Alliance or Neutrality: A Comparative Study in Defense

A Monograph

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For sovereign states determining how to preserve their security has been a fundamental dilemma. Some states have waged war to expand their frontiers, purposely to establish a secure cordon or to destroy perceived hostile rivals, some have entered into collective security arrangements, while others have sought out a position of neutrality, armed or otherwise. This monograph presents a paired comparison of two European neutral states and two European NATO members. The purpose is to explore the contextual setting of security policy in a focused comparative setting. This research helps us understand the complexity of decision-making amongst European states. It provides a cautionary note on attempts to determine a general approach to European security.

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Abstract

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For sovereign states determining how to preserve their security has been a fundamental dilemma. Some states have waged war to expand their frontiers, purposely to establish a secure cordon or to destroy perceived hostile rivals, some have entered into collective security arrangements, while others have sought out a position of neutrality, armed or otherwise. This monograph presents a paired comparison of two European neutral states and two European NATO members. The purpose is to explore the contextual setting of security policy in a focused comparative setting. This research helps us understand the complexity of decision-making amongst European states. It provides a cautionary note on attempts to determine a general approach to European security.

Contents

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SAPERE AUDE!

Acronyms

CFSP	Common Foreign and Security Policy
EAS	External Action Service
EC	European Community
EEA	European Economic Area
EEC	European Economic Community
EDA	European Defense Agency
EFTA	European Free Trade Agreement
EOD	Explosive Ordnance Detachment and/or Disposal
EU	European Union
GDP	Gross Domestic Product
HQ	Headquarters
ISAF	International Security Assistance Force
NATO	North Atlantic Treaty Organization
NRF	NATO Response Forces
PESCO	Permanent Structured Cooperation
PfP	Partnership for Peace
USSR	Union of Soviet Socialist Republics
V4	Visegrád Group
WEU	Western European Union

Introduction

> In the post-Afghanistan era, decisions by NATO members to expand cooperation on cybersecurity and other non-kinetic security efforts would enlarge the field on which the former neutrals can play. Although Sweden and Finland have strong military traditions, the other three countries are most likely to contribute when the guns have fallen silent. This may be seen by some NATO governments as insufficient. But it may be the way in which the very special security circumstances and policies of these "formerly neutral, now non-aligned nations" can co-exist with more intensive partnership relations.
>
> — Stanley R. Sloan, *NATO Review*

On 4 April 1949, ten European countries, Canada and the United States signed the North Atlantic Treaty.[1] This treaty established the North Atlantic Treaty Organization, an alliance based on a shared responsibility for defense. In years following, a formal organization evolved, which has struggled since its beginning with defining and assessing what constitutes appropriate contributions to collective defense. By 2017, the number of member states has increased to twenty-nine. The NATO's *raison d'etre* of preservation of peace and security was built around collective defense and the Article V of the treaty.[2] The specific reason for the establishment of the Alliance and the source of its legitimacy was the communist threat emerging from the Soviet Union. With the establishment of NATO, the debate surrounding its funding started. The concept of burden sharing comes from Article III, which stated the members "will maintain and develop their individual and collective capacity to resist armed attack."[3] While the Treaty itself does not specifically address the funding of the organization, Article IX established bodies that are

[1] The ten European countries are: Belgium, France, Denmark, Luxembourg, Iceland, Italy, the Netherlands, Norway, Portugal, the United Kingdom.

[2] North Atlantic Treaty Organization, "The North Atlantic Treaty," NATO, accessed September 09, 2017, https://www.nato.int/cps/en/ natohq/ official_texts_17120.htm. Article V states that an armed attack against one shall be considered an attack against all.

[3] Ibid., Article III.

responsible for the implementation of Articles III and V.[4] However, these bodies have no authority to instruct the members on what their contributions must be.

The concept of fair burden sharing presented the foundation for contributions to collective defense. The Alliance does have a common fund, comprised of the civil budget (NATO headquarters running cost), the military budget (cost of the integrated command structure), and the NATO Security Investment Program. These funds, however, only cover a fraction of the cost of all activities corresponding to NATO's functions.[5] Furthermore, no NATO formula exists to adequately evaluate contributions of member states or determine what constitutes a fair share. In line with that, even if a fair share was determined, there is no forcing mechanism in place that would sanction members who would not comply. In addition, when a decision has been made to engage in an operation or if Article V is invoked, member states' contributions are voluntary, further complicating the burden-sharing principle.[6]

Because there is no agreed-upon comprehensive system of evaluating contributions, member states always compare their share to those of others. That is particularly true when discussing the contribution of the United States for the defense of the European NATO allies. Since the recovery of many of the European countries' economies after World War II, the United States has criticized European allies for not contributing their fair share. Criticism carries much weight because the highest American authorities continuously address the issue. In 1973, the Nixon Administration signed an amendment, which gave the Western European countries two years to start offsetting the cost of the US forces deployed to Europe, before the president would

[4] Ibid. Article IX talks about a Council that will establish a defense committee. The committee is responsible for implementation of Articles III and V.

[5] North Atlantic Treaty Organization, accessed November 1, 2017, https://www.nato.int/cps/en /natohq/topics_67655.htm. Within the principle of common funding, all 29 members contribute according to an agreed cost-share formula based on their GDP.

[6] Ibid. Article V states each of the member states will assist the attacked by taking actions as it deems necessary. No minimal action or level of contribution is defined by the NATO treaty. However, it is true that expectations different when Article V is invoked.

begin withdrawing them.[7] Ronald Reagan's major defense overhaul focusing on modernization and increase of the US military forces would potentially come at an expense of the US NATO contributions.[8] One of the major points of Barack Obama's election platform was a Pivot to Asia. He made clear that European nations' complacency about their defense needs to change and that every NATO member should contribute its *full* share; therefore, spend two percent of Gross Domestic Product (GDP) on defense.[9] Donald Trump continued the trend with pre-election grievances of "NATO costing the USA a fortune," that "NATO members must finally contribute their fair share," and "Europe must do more."[10] Because it is associated with public spending, NATO spending debate gains momentum during presidential campaigns and in times of US financial crisis.[11]

In the world of international politics, the most common indicator of investment in defense is the percent of GDP devoted to defense. Since 2006, the guideline for the share of GDP devoted to defense has been set at two percent. This percentage benchmark first gained widespread acceptance in the late 1970s when the United States pushed for a three percent commitment. It is

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[7] Alan Tonelson, "NATO Burden-Sharing: Promises, Promises," *Journal of Strategic Studies* 23, no. 3 (2000): 23. The Jackson-Nunn Amendment, which gave the Europeans only two years to start offsetting most of the costs for forward-deployed US forces before they would begin withdrawing these forces.

[8] Kevin N. Lewis, *Measuring the US Financial Contribution to NATO's Defense* (Santa Monica, CA: RAND, 1989), 12. With the US Navy focused on the Pacific, the budgetary trade-ofs or investing in a planned 600 ship fleet could compete for US NATO spending. However, most US Army budget increase was fairly heavily geared to the European theater.

