \$35 billion.

Rand and CBO cost estimates are no more reliable than DOD's, based on our comparison of the three studies. CBO and Rand developed a range of cost estimates for NATO enlargement, including estimates that employ a defense strategy similar to

¹In 1994 NATO launched a wide-ranging cooperative effort—known as PFP—with nonmember countries to promote democracy, expand cooperation, and strengthen relationships between NATO and nonmember countries. Participation of countries in PFP plays a role in NATO's decisions regarding expansion. For further information see "NATO Enlargement: U.S. and International Efforts to Assist Potential New Member States" (GAO/NSIAD-97-164, June 27, 1997).

²See our report "NATO Enlargement: Cost Estimates Developed to Date Are Notional" (GAO/NSIAD-97-209, Aug. 18, 1997).

DOD's. Several factors account for the differences between DOD's estimate and the CBO and Rand estimates, including those estimates that employed defense strategies similar to DOD's. For example, CBO assumed a much larger reinforcement force and much more extensive modernization, infrastructure, and training costs than DOD did. Rand assumed a somewhat larger reinforcement force and higher training and air defense modernization costs than DOD did.

U.S. CONTRIBUTIONS TO COMMON BUDGETS AND OTHER FUNDING SOURCES

As it does now, the United States will fund its share of NATO enlargement primarily through contributions to the three common budgets. NSIP pays for infrastructure items that are over and above the needs of the member nations, including communications links to NATO headquarters or reinforcement reception facilities, such as increased apron space at existing airfields. The military budget pays for NATO's AWACS program and military headquarters costs, and the civil budget pays primarily for NATO's international staff and operation and maintenance costs of its civilian facility in Brussels. For fiscal year 1997 the U.S. contribution for the three common budgets was about \$470 million: \$172 million for the NSIP, \$252 million for NATO's military budget, and \$44.5 million for NATO's civil budget. Any increases to the U.S. budget accounts would be reflected primarily through increased funding requests for the DOD military construction budget from which the NSIP is funded, the Army operations and maintenance budget from which the military budget is funded (both part of the National Defense 050 budget function), and the State Department's contributions to international organizations from which the civil budget is funded (part of the International Affairs 150 budget function).

While NATO will not have finalized its common infrastructure requirements for new members until December 1997 or decided whether or how much to increase the common budgets until June 1998, DOD and State Department officials told us that the civil and NSIP budgets are likely to increase by only 5 to 10 percent and the military budget will probably not increase at all. This would mean an increase of about \$20 million annually for the U.S. contribution to NATO. However, as I indicated, NATO has yet to make decisions on these matters. In addition, the United States could choose to help new members in their efforts to meet their NATO membership obligations through continued Foreign Military Financing grants and/or loans, International Military Education and Training grants, and assistance for training activities. The three candidate countries and other PFP countries have been receiving assistance through these accounts since the inception of the PFP program, and this has enabled some of these countries to be more prepared for NATO membership. In fiscal year 1997, over \$120 million was programmed for these activities, and about \$60 million of this amount went to the three candidates for NATO membership. Any increased funding for such assistance would be funded through the International Affairs and Defense budget functions.

NATO'S DEFENSE PLANNING PROCESS

It is through NATO's defense planning process that decisions are made on how the defense burden will be shared, what military requirements will be satisfied, and what shortfalls will exist.

NATO's New Strategic Concept, adopted in Rome in 1991, places greater emphasis on crisis management and conflict prevention and outlines the characteristics of the force structure. Key features include (1) smaller, more mobile and flexible forces that can counter multifaceted risks, possibly outside the NATO area; (2) fewer troops stationed away from their home countries; (3) reduced readiness levels for many active units; (4) emphasis on building up forces in a crisis; (5) reduced reliance on nuclear weapons; and (6) immediate and rapid reaction forces, main defense forces (including multinational corps), and augmentation forces. Although NATO has not defined exactly the type and amount of equipment and training needed, it has encouraged nations to invest in transport, air refueling, and reconnaissance aircraft and improved command and control equipment, among other items.

NATO's force-planning and goal-setting process involves two interrelated phases that run concurrently: setting force goals and responding to a defense planning questionnaire. The force goals, which are developed every 2 years, define NATO's requirements. The major NATO commanders propose force goals for each nation based on command requirements. Each nation typically has over 100 force goals. NATO and national officials frequently consult one another while developing force goals and national defense plans. NATO commanders are unlikely to demand that member nations establish units or acquire equipment they do not have.

In its annual response to NATO's defense planning questionnaire, each member verifies its commitment for the previous year, defines its commitment for the next

year, and lays out plans for the following 5 years. Alliance members review each nation's questionnaire and, in meetings, can question national plans and urge member nations to alter their plans. After finishing their reviews, generally in October or November, NATO staff write a report summarizing each nation's plans and assessing national commitments to NATO. Once NATO members approve this report, it becomes the alliance's consensus view on each country's strengths and weaknesses and plan to support the force structure. It is through this process that NATO determines what shortfalls exist, for example, in combat support and combat service support capabilities.