[9] "Remarks by President Obama in Address to the People of Europe," National Archives and Records Administration, accessed November 2, 2017, https://obamawhitehouse.archives.gov/the-press-office/2016/04/25/remarks-president-obama-address-people-europe. The shift to the Pacific is not a new phenomenon in US foreign policy. Lewis, in Measuring the U.S. Financial Contribution to NATO's Defense, published in 1989, writes about a general strategic shift toward the Pacific Basin.

[10] Glenn Kessler, "Trump's Claim That the U.S. Pays the 'Lion's Share' for NATO," *The Washington Post*, March 30, 2016, accessed November 12, 2017, https://www.washingtonpost.com/ news/ fact-checker/wp/ 2016/03/30/trumps-claim-that-the-u-s-pays-the-lions-share-fornato/?utm_term-=.1945846a8106.

[11] Charles A. Cooper and Benjamin Zycher, *Perceptions of NATO Burden-Sharing* (Santa Monica, CA: RAND, 1989), 5.

simple, it briefs well, and it includes a great deal of ambiguity; it is a recommendation, not a requirement. The most negative aspect of the two percent criterion is there is no common methodology in place to evaluate how members spend defense funds. There is only a general recommendation to break down the two percent of GDP in terms of fifty percent for personnel, twenty for acquisition and thirty for other expenses (maintenance, research, and development, etc.). While the world of politics is fixated on the two percent goal, variety and scope of academic literature on the subject demonstrates the problematic nature of this particular metric. Accordingly, the reviewed literature fails to produce a coherent alternative and detailed approach to evaluate contributions.

Literature Review

The literature review examines selected scholarly publications, studies, reports in the field of NATO burden sharing as well as official NATO documents. For methodology on framing and evaluating burden sharing, the entire period of NATO's existence is considered. A consistent theme, both during the Cold War and since has been a persistent criticism of European NATO members' contributions to collective defense. Most authors agree that an increase in the percentage of GDP dedicated to defense will not end the burden-sharing debate for a number of reasons. First, an increase in defense spending does not directly correlate to the manner in which funds are spent. The fifty/thirty/twenty guideline, with two percent for research and development, is the *only* monetary recommendation that NATO gives to its members and monitors.[12]

Second, increased defense spending does not necessarily enhance military capacity and capability. Unless members agree on measures of performance and efficiency, they cannot objectively compare spending across the Alliance. The issue is exacerbated because measures of performance, readiness, and sustainability are national responsibilities, subject to members' own

[12] North Atlantic Treaty Organization, "Funding NATO," NATO, accessed November 2, 2017, https://www.nato.int/cps/en/ natohq/topics_67655.htm.

internal evaluation, an authority that they are not willing to give up.[13] Furthermore, an increase in military capacity and capability of a member nation, especially if spent locally to enhance territorial defense, does not necessarily contribute to overall military capability and capacity of the Alliance.[14]

Third, in a group setting, member states tend to discount contributions of other members. They view all contributions (their own and others') through the lens of their own foreign policy objectives, threat perceptions, and defense strategies, and tend to place greater value on contributions that promote their interests over those of others.[15] In addition, it is challenging to compare or assign values to different types of military and nonmilitary contributions. The most common approach to evaluation is to analyze the number of troops employed in various NATO operations (i.e. Slovenia currently deploys 347 troops or five percent of its active duty military). This ignores the relative value and the type of those contributions because various type units, i.e. light infantry, medical, Explosive Ordnance Detachment and/or Disposal (EOD), are all assigned the same value. That members contributing infantry units will want to present a number of troops, and members contributing medical units will want to display type of unit, supports the argument that NATO should not use troop contributions as a measure of overall contribution to collective defense. Furthermore, member states deploy troops to operations outside NATO missions (EU missions, UN missions), that arguably contribute to collective defense yet do not count against their contribution to NATO.

Throughout the Cold War, European members considered the NATO alliance territorial in nature. The defense against a Soviet invasion was oriented on the border between the Federal

[13] Anthony H. Cordesman, *NATO and the Delicate Balance of Deterrence: Strategy versus Burden Sharing*, report, Center for Strategic and International Studies, February 7, 2017, 18, accessed August 8, 2017, https://www.csis.org/analysis/nato-and-delicate-balance-deterrence-strategy-versus-burden-sharing.

[14] A member state's increase in the capacity to conduct territorial defense does not directly translate into the Alliance's capacity to conduct expeditionary operations.

[15] Cooper, *Perceptions of NATO Burden-Sharing*, vi.

Republic of Germany and the German Democratic Republic. After the Cold War, with conflicts in Bosnia and Herzegovina and Kosovo, NATO remained a territorial-based alliance. Today, many European countries still maintain a "territorial defense" mindset. However, with the operations in Afghanistan and Iraq, out of area operations have challenged the territorial principle. Some authors suggest that the geopolitical character of NATO has now changed from a regional to a global organization. They suggest NATO should expand its role to include fighting terrorist organizations and ideological extremist groups around the globe.[16] Since defense spending is fundamentally intertwined with an actual or perceived threat, a clearly defined threat and a sound strategy to combat that threat are necessary. An agreement that NATO should fight terrorism globally would serve as a precursor for the European Alliance members to transition from territorial based to expeditionary based forces and in line with that, adjust their defense budgets. However, countries located close to Russia perceive a conventional threat as a far greater danger than global terrorism and are adjusting transformation of their armed forces accordingly. Due to numerous restrictions (monetary, number of troops, type of equipment, etc.), smaller states do not have an option to balance between expeditionary forces and territorial defense forces. They need to choose one or the other. Choosing the former serves the purposes of the Alliance; ignoring the second runs a large domestic political risk.

Another attempt to frame the burden-sharing debate is to directly link defense spending to operational capabilities of member states. According to some authors, burden sharing should not be evaluated in terms of financial spending or contributions. Instead, it should be based on military planning and assignment of functions in terms of the defense of the European continent. The burdens of providing security should be fairly distributed by developing common operational

[16] Cordesman, *NATO and the Delicate Balance of Deterrence*, ii.

plans and assigning responsibilities for execution of those plans among member states.[17] NATO Response Forces (NRF), which can conduct a wide variety of operations, follow this approach. However, they constitute only a small portion of the Alliance's military power. While the operational approach might fairly distribute burden, it requires a common threat, something on which the Alliance members have not been able to agree. To achieve unity of effort, member states need to develop somewhat convergent national interests in the area of defense.

Another common source of criticism by the scholarly literature on burden sharing are the 2011 allied operations in Libya. The coalition failed to successfully conduct the campaign without the United States' assistance. A critical shortage of key enablers, primarily expeditionary assets (air-to-air refueling and strategic lift), as well as precision-guided munitions, and worrisome readiness levels of fighter jets, attack and transport helicopters, were seen as consequences of inadequate defense spending, which supports the argument that European countries are not carrying their fair share of the burden.

There is a clear pattern of a quantitative approach to evaluate national contributions to the Alliance. Even NATO HQ uses purely quantitative data to analyze and compare defense efforts of member states. The expenditures they use for evaluation include: total defense expenditures, defense expenditures in relation to various GDP data, defense expenditures by category and armed forces personnel strength.[18] Since NATO annually publishes figures, they form a common foundation on which analysts and scholars build their studies and reports. It is also worth noting

[17] Taking into consideration member states' various approaches to security and divergent national interests, it would be challenging for all to agree on a common Campaign Plan.