According to U.S. officials, NATO is preparing several reports to be presented for approval at the defense ministerial meetings in December 1997. One report will discuss the additional military capability requirements existing alliance members will face as a result of the alliance's enlargement. According to officials at the U.S. mission and Supreme Headquarters Allied Powers Europe, it is unlikely that any additional military capability requirements will be placed on NATO members over and above the force goals they have already agreed to provide. In other words, if current force goals are attained, NATO will have sufficient resources to respond to likely contingencies in current and new member countries. Therefore, it can be concluded that although enlargement of the alliance is another reason for current allies to attain their force goals, it will not add any new, unknown costs to existing members' force plans.

Other reports resulting from this process will discuss the requirements for commonly funded items in the new nations and their estimated costs. These items include infrastructure that will enable the new allies to receive NATO reinforcements in times of crisis, communication systems between NATO and their national headquarters, and a tie-in to NATO's air defense system. How these projects will be financed by NATO, for example, whether they will be financed within existing budgets or by increasing the size of NATO's common budgets, will not be determined until June 1998. Therefore, the impact of these costs on the U.S. contributions to NATO's common budgets and the U.S. budget will be unknown until next spring.

Another report will present an assessment of the capabilities and shortfalls in the military forces of Poland, Hungary, and the Czech Republic. NATO does not and will not estimate the costs of the shortfalls of either the current or the new member states, but once these shortfalls are identified, cost estimates can be made by others. However, even though new members' capabilities and shortfalls will be identified in December, these countries' force goals will not be set until the spring. These force goals will, in effect, be a roadmap for the new members on how to address their shortfalls. (See attachment I for a timeline illustrating these events.)

KEY ASSUMPTIONS AND COST ESTIMATES FOR NATO ENLARGEMENT STUDIES

When the DOD, CBO, and Rand studies were completed, many key cost determinants had not been established. Consequently, each study made a series of key assumptions that had important implications for each studies' results.

DOD made the following key assumptions:

- Specific nations would be invited to join NATO in the first round of enlargement.³
- NATO would continue to rely on its existing post-Cold War strategy to carry out its collective defense obligations (that is, each member state would have a basic self-defense capability and the ability to rapidly receive NATO reinforcements).⁴
- NATO would not be confronted by a significant conventional military threat for the foreseeable future, and such a threat would take many years to develop.
- NATO would continue to use existing criteria for determining which items would be funded in common and which costs would be allocated among members.⁵

Using these assumptions, DOD estimated the cost of enlarging NATO would range from about \$27 billion to \$35 billion from 1997 through 2009. The estimate was broken down as follows: about \$8 billion to \$10 billion for improvements in cur-

³The number of countries DOD assumed would be invited to join NATO and the actual countries that were the basis for the estimate are classified information.

⁴NATO adopted a new post-Cold War strategic concept at its Rome summit meeting in 1991. The concept provides for substantial reductions in the size and readiness of NATO's forces but increased force mobility, flexibility, and ability to adapt to the changed threat environment.

⁵NATO funds only those facilities or portions of facilities that are over and above the needs of an individual country's national security requirements. For example, NATO would fund only the portion of infrastructure at an air base that is beyond the host nation's own needs, such as hangars for reinforcing aircraft, but not hangars for the host country's aircraft.

rent NATO members' regional reinforcement capabilities, such as developing mobile logistics and other combat support capabilities; about \$10 billion to \$13 billion for restructuring and modernizing new members' militaries (for example, selectively upgrading self-defense capabilities); and about \$9 billion to \$12 billion for costs directly attributable to NATO enlargement (for example, costs of ensuring that current and new members' forces are interoperable and capable of combined NATO operations and of upgrading or constructing facilities to receive NATO reinforcements).

DOD estimated the U.S. share of these costs would range from about \$1.5 billion to \$2 billion—averaging \$150 million to \$200 million annually from 2000 to 2009. The estimated U.S. share chiefly consisted of a portion of direct enlargement costs commonly funded through NATO's Security Investment Program. DOD assumed that the other costs would be borne by the new members and other current member states and concluded that they could afford these costs, although this would be challenging for new members. (See attachment II.)

DOD's Key Assumptions Were Reasonable, But Cost Estimates Are Speculative

In our review of DOD's study of NATO enlargement, we (1) assessed the reasonableness of DOD's key assumptions, (2) attempted to verify pricing information used as the basis for estimating enlargement costs, (3) looked into whether certain cost categories were actually linked to enlargement, and (4) identified factors excluded from the study that could affect enlargement costs.

We concluded that DOD's assumptions were reasonable. The assumption regarding the threat was probably the most significant variable in estimating the cost of enlargement. Based on information available to us, we concluded that it was reasonable to assume the threat would be low and there would be a fairly long warning time if a serious threat developed. This assumption, and the assumption that the post-Cold War strategic concept would be employed, provided the basis for DOD's judgments concerning required regional reinforcement capabilities, new members' force modernization, and to a large extent those items categorized as direct enlargement costs.

DOD also assumed that during 1997–2009, new members would increase their real defense spending at an average annual rate of 1 to 2 percent. Both private and government analysts project gross domestic product (GDP) growth rates averaging 4 to 5 percent annually for the Czech Republic, Hungary, and Poland during 1997–2001. Thus, projected increases in defense budgets appear affordable. Analysts also point out that potential new member countries face real fiscal constraints, especially in the short term. An increase in defense budgets at the expense of pressing social concerns becomes a matter of setting national priorities, which are difficult to predict. If these countries' growth rates do not meet expectations, their ability to increase real defense spending becomes more problematic.

DOD further assumed that current NATO members would on average maintain constant real defense spending levels during 1997–2009.⁶ Analysts have expressed somewhat greater concern about this assumption and generally consider it to be an optimistic, but reasonable projection. Some analysts indicated that defense spending in some current member states may decline further over the next several years. Such declines would partly be due to economic requirements associated with entry into the European Monetary Union.⁷

Despite our conclusion that DOD's underlying assumptions were sound, for several reasons we concluded that its estimates are quite speculative. First, DOD's pricing of many individual cost elements were "best guesses" and lacked supporting documentation. This was the case for all three categories of costs: direct enlargement costs, current members' reinforcement enhancements, and new members' modernization requirements. Most of the infrastructure upgrade and refurbishment cost estimates were based on judgments. For example, DOD's estimate of \$140 million to \$240 million for upgrading a new member's existing air base into a NATO collocated operating base was not based on surveys of actual facilities but on expert

⁶In 1996, defense spending as a percent of the gross domestic product was 2 percent for Italy, 1.7 percent for Germany, 2.9 percent for the United Kingdom, and 3 percent for France. If the gross domestic product increases in real terms, these percentages will decline under DOD's assumption of constant real defense spending.

⁷Under the European Monetary Union, scheduled to go into effect January 1, 1999, the European Union would have a common central bank and monetary policy and a single currency called the euro. According to the Maastricht Treaty, the primary goal of the common central bank is price stability. The treaty requires that the economies of the participating countries converge toward certain performance goals in terms of inflation, long-term interest rates, exchange rate stability, and budget deficits (no greater than 3 percent of GDP) and debt (no greater than 60 percent of GDP).

judgment. We were told that the actual cost could easily be double—or half—the estimate.

DOD's estimated costs for training and modernization were notional, and actual costs may vary substantially. 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. 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 specify what upgrades would be done and how much they would cost.

Second, we could find no linkage between DOD's estimated cost of \$8 billion to \$10 billion for remedying current shortfalls in NATO's reinforcement capabilities and enlargement of the alliance. Neither DOD nor NATO could point to any specific reinforcement shortfalls that would result from enlargement that do not already exist. However, existing shortfalls could impair the implementation of NATO's new strategic concept. DOD officials told us that while reinforcement needs would not be greater in an enlarged NATO, enlargement makes eliminating the shortfalls essential. This issue is important in the context of burdensharing because DOD's estimate shows that these costs would be covered by our current NATO allies but not shared by the United States.

Finally, NATO has yet to determine what military capabilities, modernization, and restructuring will be sought from new members. Consequently, DOD had little solid basis for its \$10 billion to \$13 billion estimate for this cost category. Moreover, DOD and new member governments have noted that new members are likely to incur costs to restructure and modernize their forces whether or not they join NATO. Indeed, some countries have indicated that they may need to spend more for these purposes if they do not become NATO members. DOD showed these costs as being covered entirely by the new members.

Potential Additional Costs of Enlargement

NATO enlargement could entail costs in addition to those included in DOD's estimates, including costs for assistance to enhance the Partnership for Peace or other bilateral assistance for countries not invited to join NATO in July 1997. In addition, the United States may provide assistance to help new members restructure and modernize their forces. For example, Polish officials said they may need up to \$2 billion in credits to buy multipurpose aircraft. While not an added cost of enlargement, such assistance would represent a shift in the cost burden from the new member countries to the countries providing assistance. DOD did not include such costs in its estimate of the U.S. share, though it acknowledged that the cost was possible. Moreover, U.S. and NATO officials have stated that additional countries may be invited to join NATO in the future, most likely in 1999. DOD's cost estimate did not take into account a second or third round of invitations. If additional countries are invited, cost of enlargement would obviously increase.

Comparison of the DOD, CBO, and Rand Estimates

CBO and Rand estimated the cost of incorporating the Czech Republic, Hungary, Poland, and Slovakia into NATO. They based their estimates on a range of NATO defense postures, from enhanced self-defense with minimal NATO interoperability to the forward stationing of NATO troops in new member states. However, they also noted that the current lack of a major threat in Europe could allow NATO to spend as little as it chose in enlarging the alliance.

Because of the uncertainties of future threats, and the many possible ways to defend an enlarged NATO, CBO examined five illustrative options to provide such a defense. Each option built on the previous one in scope and cost. CBO estimated that the cost of the five options over the 15-year period would range from \$61 billion to \$125 billion. Of that total, CBO estimated that the United States might be expected to pay between \$5 billion and \$19 billion. CBO included in its range of options a \$109 billion estimate that was predicated on a resurgent Russian threat, although it was based on a self-defense and reinforcement strategy similar to that used by DOD.⁸ Of this \$109 billion, CBO estimated that the United States would pay \$13 billion.