[18] North Atlantic Treaty Organization, "Information on Defence Expenditures," NATO, accessed November 2, 2017, https://www.nato.int/cps/en/natolive/topics_49198.htm. See also, Alexander Mattelaer, "Revisiting the Principles of NATO Burden-Sharing," *Parameters,* March 22, 2016, 26.

that, since 2004, the United States either no longer publishes or no longer publicly reports figures on Allied Contributions to the Common Defense.[19]

The validity of the conclusions of most scholars is questionable because the GDP and finance-based research overlook a series of other factors that have a significant influence on the military capacity of member states. First, there is no NATO-wide mechanism to oversee or analyze how member states spend their defense-related funds. There is a general guideline stating that defense budgets should be divided into fifty percent for personnel cost, thirty percent for maintenance, and twenty percent for procurements with two percent devoted to research and development. This approach fails to take into account efficiency of the defense apparatus and the fact that the military spending does not directly translate into military capacity output.

Second, most authors assume that all countries place the same premium on security. The United States needs to project its power globally to achieve the objectives set forth by the National Security Strategy (NSS).[20] With the capacity to command the commons as one of the ways to promote its vital interests, the United States must invest heavily into strategic maritime and air components, which are traditionally more expensive than ground troops. On the other hand, individual European countries, except arguably the former colonial powers, are interested only in providing security locally and regionally, and therefore invest into less expensive operational level components. Emerging Russia provides evidence that many European countries view threats regionally. While the Baltic countries and Poland have significantly increased their

[19] US Department of Defense, "Allied Contributions to the Common Defense," US Department of Defense Archive, accessed November 12, 2017, http://archive.defense.gov/pubs/allied.aspx. The last report was published in 2004.

[20] US Department of State, *National Security Strategy 2017* (Washington, DC: Government Printing Office, 2017).

defense capacities, the perceived Russian threat had little influence on other European countries' defense budgets.[21]

Third, most authors address sovereign European nations as if they are a single entity, simply Europe.[22] They neglect the fragmentation of European politics and that some European countries are members of NATO and not members of the EU and vice versa.[23] In addition, even if all European countries were in NATO or in the EU, they would not necessarily have a common foreign or defense policy, nor would they share the same perspective on providing security. The current EU approach to foreign and defense policy provides a good example. The founding document of the modern EU, the Maastricht Treaty (1992), established a common foreign and defense policy as one of the three pillars of the EU. Subsequently, the Lisbon Treaty, signed in 2007, in effect since 2009, created the post of the High Representative for Foreign Affairs and Security Policy (High Representative). Despite high hopes and initiative, the efforts to further promote the role of the EU in creating and implementing a coherent EU common foreign and defense policy have not met expectations. This is evident in the member states' relationships with Russia; the High Representative's lack of executive power; recognition of the Republic of Kosovo by most, but not all EU members; and limited political and operational support for the military operations in Libya in 2011. The issue is further exacerbated by the variety of European countries' national security strategies, resulting in a "European Strategic Cacophony."[24]

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[21] North Atlantic Treaty Organization, "Information on Defence Expenditures," NATO, accessed November 2, 2017, https://www.nato.int/cps/en/natolive/topics_49198.htm. The comparison between Latvia, Lithuania, and Spain provides support for the argument.

[22] In this case, the author refers to the European nations with common history, culture, and values, not the European continent. In general, the border runs along the eastern border of the Baltic states, Poland, Romania, Bulgaria, and Greece.

[23] Albania and Norway are in NATO, but not the EU. Austria, Finland, Ireland, Malta and Sweden are in the EU, but not in NATO. Switzerland is not a member of either organization.

[24] Olivier De France & Nick Witney, "Europe's Strategic Cacophony," ECFR.EU, April 25, 2013, accessed November 2, 2017, http://www.ecfr.eu/publications/summary/europes_strategic_cacophony205.

Considering all European countries as a part of a single entity with a common security perspective ignores the political, social, and economic fragmentation of the European continent.

The approach to the evaluation of contributions and burden sharing that goes beyond mere statistical analysis typically relies on Mancur Olson's logic of collective action theory.[25] Olson's influential work on public goods and the theory of groups seems to offer a natural approach to explain the behavior of member states regarding burden sharing. Olson developed three concepts that are applicable to the burden-sharing debate and used throughout the burden-sharing literature.

The first concept is "public vs. private good." According to Olson, "public goods are the common or collective goods provided by the governments."[26] Public goods are nonexcludable and nonrival; private goods are excludable and rival.[27] Nonexcludable means that all can benefit from the good, even if they do not invest anything (i.e. all European countries benefit from the US nuclear arsenal functioning as a deterrent, no matter if they are a part of NATO). Nonrival means that the value of the public good does not diminish if more members are consuming it (i.e. nuclear deterrent's function remains the same no matter how many countries benefit from it). In the view of the burden-sharing debate, the private good is the quantitative and qualitative contribution of a member state. In other words, what member states contribute to the Alliance. The public good is the security manifested in terms of collective defense and deterrence, what member states receive from the Alliance.

Article addresses lack of shared strategic culture in Europe which has a significant influence on NATO and also the EU.

[25] Mancur Olson, *The Logic of Collective Action: Public Goods and the Theory of Groups* (Cambridge, MA: Harvard University Press, 1965).

[26] Olson, *The Logic of Collective Action*, 14.

[27] Ibid., 52. Nonexcludable means that all can benefit from the good, even if they do not invest anything (i.e. all European countries benefit from the US nuclear arsenal functioning as a deterrent, no matter if they are a part of NATO).

Olson's second applicable concept is the "exploitation of the large by the small." He writes that "a small group interested in a public good will provide a less than optimal supply of that good, and that there will also tend to be disproportionality in sharing of the burdens of providing the good."[28] In our case, once the largest member in a small group (the United States) obtains the amount of public good (security), it deems necessary burden in obtaining additional security will be unfavorably disproportional. In line with Olson's theory, the smaller members of the Alliance should shy away from their responsibilities and consume the same public good (security) as larger countries without contributing as much. Use of this argument in burden sharing debate is questionable for two reasons. First, it is difficult to prove that the prolonged war in Afghanistan directly or indirectly contributed to the collective defense (Olson's public good) of NATO members. Second, all NATO members contributed to ISAF efforts, some more than their perceived share, some less.

The last concept is "free riding." In an ideal situation, all members of an organization would share the cost of providing a public good (security) according to an agreed-upon formula. However, since no such formula exists and due to the nature of the public good, which is nonexcludable and nonrival, members tend not to bear an equitable share of the burden of providing a public good (security).[29] According to Olson, the level of free riding depends on the size of the members and size of the organization. Within smaller organizations, constant face-to-face interaction tends to limit free riding. However, a quantitative approach, based on the share of GDP devoted to defense spending, supports the assumption that free riding is common in NATO.