Similarly, Rand developed estimates for four options to defend an enlarged NATO that build upon one another, from only self-defense support at a cost of \$10 billion to \$20 billion to the forward deployment of forces in new member states at a cost of \$55 billion to \$110 billion. These options include a middle option that would cost about \$42 billion that was also based on a self-defense and reinforcement strategy.

⁸CBO's lowest estimate is based on a low-threat assessment; the additional costs are predicated on a resurgent Russian threat.

Rand estimated that the United States would pay \$5 billion to \$6 billion of this \$42 billion in total costs.

Several factors account for the differences between DOD's estimates and the CBO and Rand estimates, even those that employed defense strategies similar to DOD's. (Attachment III illustrates the major results and key assumptions of the three estimates.)

CBO's cost estimate is significantly higher than DOD's for the following reasons:

- DOD assumed reinforcements of 4 divisions and 6 wings, whereas CBO assumed a force of 11 $\frac{2}{3}$ divisions and 11 $\frac{1}{2}$ wings and a much larger infrastructure for this force in the new member states.
- CBO's modernization costs are much higher than DOD's and include the purchase of 350 new aircraft and 1,150 new tanks for the new member states. DOD assumed that about 25 percent of the new member states' ground forces would be modernized through upgrades and that each nation would procure a single squadron of refurbished Western combat aircraft.
- CBO assumed much higher training costs, \$23 billion, which include annual, large-scale combined exercises. DOD included \$2 billion to \$4 billion for training.
- CBO included the purchase of Patriot air defense missiles at a cost of \$8.7 billion, which is considerably higher than DOD's assumed purchase of refurbished I-HAWK type missiles at \$1.9 billion to \$2.6 billion.
- CBO's infrastructure costs were much higher than DOD's and included new construction, such as extending the NATO fuel pipeline, which CBO assumed would meet U.S. standards. DOD assumed planned refurbishment of existing facilities that would meet minimal wartime standards.

Rand's cost estimate is somewhat higher than DOD's, although both were based on similar threat assessments. First, its reinforcement package was larger—5 divisions and 10 wings—and therefore infrastructure costs were higher. Second, it assumed new members would purchase the more expensive Patriot air defense system rather than the refurbished I-HAWK's. Finally, it assumed greater training costs than did DOD. The author of the Rand study stated that if he had used DOD's assumptions, the cost range would have been almost identical to DOD's.

Mr. Chairman, this concludes my prepared remarks. I would be happy to respond to any questions you or other Committee members may have.

ATTACHMENT I.—*NATO enlargement timeline*

<i>Date</i>	<i>Activity</i>
September 1995	NATO issues study on enlargement.
July 1997	NATO issues invitations to Poland, Hungary, and the Czech Republic to begin accessions talks.
October/November 1997.	NATO prepares several reports: <ul style="list-style-type: none"> —additional military capability requirements for existing alliance members that will result from the alliance's enlargement; —requirements for commonly funded items in the new member nations, including: infrastructure that will enable the new allies to receive NATO reinforcements in times of crisis; communication systems between NATO and their national headquarters; and a tie-in to NATO's air defense system; —cost estimates for items eligible for common funding presented by NATO officials; and —the capabilities and shortfalls in the military forces of Poland, Hungary, and the Czech Republic.
Early December 1997.	NATO defense ministerial meeting to approve the above reports.
Spring 1998	New members' force goals set.
June 1998	NATO decides whether or how much to increase the common budgets, which would then be shared among current and new members.
April 1999	Target date for new member accession into NATO.

ATTACHMENT II.—CATEGORIES AND SHARE OF COSTS

[Dollars in billions]

Cost category	New members' share	Current allies' share	U.S. share	Total
New members' military restructuring and modernization	\$10 to \$13 .....	.....	.....	\$10 to \$13
Current members' reinforcement enhancements .....	.....	\$8 to \$10 .....	.....	\$8 to \$10
Direct enlargement	\$3 to \$44.5	\$4.5 to \$5.5	\$1.5 to \$2	\$9 to \$12
Total	\$13 to \$17.5	\$12.5 to \$15.5	\$1.5 to \$2	\$27 to \$35

ATTACHMENT III.—DOD, CBO, AND RAND ESTIMATES

[Dollars in billions]

Assumption	DOD	CBO	RAND
Total cost	\$27–\$35 in constant 1997 dollars.	\$61–\$125 in constant 1997 dollars (\$109 for a defense strategy similar to DOD's).	\$10–\$110 in constant 1996 dollars (\$42 for a defense strategy similar to DOD's).
U.S. cost share	\$1.5–\$2.0	\$13.1 ¹	\$5–\$6 ¹ .
Notional new NATO members.	A small group (details classified).	Poland, Hungary, Czech Republic, Slovakia.	Poland, Hungary, Czech Republic, Slovakia.
Time period	1997–2009	1996–2010	Approximately 1995–2010.
Threat assessment	Low threat	A resurgent Russia ¹	Low threat ¹ .
Comparable force posture options.	4 divisions/6 wings	11.7 divisions/11.5 wings ¹	5 divisions/10 wings ¹ .

¹ These assumptions correspond to the estimate based on a defense strategy similar to DOD's.

Chairman STEVENS. Senator Inouye has come in. Do you have an opening statement, Senator?

Senator INOUE. No, Mr. Chairman.

FORCE GOALS HAVE NOT BEEN MET

Chairman STEVENS. You mentioned, Mr. Hinton, that some of our allies have not met their current force goals. Can you tell us now which of the allies that applies to and how far off they are from their force goals now?

Mr. HINTON. That is the study that we have not seen, Mr. Chairman. We have heard some about what the Brits have done and others, but we have not seen that comprehensive analysis across the full membership as to where they stand against those goals.

AFFECT OF EUROPEAN MONETARY UNION ON NATO ENLARGEMENT

Chairman STEVENS. Senator Domenici yesterday mentioned the new European Community [EC] goals to eliminate deficits in order to have the right to use common currency. Are you familiar with that problem he mentioned?

Mr. HINTON. Yes, sir.

Chairman STEVENS. Is that a problem you could analyze for us as the time goes ahead now, so that we can have some study of that for the January-February timeframe? He indicates that in order to be a party to the EC monetary change that emerging nations, and particularly the three that would become part of the NATO enlargement process, would have to restrict their spending in order to comply. And yet the NATO requirements would man-

date that they expand their spending in order to be prepared to be a NATO member.

Would that be within your competence to look at that problem?

Mr. HINTON. Yes, sir; I think we could take a look at that for you. We have had some discussions with Senator Domenici's staff on this issue, as they have been outlining the series of hearings that they are having. We have not begun that work, but I think we could look at it.

It does create a challenge for those members as to how they are going to accomplish the goals of meeting the force goals for NATO expansion as well as the goals that are going to be laid out for joining the European Union.

Chairman STEVENS. I do not want to have two separate requests, so I would hope that you and your staff would coordinate the requests from the Budget Committee and this committee so we would have one report that would cover both of our needs.

But it does seem to me, those of us that have been over there and have visited, that there is a real apparent rush to acquire aircraft in particular. The difference between the DOD and the CBO analysis, and RAND too, I guess, really looks to the problem of whether or not there is a resurgent Russia and whether or not there is a need for an increased number of wings of aircraft and an increase in the number of divisions that would be required in the new NATO members.

Now I think that that conflict between the economic posture of the country in order to be an economic partner, on the one hand, of an expanded European Community as compared to being a fully performing member of an expanded NATO is a very real one, and that we should have some guidance as to what will be the impact of the economic constraints.

It appears that it would stretch out the time within which the new members could comply with NATO, because I assume that the economic mandate would be the most compelling to comply with in the first instance.

Mr. HINTON. Mr. Chairman, it is my understanding that as they have been going through the requirements determination process in NATO that the push has been on trying to move away from buying major aircraft, for example, and focusing more on logistical support requirements that you would need in the early years to be interoperable with the other NATO elements.

And over time we may learn, in the December timeframe and as we move to the June 1998 timeframe, when we see some of these costs, exactly what are behind those costs, and we would see those requirements. I think your point is right on mark, and that needs to be looked at.

Mr. JOHNSON. Could I elaborate just slightly on your question? I think the problem that you describe also applies to current allies. The difficulty is that they need, in order to belong to the European monetary union, they need to get their deficits and debt under control within certain guidelines. That limits the amount of spending for defense, and it places a great deal of pressure on their defense budgets. That is part of the problem with not meeting their force goals.

So it is on both sides. It does not just apply to the new members coming in; the problem also applies to the existing allies.

Chairman STEVENS. Mr. Johnson, it applies to us too. We have already committed to a 5-year plan that supposedly will get us to the point where we have eliminated our deficits and bring us closer to having a means to control the expansion of our own debt.

Mr. JOHNSON. That is right.

Chairman STEVENS. Maybe it is a good thing we are not applying for membership to the EC.

Senator Campbell.

NATO REQUIREMENTS FOR NEW MEMBERS

Senator CAMPBELL. Thanks, Mr. Chairman.

During yesterday's hearing General Shelton and General Clark testified that NATO is developing these military requirements for the invited members. I wanted to focus on that just a little bit. As I understood your testimony, Mr. Hinton, you estimate there will not be a significant increase in what is called the common budget for NATO. Did I understand you to say that?

Mr. HINTON. What I said there is that we will not know what the exact estimates are going to be until we get in and see the data coming out of the June timeframe, when the costs are going to be there.

Senator CAMPBELL. All right. These new estimates are going to be discussed in December.

Mr. HINTON. Right. But what has come up recently, Senator Campbell, from testimony from Secretary Cohen and some of what you heard yesterday, was that we have gone into some of the new member states and looked at their infrastructure. What we have seen is that some of the conditions are better than what we thought they were when DOD prepared the initial study back early this year.

Therefore, the costs of the direct enlargement could be considerably lower than what DOD had in its study, but we will not know for sure until later in 1998.

Senator CAMPBELL. Can you provide the committee with an update of the GAO work on that issue?

Mr. HINTON. We would be happy to update the analysis of DOD's report up here to the committee.

[The information follows:]

The updated DOD study is scheduled for release the end of February 1998. GAO will provide the Committee with its analysis of this report shortly after we receive it.