In his research *Stepping Up: Burden Sharing by NATO's Newest Members*, Joel R. Hillison addressed all three of Olson's concepts. He is one of the few authors who took into

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[28] Olson, *The Logic of Collective Action*, 35.

[29] Joel R. Hillison, *Stepping Up: Burden Sharing by NATO's Newest Members* (Carlisle Barracks, PA: US Army War College Press, 2015), 19.

account the political, social, and economic fragmentation of the European countries. His study of the effects of NATO enlargement adds an additional layer of analysis to his research. Hillison found that, when analyzed in terms of military expenditure as a percentage of GDP, the larger members do share a greater relative proportion of burden than smaller members. That supports Olson's concepts of "exploitation of the great" and "free riding."[30] On the other side, when analyzing troop contributions to NATO missions associated with the willingness to take risks, Hillison determined that smaller members provided appropriate contributions, therefore challenging Olson's concepts. The deviations from the logic of collective action theory cannot be explained by a quantitative approach and will be addressed later in the research. Last, Hillison discovered that NATO enlargement did not increase free riding behavior, which again challenges the theory of collective action.

Throughout the studied literature, authors frequently concluded the following:

- Only general guidelines exist on how the defense budgets should be broken down; however, there are no mechanisms to account for how that money is spent.
- Increase in defense spending does not directly translate into an increase in military capabilities.
- Member states discount contributions of other members.
- A focus on territorial defense rather than on expeditionary forces results in duplication of capabilities, spending resources that could otherwise be devoted to collective defense.
- NATO should transition from the territorial defense of the European continent to out-of-area (non-Article V) operations, fighting terrorist organizations and ideological extremist groups, while maintaining a focus on deterring the Russian threat.
- Defense spending should be evaluated in terms of operational capabilities and contributions of members states. This approach would require agreement on a common threat and an approach to counter that threat.

The following patterns are prevalent in the NATO burden sharing literature: focus on quantitative approach; neglecting, or acknowledging but not including in analysis, the

[30] Hillison, *Stepping Up*, 308, 310.

fragmentation of European politics; overreliance on the economic model of logic of collective action; failure to account for the fragmented political character of the Alliance; discounting the effects of the economic recession on defense budgets; neglecting the US global interests versus regional interests of most European countries; and attempting to answer a political and ambiguous question in a military manner, with a clear, definite, and prescriptive answer.

The following sections focus on two studies. The first is a historical analysis of the Norwegian, Swedish, Austrian, and Slovenian approaches to providing security. The findings are then compared and contrasted between Norway and Sweden as well as between Austria and Slovenia. In both dyads, there is a NATO alliance member and a roughly comparable neighboring state. Norway, a founding member of the Alliance, faced a dilemma in 1948 on whether to follow a Scandinavian model of neutrality or join a collective security organization. It is a NATO member, but not part of the EU. Sweden, with a different World War II experience, decided to further pursue neutrality. It joined the EU in 1995 but chose the path of military non-alliance over NATO membership. Austria's decision for neutrality was a condition of sovereignty more than a matter of choice. Austria also joined the EU in 1995 and also chose to remain neutral. Slovenia is one of the newest members of both the EU and NATO. While not the same, but similar in size, it chose a different path towards providing security. Again, similar states and neighbors have elected significantly different approaches to providing national security.

Next, the research presents an analysis of the individual states' approach to security evaluated through the lens of the "logic of collective action theory," presented in the literature review section. The final section compares and contrasts findings.

Norway: NATO Member

Despite its rich and colorful history, Norway only became an independent country in 1905. A predecessor to modern Norway was a union of small kingdoms established around the year 900. Then, during the fourteenth century, it became a part of Denmark, and after the Napoleonic Wars, it was part of a dual monarchy under the Swedish crown.[31] Centuries of rule by the Danes and the Swedes, including the conduct of external affairs, left Norway with a nonexistent foreign policy in 1905. Decisionmakers in Oslo, faced with an unfavorable geopolitical position, decided on policies of isolation and neutrality.[32] In 1905, Bjørnstjerne Bjørnson, one of the most famous Norwegians, said that "our best foreign policy is no foreign policy."[33] Politicians hoped that focus on internal affairs and trade would allow for the *Storting* (the parliament) to create conditions for a development of an egalitarian middle-class industrial society free of class differences.[34] In the decades leading up to its independence, Norway had built one of the largest merchant fleets in the world. Maritime trade, protected by the British Royal Navy, and good relationships with potential trade partners, became foundations for the overall progress of the country.

Norway managed to officially remain neutral throughout World War I. From the onset of the war, Norwegians profited by selling goods to both sides. Eventually, faced with the demands of the British on one side and the German unrestricted submarine warfare on the other, they decided to support the British efforts. In 1917, Norway signed the Tonnage Agreement and gave

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[31] Joseph Frankel, "Comparing Foreign Policies," *International Affairs* 44, no. 3 (1968): 483-93, 483.

[32] Unfavorable in terms of geographical proximity to then imperialistic Germany and Russia, as well as history with Sweden and Denmark. Furthermore, a small population, a coastline of 21,926 kilometers, over fifty thousand islands, and difficult mountainous terrain throughout the country have never allowed for Norway to independently defend its sovereign territory.

[33] Johan C. Haraldsen, *NATO Expansion and Norway* (Bloomington, IN: Indiana University, 1997), 14.

[34] Ibid.

control over its large merchant fleet to Great Britain.[35] Norway remained neutral throughout the interwar period. At the beginning of World War II, the German invasion and occupation in May of 1940 shattered their illusion of neutrality as a foreign and security policy. A year later, the government in exile announced a renunciation of neutrality and a shift towards the British and transatlantic alliance.[36] Joseph Frankel's study of the Norwegian foreign policy after World War II portrays the dilemma the Norwegians were facing: "Traditional neutrality proved to be of no avail, security co-operation with Sweden is unacceptable and not fully reassuring, international organisation [sic] is a weak reed to lean upon, and the value of British naval protection is increasingly diminishing."[37]

Norway's government saw a solution to their security situation in the establishment of, and participation in a new transatlantic alliance, an organization that would provide a collective defense by and for its members. To appease the supporters of neutrality as well as to assure the Soviet Union, the government insisted on two major caveats regarding its membership in NATO. First, in peacetime, there would be no permanent basing of NATO troops on Norwegian soil; and second, there would be no nuclear weapons deployed to Norway. Nevertheless, the Allies welcomed Norway as a member because of its unique geostrategic position. A common border with the Soviet Union, the proximity to Soviet ballistic missile submarine bases, the ability to control the Norwegian Sea and the Soviet access to the Atlantic Ocean, as well as polar routes between the United States and the Soviet Union, made Norway vulnerable as well as important to the Allies.[38]

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[35] Karl Erik Haug, "Norway," *International Encyclopedia of The First World War*, accessed April 7, 2018, https://encyclopedia.1914-1918-online.net/article/norway.

[36] Frankel, "Comparing Foreign Policies," 484.

[37] Ibid., 485.

[38] John Lund, *Don't Rock the Boat: Reinforcing Norway in Crisis and War* (Santa Monica, CA: RAND, 1989), v.