Senator CAMPBELL. But, in addition to that, as I understand it, we have given about \$60 million so far to those three candidate members. Is that correct?

Mr. JOHNSON. Right.

U.S. OBLIGATIONS TO PAY

Senator CAMPBELL. I guess my concern is in the title of your testimony which says it all—cost implications to the United States remain unclear. I am concerned a little bit if we are expected to foot

the bill for these additional military requirements that will be put on the new members. That is one thing.

The other thing, I guess, is really a policy question. I am also concerned about what would prevent them from sharing whatever technology we give them in terms of equipment or money, since some of them were former Warsaw Pact members, and I am sure some of the people are still involved in their administrative decisionmaking coalition at their headquarters and still have some possible leanings to the old Warsaw Pact. That would kind of concern me.

Would you comment on that?

Mr. HINTON. On your cost question, Senator, if you look at the table designated attachment II in the direct enlargement line, as well as to the two lines above, when DOD did its study one of the assumptions was that the new members would be responsible for their share and that we would not be obligated to pay for that.

What we, the United States, would have an obligation to pay would be those costs that would likely come up from the direct enlargement that are shared by all members, and on that bottom line over in the third column you see what that number was in DOD's study. The indications from Secretary Cohen and the folks that were testifying yesterday is that could be—

Senator CAMPBELL. I understand what you are saying, but apparently it is not what we are doing if we have already given them \$60 million. That was basically the question I had. If there are military requirements for these invited new members, are we going to get stuck with the bill, regardless of what your chart says?

Mr. HINTON. I understand that. Now the \$60 million that I referred to earlier is bilateral assistance that we are giving in working with the other countries in terms of the Partnership for Peace Program. It is not tied into the numbers that would come out through the common budgets.

Senator CAMPBELL. It was \$60 million of American taxpayers' money.

NATO'S REQUIREMENTS PROCESS

Mr. HINTON. You are exactly right. And on the technology question that you raised, Senator, as NATO goes through the requirements determination process and puts out the force goals and the countries come back and respond to the defense planning questionnaire you will be able to see where NATO is going to be looking to the new members as to what they can provide for the common defense of the whole alliance.

And I think that would put some boundaries around the technology question that you had.

Senator CAMPBELL. OK. Well, I will not belabor it, Mr. Chairman, but I think it is going to be kind of a one-way street when we talk about who is going to provide what and who is going to pay for it.

Mr. HINTON. I think that is a significant issue for the committee to be concerned about. I think that it is important to get the right information and the most current information as you go into the decisionmaking process here in the Congress, and I think it is also important to determine whether the allies are living up to their

commitments so that we do not find ourselves having to pay for that too.

Senator CAMPBELL. I appreciate that. I just have a feeling that when we all come to the table and define who is going to be responsible for each thing, that the three new member countries are going to come with very little to offer in terms of balancing the cost for their own defense. But I thank you.

Thank you, Mr. Chairman.

Chairman STEVENS. Thank you. Senator Hutchison.

Senator HUTCHISON. Thank you, Mr. Chairman.

NATO ENLARGEMENT COSTS ARE UNCLEAR

In your report, of course, I am sure it has been said you are saying that not only are you not able to quantify all of the costs, but neither have any of the others who have attempted to do this, including the Department of Defense, RAND, CBO. Everyone who has looked at it is saying it is impossible to quantify.

But at some point this committee is going to have to have a bottom line, and it is my hope that this committee is going to have enough information to set a ceiling on what our share it—determine what our fair share is, what are the reasonable requirements, and set a limit on our share so that there will be no question about that.

But I would like to ask you if, in your looking at this, if there is going to be a way for you to determine what our share really is. Now, we have in the President's or the Department of Defense estimate the overall NATO share, the new member share, and then the other ally commitments for their own rapid deployment improvements.

BOSNIA COSTS INCREASE

Are you able to quantify in the numbers what is really our share—not just our share of the overall, but are we going to have a share in the new member share? Are we going to have requirements outside of NATO, as we do in Bosnia, that are not even factored in? The cost of Bosnia was supposed to be \$2 billion. We are up to \$7 billion, and that still does not include all of the peripheral things we do in support of the Bosnia operation that is not actually there.

So in your looking at this are you going to be comfortable that when we say our share is x million or x hundreds of millions that we will know what really is our share?

NATO'S SCHEDULE FOR COSTING REPORTS

Mr. HINTON. I think, Senator, as the process carries itself out in what NATO is doing right now and the studies are being done that are highlighted in our statement, beginning in December you will be getting more definitive answers to the requirements, to what the new members bring to the alliance to meet the force goals, and I think you will also see more definitive requirements around some of the infrastructure costs that are going to be involved to bring them up to what you need to receive reinforcements.

Now, on that point, those items that may be of a common nature, that are over and above what the individual countries are responsible for, there may be an obligation for the United States to pay some part of that. However, it is not known right now what those costs will be.

I hope that, and we would be happy to continue to look behind the numbers that are provided by NATO as to what they exactly mean, how they were determined, the priorities that are there amongst some of the projects to help inform the debate up here when you all have to make the decision on deciding about enlargement. And, hopefully, at that point we can move to more concrete information about the true cost.

Now when it goes beyond NATO——

Senator HUTCHISON. To the periphery.

Mr. HINTON. Right. I do not know that we will have that as part of this process.

Senator HUTCHISON. Do you think it is legitimate to consider that when we are looking at what our bottom line is going to be?

Mr. HINTON. Well, I think that, and I know this committee was involved in trying to put in place over in the Department a process to bring more oversight to the cost of peacekeeping operations, and that has been helpful in the process. But I think NATO is going to be one piece, and maybe that is another subject that is going to have to be looked at, maybe independent of what the NATO situation is, because there are several peacekeeping operations around which the United States has an obligation to be a part of right now.

But in terms of NATO, I think that is going to be fairly well defined. But any decisions to go outside of NATO will create, in the future, a situation like Bosnia, and you just have to find out what the operation is going to be, what it requires, and what are the costs of going into that operation. One key point we have learned in looking at the other peacekeeping operations is the importance of having an exit strategy and trying to adhere to that.

But a lot of that goes into factoring the cost. But I do not think that is going to be part of what you will see coming out of the NATO process that I am aware of right now.

Senator HUTCHISON. Well, we have not seen an exit strategy on anything else we have done in the last few years, so I am not optimistic about that.

Well, I just am very concerned in looking at Bosnia as an example. I do not think \$7 billion is anywhere close to the real cost of Bosnia, because you are not including operations on the perimeter that support that operation, and I am worried that we are going to have other costs that might not be included, and all I can say is I hope you will try to figure a way to determine, to the best extent that you can, what the real commitment is, whether it is our share, allies' share, new member share, contingencies for others not paying their fair share, if that is going to be our responsibility.

There are a lot of things out there that I hope you will find a way to quantify.

Mr. HINTON. Thank you, ma'am.

Chairman STEVENS. Do you have any questions, Danny?

COST ESTIMATES UNCLEAR

Senator INOUE. Mr. Chairman, I just want to note that nothing is clear at this time, and I hope that we will be in a position to make the necessary decisions on this committee. I hope that your agency will continue to monitor the progress of resolving these estimates.

For example, do you have anyone monitoring the ministerial meetings this December?

Mr. HINTON. Not at the moment.

Senator INOUE. I think it would help, so that we would know the basis for the decisions.

Mr. HINTON. We will be happy to see what we can do on that.

Senator INOUE. Do you have any recommendations? I know that you have stated that the assumptions of DOD seem reasonable, but the estimates are speculative. Do you have anything that is less speculative?

Mr. HINTON. Not based on the work that we have done to date. I do not have any at this time. But, as has been brought up, I would expect that as we go down and get more involved into the process that that would—the potential for us coming up with recommendations on improving the process is good.

Senator INOUE. That would be extremely helpful, sir. Thank you very much.

Thank you, Mr. Chairman.

GAO TO MONITOR NATO'S DECEMBER MINISTERIAL

Chairman STEVENS. Mr. Hinton, as a former chairman of the Governmental Affairs Committee, I have relied very heavily upon your agency. I defended it on the basis that you are shared staff of the Congress, and that the use of your organization will actually reduce the costs of the Congress.

So, following up on what Senator Inouye has said, I want you to notify the NATO people that your people are going to be at NATO at the request of this committee. We will not have people there observing that, because you will. And if they do not give you access to what is going on over there the way they would give our committee, I want you to notify us about that, and we will straighten it out for you fairly quickly.

I just do not feel we should keep a whole series of congressional observers there during the ministerial meetings, and what we are really after is an analysis of what their conclusions are, not the reasons for their conclusions. So I do hope that you will be able to do that.

SUPPORT FOR U.S. FORCES OVERSEAS

Second, yesterday I raised with General Clark the increased costs of the military units in Europe, and this is without regard to the current problem of the NATO enlargement, as compared to the costs of support of our forces in Asia. I am of the impression from our hearings in the past that we have substantial support from Korea and Japan, but a substantial increase in costs of maintaining our forces in the NATO structure.

Have you ever made a comparison of that?

Mr. HINTON. No, sir, but we can do that. We can do that. I can lay those out for you and I think I can bring some information that will help you see that data.

Chairman STEVENS. I never thought I would get to the day where I was sounding like Senator Mansfield. I am not sure I have that capability in the first place, but beyond that it has occurred to me that with an increase of 300,000 troops in NATO it may well be that the best place for some of our troops that are going to be stationed overseas is to increase our deployments in the Asian area and Pacific, where I believe that the problems of the 21st century will occur first.

But, in any event, I would like to have that comparison, if you can prepare it.

RESURGENT RUSSIA ESTIMATE

Last, let me say this—two points really. One of the basic differences in the estimates that we have is the assumption by CBO of a resurgent Russia. I think that makes these comparisons really difficult to understand, and it would seem to me that the underlying question in the whole NATO organization is, is there going to be a resurgent Russia. Is there going to be a new alliance in that area. I do not ask you to analyze that.

But I do think we ought to ask and I intend to ask RAND and the CBO to give us their analysis without regard to that question, and I want to have you look at the question of what difference it would make in your analysis if there was a resurgent Russia. We intend to ask the DOD to do the same thing. What would be the costs of preparing to meet a resurgent Russia?