During the Cold War, Norway relied on NATO to provide reinforcements in case of Soviet aggression. The main task of the Norwegian armed forces was to delay the invasion and provide time for the Allies to deploy. The loyalty to NATO in general and to the United States, in particular, formed the foundation of Norway's "grand strategy."[39] The military assistance program after World War II, reinforcement plans, prepositioned military equipment, and annual international military exercises gave assurance to the Norwegians and served as a deterrent against the Russians. However, Norway sought security beyond NATO by supporting the development of the United Nations as well as participating in various limited Scandinavian security initiatives.

Parallel to contributing to the transatlantic security assurance, Norway sought Euro-Atlantic integration. A vast market available for the Norwegian offshore wealth including merchant shipping, fishery, natural gas and oil was the greatest appeal for closer ties with the European countries. However, the Norwegians fought too hard and too long to become independent and were not prepared to give up their sovereignty. After centuries of rule by Denmark and Sweden, the population's desire for prosperity allowed for closer economic ties; however, at the same time, the desire to retain autonomy prevented a complete European integration.

The economic relationship between Norway and the European establishments changed significantly in the years since the end of World War II. In 1959, Norway was one of the co-founders of the European Free Trade Agreement (EFTA) initiative. Seven European countries established EFTA as a rival to the European Economic Community (EEC). The initiative eventually lost its relevance when most of its members joined the EEC, the predecessor to the European Community and the European Union. Norway attempted to join the EEC twice in the

[39] Nina Græger, "Norway in a Transatlantic Tight Spot Between US and European Security Strategies?" *Security Dialogue* 36, no. 3 (2005): 412-16, 414.

1960s; however, the French resistance to accept the British halted the expansion.[40] Nevertheless, Norway continued to pursue a complete European integration. In 1970, while negotiating a treaty with the EEC, Norway held a referendum for the population to decide whether they wanted to join the union. Despite a strong campaign advocating for membership, a narrow majority of voters decided against membership in the EEC.[41] In 1994, with Finland and Sweden, Norway again applied for membership in the EU, which was established a year earlier and had absorbed the EEC. Once more, the popular vote decided against full membership by a very narrow margin.[42] Both times, in 1970 and 1994, the population's attachment to complete sovereignty came forth and rejected a subjugation to an external international organization.

Failed attempts to join the ECC/EU did not derail Norway's foreign policy of advancing economic ties with the ECC/EU and other European countries. The EFTA lost its significance when most members joined the ECC/EU. However, the 1994 EU Agreement on the European Economic Area (EEA) offered an opportunity for further economic integration to those EFTA members who were still outside the EU.[43] The EEA established a single internal European market, which is built around four freedoms: free movement of goods, persons, capital, and services across all member states.[44] In addition, the Agreement covers cooperation in the so-called "flanking and horizontal" policies, such as research and development, education, social

[40] Gänzle, "From 'Awkward Partner' to 'Awkward Partnership'?" 11.

[41] *Norway and the EU: Partners for Europe (2015),* accessed November 10, 2017, https://www.regjeringen.no/en/dokumenter/norway-and-eu-partners/id2401293, 11. 53.5 %, voted against EU membership.

[42] Ibid. 52.2 % voted against EU membership.

[43] In 1993, there were four EFTA members that were not a part of the EU: Iceland, Liechtenstein, Switzerland, and Norway. Today, Switzerland is the only member of EFTA that is not part of the EEA or the EU.

[44] "European Economic Agreement," EEA Agreement/European Free Trade Association, accessed February 24, 2018, http://www.efta.int/eea/eea-agreement.

policy, the environment, consumer protection, tourism, and culture.[45] The Agreement does not cover the Common Agriculture and Fisheries Policies, Customs Union, Common Trade Policy, Common Foreign and Security Policy, Justice and Home Affairs, or Monetary Union.[46]

Membership in the EEA is very closely associated with membership in the EU. The implementation of the four freedoms as well as the flanking and horizontal policies required Norway to significantly adjust its legislature. Since 1994, Norway has incorporated more than five thousand EU legal provisions, with only fifty-five exemptions, into its legislature and today, about one-third of all Norwegian legislation includes elements of the EU legislature. [47] Additionally, Norway signed more than seventy bilateral agreements with the EU, including the Schengen Area, the Dublin Cooperation, the European Migration Network, and Europol.[48]

While a popular vote twice prevented Norway from becoming a full member of the ECC/EU, the inclusion of large legal provisions and significant changes in the legislature have had a profound effect on its domestic and foreign policy. To circumvent constitutional limitations of accepting direct binding decision of various EU organizations, Norway, and other EEA EFTA states, established a two-pillar political structure with joint bodies through which EEA states implement the EEA Agreement.[49] In the process, the parliament has successfully de-linked the

[45] "European Economic Agreement," assessed February 24, 2018, http://www.efta.int/eea/eea-agreement.

[46] Ibid.

[47] Gänzle, "From 'Awkward Partner' to 'Awkward Partnership'?" 2.

[48] Norway and the EU: Partners for Europe, 13. The Dublin cooperation establishes the criteria and mechanisms for determining which state is responsible for examining an asylum application; the European Migration Network contributes to policy development on migration and asylum through exchange of information, experience and best practice; Europol, the European Law Enforcement Organization aims at improving cooperation between the competent authorities in EU member states, and their effectiveness in preventing and combating terrorism, unlawful drug trafficking and other serious forms of international organized crime.

[49] "European Economic Agreement," assessed February 24, 2018, http://www.efta.int/eea/eea-agreement. The EU and its institutions constitute one pillar (EU bodies), while the EEA EFTA States and their institutions constitute the other pillar (EEA EFTA bodies), mirroring those of the EU. Between these

pursuit of EU membership from adaptation and implementation of EU policies.[50] Therefore, while EU membership remains in the foreground, visible and controversial, the EU adaptation and integration are constantly evolving in the background, concealed from the population. Therefore, even if the population generally opposes full membership in the EU, they do not object to the inclusion of EU legal provisions into domestic legislature. That is in direct conflict with the traditional Norwegian reasoning for rejecting EU membership, namely to protect Norwegian democracy and sovereignty.[51]

Notably, a partial EU integration comes with a critical disadvantage. Norway has very little formal influence on the matters of the EU. Norwegians are involved in most EU structures and have a right to voice their opinions in all forums; however, they do not have a decision-making authority or the right to vote in the EU affairs, which puts them to a significant disadvantage compared to the EU members.

After World War II, Norway unsuccessfully sought Nordic connections to provide for its defense and security. Unable to defend the country on its own, Norway turned to Great Britain and the United States and found assurance within the NATO alliance. Parallel to the creation of NATO, European countries sought a purely European security framework. These efforts manifested in the signing of the Treaty of Brussels in 1948, an agreement on a collective defense endeavor to prevent future military conflict on the continent.[52] After a failed attempt to create the European Defense Community, the Treaty of Brussels was modified into the Western European

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two pillars, joint bodies have been established. Through these joint bodies, the EEA States jointly implement and develop the EEA Agreement.