I guess the other side of that coin would be what would be the decrease in costs if Russia joined NATO. That was what Senator Faircloth was looking at yesterday.

BUDGET FOR NATO SECURITY INVESTMENT PROGRAM

Last, in the current budget this year the President asked for military construction for the NATO security investment program at less than the previous year. It is my understanding that 1997 we had \$172.6 million, and the President's request was \$170 million, roughly. We have appropriated now \$152.6 million for improvements in infrastructure or communications in NATO.

That is a cost-sharing account for which we provide 25 percent. That is the same account you mentioned, was it not?

Mr. HINTON. The security investment program.

Chairman STEVENS. You anticipated that that might increase.

Mr. HINTON. What we are being told is that there could be some increase to that account.

Chairman STEVENS. I have to tell you I get a little lost in this because yesterday I was told that on the European alternative to the joint surveillance target attack radar system [JSTARS] we would pay 49 percent of the cost if they went that way on a new system. Even though we have our own, if they decide to get another one for NATO, we still pay 49.5 percent of the cost of a new system, notwithstanding the fact that we have offered them the system we have, which I think is the finest in the world, at less than cost.

Now have you ever made an analysis of the different percentages of the costs as how they are assessed to the United States in terms of NATO costs?

Mr. HINTON. No; we have not.

Chairman STEVENS. We pay 25 percent of the NATO security investment program. If we pay 49.5 percent of a new system for air defense, I would like to know what is the background of some of this differential in the costs that we actually pay as part of NATO, and I see no reason why we should not ask NATO to review these costs for the future.

They were obviously put into place back in the days when we had probably the only super economy in the world. There are several others that are challenging us now that are part of NATO, and we ought to ask that those costs be reviewed, as well as the costs of the enlargement process.

Mr. HINTON. We can do that for you, Mr. Chairman. I am aware of the 25 percent. We have information on that. But the 49 percent is a new number for me.

[The information follows:]

GAO's analysis of the pending NATO acquisition of a new air defense system is ongoing and will be provided to the Committee in February 1998.

Mr. JOHNSON. I have not heard about that 49 percent. But that is similar to the cost share on the AWACS system.

Chairman STEVENS. Well, we are told that the cost for this NATO enlargement is somewhere in the vicinity of \$100 to \$200 million a year for the next 10 years, a little bit more than 10 years—11 years. That seems hard for me to believe, in view of the current cost to us of our share in the NATO infrastructure and communications account. We are paying more than that now just for the existing fully matured NATO.

So I do think that the whole committee wants some assistance in trying to make sure that when we are looking at the barrel we know whether we are looking at a full barrel of apples or an empty barrel of apples as far as these comparisons. And so far I have no confidence in what we have been given in terms of the estimates of the costs for the NATO enlargement—none. They are all fraught with assumptions that no one will defend.

Mr. HINTON. I share your concern, Mr. Chairman.

Chairman STEVENS. I am not blaming you either.

DOD'S FUTURE YEARS DEFENSE PLAN

Mr. HINTON. We have become aware of DOD's plan to put into the future years defense program a placeholder for NATO expansion that is going to deal with the amount of money that you just mentioned right there.

On the other hand, and this is why this is somewhat confusing and you do not know whether the glass is one-half full or one-half empty, we are hearing from some of our visits that the ultimate costs or increase around the NATO security investment program and the civil budget may be to the range of about 5 to 10 percent.

Now if that were to be the case, that turns out to be about \$20 million. So there is a big delta right there that I cannot explain the difference to you because I do not have all the raw data that I need

to get behind some of that. And the reason for that is some of that data is just not available at the moment.

Chairman STEVENS. They are the same people that told us that the deployment in Bosnia could not cost more than \$1 billion in 18 months.

Mr. HINTON. Yes, sir; and, you know, on that operation we have followed that for the committees in terms of monitoring the costs and reporting the reasons for the changes in the cost, and we have watched that grow over the last couple of years substantially.

Chairman STEVENS. Gentlemen, do you have any further questions?

Senator CAMPBELL. Mr. Chairman, I had just one comment. I certainly support your decision to try and include GAO in these enlargement proceedings so we can get a better handle on the cost. But, as I understand it, we are going to be dealing with the resolution of ratification in early 1998. Looking at their timeline in attachment I, it says in spring of 1998 the new members will force goal set. In June 1998 NATO will decide on how much to increase the common budgets.

So, at best, we might not get the numbers back that we need. If we are going to vote on ratification before they even find out the increased costs, it is still going to put us at a disadvantage.

Chairman STEVENS. I think the Senator has a point. There is no question about it, and I do not think we can control that timetable, our only device for being able to control the reservations we put on the resolution of ratification.

CONCLUSION OF HEARINGS

Well, we do thank you very much and look forward to working with you. If you need any documentation for our request, we will notify DOD and notify the State Department of our request to your agency. Thank you very much.

Mr. HINTON. Thank you very much, Mr. Chairman.

[Whereupon, at 10:47 a.m., Thursday, October 23, the hearings were concluded, and the committee was recessed, to reconvene subject to the call of the Chair.]