[50] John Erik Fossum, "Norway's European 'Gag Rules'," *European Review* 18, no. 01 (2009), 84.

[51] Gänzle, "From 'Awkward Partner' to 'Awkward Partnership'?" 74.

[52] "Shaping of a Common Security and Defence Policy - EEAS - European External Action Service - European Commission," EEAS - European External Action Service, August 04, 2018, accessed February 12, 2018, https://eeas.europa.eu/headquarters/headquarters-homepage_en/5388/Shaping of a Common Security and Defence Policy.

Union (WEU) in 1954. With the European Communities, the Council of Europe, and other bodies taking over non-security related areas, the WEU dealt only with purely defense matters.[53] After a quiet period, the WEU members adopted several changes to the organization with the 1984 Rome Declaration. They transitioned from focusing solely on internal security to include external influences on European security, an approach manifested in the Petersberg Tasks (1992).[54] Also, they decided to increase the size of the organization. As a part of the enlargement, WEU leadership invited Norway to become an Associate member in 1994.

With the expansion of responsibilities, the WEU was increasingly referred to as "NATO's European pillar and the EU defense arm."[55] Eventually, the EU absorbed the WEU, starting with the transfer of capabilities and functions in 2000 and ending with the closing down of the WEU in 2011. Norway saw the integration of the WEU into the EU as an issue. According to a statement by then Foreign Minister Kolberg, if the EU was given the authority to use NATO resources, Norway, as a WEU associate member and an EU non-member, could be left without a voice in the decision-making processes.[56]

To retain relevancy in the European security area, Norway actively participated in European security developments. To participate in the EU led civilian and military operations, Norway has signed agreements with the EU and has contributed troops for EU operations in the Balkans, on the Horn of Africa and in the Middle East. At the same time, Norway has continued

[53] "Shaping of a Common Security and Defence Policy," accessed February 12, 2018, https://eeas.europa.eu/headquarters/headquarters-homepage_en/5388/Shaping of a Common Security and Defence Policy.

[54] Petersberg tasks established that the WEU can be used for operations outside Europe (humanitarian and rescue tasks, peacekeeping tasks, tasks of combat forces in crisis management, include peacemaking).

[55] Haraldsen, *NATO Expansion and Norway*, 94.

[56] Ibid., 100.

to deploy soldiers to both NATO and UN operations.[57] To further augment its relationship with the EU in the area of defense, Norway entered into cooperation with the European Defense Agency (EDA) in 2006, giving it an opportunity to participate in EDA projects and programs, a forum to express its views on EDA activities, a framework to enhance information exchange with EU members, and a market for its defense industry.[58]

Norway is one of the countries that most obviously challenges Olson's theory of the collective action. First, as the other European countries, Norway benefits significantly from the common and collective good (security, collective defense, and deterrence) provided by NATO. Its unique position in the High North, with challenging geography, and proximity to Russia all contribute to a public acknowledgment of Norway's dependence on the international organizations for security and have contributed to a very strong Norwegian commitment to those organizations. Norway's reliance on NATO for deterrence and military response to a potential Russian aggression had paved a way for Norway to become a security provider, especially in the High North Area, including the Norwegian and Barents seas as well as the increasingly contested Arctic Ocean. Even though Norway does not spend two percent of its GDP on defense, its defense expenditure per capita is by far the largest among the European NATO members and second only to the United States.[59] In addition, the Norwegian *Long Term Defence Plan* calls for

[57] Forsvaret, "International Operations," Forsvaret.no, accessed March 08, 2018. Currently, Norway is participating in the following NATO operations: ISAF (International Security Assistance Force in Afghanistan), KFOR (Kosovo Force) and Operation Ocean Shield (NATO's counter-piracy mission in the Gulf of Aden and off the Horn of Africa), and UN operations: UNMISS (UN mission in South Sudan), MINUSMA (The United Nations Multidimensional Integrated Stabilization Mission in Mali), and UNFICYP (United Nations Peacekeeping Force in Cyprus).

[58] "Foreign Policy," Norgesportalen, accessed March 08, 2018, https://www.norway.no /en/missions/eu/areas-of-cooperation/foreign-policy.

[59] North Atlantic Treaty Organization, "Information on Defence Expenditure," NATO, accessed November 2, 2017, https://www.nato.int/cps/en/natolive/topics_49198.htm.

a significant increase in funding of the Norwegian Armed Forces in the upcoming years.[60] Norway's significant quantitative as well as qualitative contribution to the collective defense (defined by Olson as "private good") disproves the argument that smaller group members benefit from nonexcludable and nonrival good provided by the group (security) while shying away from proportional contribution, excludable and rival private good.

Also, Olson's second concept, exploitation of the large by the small, does not apply to Norway. In response to the renewed Russian threat, the announced US Pivot to Asia, and the ever-present fear of NATO's neglect of the High North, Norway continues to actively participate in various NATO initiatives, programs, and operations while strengthening its armed forces. Norway contributes troops to NATO's Resolute Support Mission, is a part of the US-led coalition against ISIS and even participated in the world's largest maritime exercise, the Rim of the Pacific, with an Aegis frigate in 2014.[61] In addition, Norway pays half of the cost related to the US Marine Corps equipment stored in the country.

Olson's last concept is "free riding." Since there is no agreed-upon formula to calculate the cost of NATO providing a public good (security), the focus is usually on the monetary aspect of burden sharing, the share of GDP devoted for defensive spending. Evaluated only through the two percent criterion, Norway could be considered a "free rider" in the NATO alliance. However, since only six NATO members achieve the two percent threshold and with the *Long Term Defence Plan* of increasing its defense budget as well as for the reasons mentioned in this section, Norway should not be considered a "free rider" within the NATO alliance.

The fact that Norway is a NATO member and not a full EU member has a major effect on the development of the Norwegian foreign and security policy. Norway's prosperity and

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[60] Norwegian Ministry of Defense, *Long Term Defence Plan* (Oslo: Ministry of Defence, 2016), 12.

[61] Sigurd Neubauer, "Norway, an Exemplar of NATO Burden-Sharing," *Foreign Affairs*, January 03, 2017, accessed March 08, 2018, https://www.foreignaffairs.com/articles/norway/2017-01-02/norway-exemplar-nato-burden-sharing.

economic strength depend on trade with Europe, while its security completely depends on NATO or its strongest member, the United States. With significant dependence on the sea (oil, gas, fish), Norway's national interests in the area of security differ from those of other NATO members. With the US Pivot to Asia, the migrant crisis in Europe, the Russian annexation of Crimea and incursion into Ukraine, the High North is falling on the list of EU and NATO priorities. Norway is trying hard to counter that, both through increased military spending, active participation in NATO activities and by taking part in the renewed European interest in the area of security. Thus far, NATO and EU complementary security-related interests have worked well for Norway. If those interests start to diverge due to events such as Brexit or the United States' potential pursuit of a foreign policy of unilateralism, Norway will have a difficult time balancing its foreign and security policies.

Sweden: Neutral

Sweden has one of the longest running records as a neutral state. Even though its political leaders have, in the last decade or so, stopped using the term neutrality, Sweden is still referred to as a neutral member of the international system. Sweden's neutral status has changed significantly since it was first adopted towards the end of the Napoleonic Wars when the kingdom went from being a regional hegemon to a struggling state.[62] In 1818, after three bloody centuries that saw the Swedes fight twenty-five wars, King Karl Johan of Sweden and Norway, declared that based on their geopolitical situation, Sweden would from then on be neutral: "Separated as we are from the rest of Europe, our policy and our interests will always lead us to refrain from involving ourselves in any dispute which does not concern the two Scandinavian peoples."[63] With the new policy and a desire for peace and security, Sweden reconciled with the loss of Finland

[62] Christine Agius, *The Social Construction of Swedish Neutrality: Challenges to Swedish Identity and Sovereignty* (Manchester: Manchester Univ. Press, 2012), 60.

[63] Bergen Bassett, *Factors Influencing Sweden's Changing Stance on Neutrality*, Master's thesis, University of Illinois, 2012 (Urbana–Champaign: University of Illinois, 2012), 1.

and the Baltic provinces, accepted that Russia was the strongest power in the region and declared neutrality.[64] Being neutral did not prevent Sweden from active engagement in international matters that would characterize its foreign policy. As early as 1834, Sweden sought its role in the international system by attempting to mediate between Russia and England.[65]

The principle of neutrality was defined and legalized with The Hague Conventions of 1907 (V and XIII). However, the Conventions did not establish specific rules regarding trade between a neutral and the belligerents.[66] The start of World War I was the first great major test of Swedish neutrality. A few days after the war between Austria-Hungary and Serbia started on July 28, 1914, Sweden declared neutrality. When Germany declared war on Russia on August 1, 1914, Sweden reinforced its position by another declaration of neutrality regarding all ongoing wars.[67] At this time, neutrality had not yet become a part of Swedish national identity but was used to remain free of conflict and protect sovereignty and trade.[68] Considering the trade between Germany and Sweden during the war, the two countries could be considered allies.[69] It was not until 1917, after numerous Allies' demands that Sweden stopped trading with Germany.

After the war, Sweden sought active engagement in international matters by joining the League of Nations in 1920. Guided by the principles of law and international cooperation, Sweden was willing to give up its neutral status to play a role in preserving peace, promoting

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[64] Robert Dalsjö, "Trapped in the Twilight Zone: Sweden Between Neutrality and NATO," 2017, *The Finnish Institute of International Affairs*, April 27, 2017, accessed February 5, 2018, https://www.fiia.fi/en/publication/trapped-in-the-twilight-zone, 10.

[65] Bassett, *Factors Influencing Sweden's Changing Stance on Neutrality*, 1.

[66] Treaties, States, Parties, and Commentaries - Signatory States - Convention (V) Respecting the Rights and Duties of Neutral Powers and Persons in Case of War on Land, The Hague, 18 October 1907, accessed February 12, 2017, https://ihl-databases.icrc.org/applic/ihl/ihl.nsf/States.xsp?xp_viewStates=XPages_NORMStatesSign&xp_treatySelected=200.

[67] Fulya F. Tepe, *Swedish Neutrality and Its Abandonment*, İstanbul Ticaret Üniversitesi, 2007, accessed February 12, 2017, http://www.ticaret.edu.tr/uploads/Kutuphane/dergi/s11/M00167.pdf., 182.

[68] Agius, *The Social Construction of Swedish Neutrality*, 68.

[69] Ibid.

international order and to export its values to "change the norms to fit Swedish ideals."[70] During its tenure with the League of Nations Sweden did not refer to itself as "neutral" because the World War I victors' viewed neutrality as incompatible with collective security.[71] The League of Nations did not live up to Swedish expectations. Its failure to act during the Italian conquest of Ethiopia, the Spanish Civil War, and the German annexation of Austria contributed to Swedish withdrawal from the organization in 1936.

When the Soviet Union attacked Finland on November 30, 1939, Sweden did not declare a neutral status. It acted as a non-belligerent but shipped large amounts of arms and supplies to Finland. In the spring of 1940, Germany demanded Swedish neutrality when it attacked Norway and Denmark. Due to geographical proximity and out of fear of invasion and occupation, Sweden reaffirmed its neutral status and refrained from supporting the Norwegian war efforts.

For Sweden, World War II is marked with two major departures from the principles of neutrality as defined by The Hague Conventions of 1907. The first was ongoing from July of 1940 to August of 1943, when Sweden allowed Germany to transport its soldiers on leave from occupied Norway and back.[72] The second departure occurred in June of 1941 when Sweden allowed Germany to transfer a combat division with its equipment from Norway to Finland. Both violations of neutrality left a deep mark on Swedish society and relations with its neighbors. While the military significance of both violations is questionable, it was still a violation of neutrality. To justify both breaches of neutrality, the Swedes claimed their trade with Germany, especially iron ore exports critically needed for wartime production, were not in violation of The Hague Conventions. Because of the German occupation of Denmark and Norway, which cut off

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[70] Agius, *The Social Construction of Swedish Neutrality*, 70.

[71] Tepe, *Swedish Neutrality and Its Abandonment*, 185.

[72] Krister Wahlbäck, "Neutrality and Morality: The Swedish Experience," *American University International Law Review* 14, no. 1 (1998): 103-21, 105.

trading routes with the West, the Swedes viewed the wartime trade with Germany and countries under its control as a matter of survival, not profit.[73] As it became clear that Germany was going to lose the war and with ample raw material reserves accumulated, Sweden ceased trading with Germany in September of 1944.

Again, Sweden reached the end of the war not only unscathed but in a position of great economic and security advantage over most of the European countries. Its economy was in great shape and its military among the strongest in Europe. To promote peace and prosperity and show support for the new Liberal World Order, Sweden joined the United Nations in 1946. Membership sparked some debate over the compatibility of the UN membership and the principles of neutrality. Eventually, the UN membership was presented as a forum to promote and export the Swedish welfare state. Sweden would, in cooperation with others, enhance global security as well as uphold and support the international law and order through peacekeeping operations and limited interventions.[74] In 1948, Nordic states made an effort to establish a Scandinavian Defense Union that would keep the region out of the Cold War. However, the initiative quickly faded away as Sweden held on to its neutrality and the Soviets put pressure on Finland, while Denmark and Norway decided to join NATO.[75]

Sweden pursued a policy of neutrality combined with an active interventionism throughout the Cold War. During the tenure of Olof Palme, serving as Prime Minister, neutrality became part of the new national identity. Palme, an outspoken critic of the American and the Soviet foreign policy, introduced morally-based activism into Swedish foreign policy.[76] Robert Dalsjö writes in the *Trapped in the Twilight Zone* that "neutrality soon became something of a

[73] Krister Wahlbäck, "Neutrality and Morality: The Swedish Experience," 113.

[74] Bengt Sundelius, "Sweden: Secure Neutrality," *The Annals of the American Academy of Political and Social Science* 512, no. 1 (1990): 116-124, 118.

[75] Ibid.

[76] Dalsjö, "Trapped in the Twilight Zone," 10.

national meta-ideology, blending with modernity, economic growth and the welfare state to form a new national identity.[77] The integration of neutrality into national identity became a state-wide project with school textbooks, political party literature, and the media declaring that "being Swedish is being neutral."[78] Also, in the 1970s, the rhetoric of *folkhem* (peoples' home, referring to comfort, familiarity, and security; also, the responsibility of the state to look after society, Swedish Welfare State) evolved.[79] Under *folkhem*, policy and ideology merged to form a strong sense of collective identity and community among the Swedes. In the political realm, *folkhem* was linked to the value of solidarity, which also became a part of Swedish national identity, social structure and life.[80]

In terms of national security, the Swedes had to balance between the regional Soviet threat, interventionism and neutral status. They based their approach on the principles of neutrality, Nordic cooperation, and a commitment to the United Nations collective security. That led to the long-standing policy of "non-alliance in peace aiming for neutrality in war," a policy that in general remained effective well after the end of the Cold War.[81]

Despite its declared neutrality, Sweden was a Western-oriented state. A potential threat of armed aggression stemmed only from the Soviet Union. Despite its position of economic and military strength at the end of World War II, the Swedish Armed Forces were not capable of securing Swedish territory on their own. The reliance on the Western powers was manifested in extensive ties with NATO and dependence on the Alliance's assistance in case of a Soviet

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[77] Ibid.

[78] Johan Eliasson, "Traditions, Identity and Security: The Legacy of Neutrality in Finnish and Swedish Security Policies in Light of European Integration," *European Integration Online Papers* 2004, no. 6 (2004), accessed January 12, 2018, http://eiop.or.at/eiop/pdf/2004-006.pdf., 14.

[79] Agius, *The Social Construction of Swedish Neutrality*, 75, 98.

[80] Ibid., 98.

[81] Tepe, *Swedish Neutrality and Its Abandonment*, 189.

aggression.[82] These ties remained hidden from the public since Sweden needed an aura of impartiality for it saw itself holding a special position between the East and the West, a bridge-builder in the region, a mediator between the Cold War belligerents.

Rather than officially aligning with either block, Sweden attempted to realize its foreign policy goals through the United Nations. Claims that state their approach to neutrality was unique are somewhat overstretched. Sweden's supposedly unique combination of assistance to the developing countries, the pursuit of nuclear disarmament, peacekeeping, bridge-building, and mediation, as well as criticism of the two superpowers also constituted a major part of Switzerland's and Austria's active neutrality foreign policy approaches.[83]

Throughout the Cold War, Sweden's attachment to the Western European countries was based on economic interests. To enhance trade, Sweden became one of the founding members of the European Free Trade Association in 1960.[84] However, Sweden refused additional European integration that could result in even minor loss of sovereignty or could be described as a security alliance, such as membership in the European Community. The policy of neutrality and non-alignment worked well for Sweden until the late 1970s when the domestic economy began to falter. A strong economic position after both world wars enabled Sweden to develop the Swedish Model of a national economy characterized by universal social benefits enabled by high taxes.[85] Social welfare intertwined with the rhetoric of *folkhem* was at the foundation of the Swedish national identity.

In the late 1970s, the decisionmakers failed to modify the Swedish Model, that was based on state-owned businesses and banks as well as a state-regulated market, according to changes in

[82] Eliasson, "Traditions, Identity and Security," 10.

[83] Agius, *The Social Construction of Swedish Neutrality*, 90. Swedish alternate approach to security as described by Christine Agius.

[84] For explanation of the EFTA, see the Norway section.

[85] Bassett, *Factors Influencing Sweden's Changing Stance on Neutrality*, 26.

the global open economy. Its shortcomings, including inhibiting economic flexibility and entrepreneurial initiatives, created a housing and credit bubble that burst in the late 1980s.[86] The economic recession, characterized by a declining GDP and high unemployment led to a brief change in political leadership when in 1991 the Moderate Party ended the sixty-year rule of the Social Democrats and replaced them at the head of the parliament. The new leadership introduced necessary structural and economic reforms that were implemented by the Social Democrats when they reclaimed control of the parliament in 1994. However, the underlying and publicly controversial solution to save the economy was EU membership. Aware that a well-advertised campaign would go against the people's sentiments for neutrality and exceptionalism, the government kept the intent to apply for membership low and first presented it at a press conference as the last suggestion on a list of actions to improve the economy.[87] The application of Austria and Finland, the other neutrals, the argument that membership will preserve the welfare state, and the notion that the values of the EU are closely aligned with those of Sweden, helped tilt the scale in favor of joining the EU. Sweden, Austria, and Finland became full EU members on January 1, 1995.

Neutrality and the Swedish Model were the main reasons why Sweden did not seriously consider the EEC membership until 1990.[88] With the end of the Cold War and ongoing economic crisis, the pursuit of Euro-Atlantic integrations gained strength. To openly declare the end of neutrality would be political recklessness; therefore, the Moderate Party gradually removed the term "neutrality" from the political discourse in the early 1990s and replaced it with "non-alignment," which takes away the notion of "ideological neutrality."[89] With integration into

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[86] Ibid., 26-28.

[87] Eliasson, "Traditions, Identity and Security," 15.

[88] Agius, *The Social Construction of Swedish Neutrality*, 145. For further discussion on the EEC, EC, and the EU, see the section on Norway.

European economic structures came the debate over integration into international security structures. Membership in the EEC/EU was not perceived as a threat to neutrality since the organization's Common Foreign and Security Policy (CFSP) allowed the members to develop their own foreign policy and did not include a collective defense clause.[90]

Along with the notion that the Swedish Model of the economy was outdated and unsustainable, concerns emerged that neutrality was no longer a sufficient guarantor of security. With the somewhat unexpected end of the Cold War, the largest threat to Swedish security ended. With a subtle change in the official stance on neutrality (to military non-alignment), the Moderate Party set in motion processes for Swedish integration into international security organizations. In 1994, Sweden joined the NATO Partnership for Peace program (PfP), a year later it became an observer state of the WEU, and in 1997 it became a member of the Euro-Atlantic Partnership Council.[91] While the public strongly rejected membership in NATO, it did not object to Sweden's participation in peace support operations alongside NATO members.[92] Membership in the PfP gave Sweden the flexibility to choose in which operations to participate. The underlying condition for its participation in military action was a UN Security Council Mandate.[93]

The Kosovo War in 1999, which NATO fought without a UN Security Council mandate, presented the Swedes with a moral dilemma. Without a UN mandate and under the then-standing foreign policy, Sweden would not intervene in a conflict. Under the notion that strict adherence to neutrality prevented Sweden from carrying out its self-declared mission of exporting the principles of the welfare state, human rights, and international law and order, political discourse

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[89] Ibid., 150.

[90] Also, a reinsuring factor for Sweden was the application to join the EEC/EU by Austria and Finland, as well as Ireland's enduring neutrality as a long-standing member of the EEC/EU.

[92] Bassett, *Factors Influencing Sweden's Changing Stance on Neutrality*, 34. Annual polls from 1994-2010, showed that only 15-24% of the Swedes polling thought that "Sweden should apply for membership in NATO."

[93] Bassett, *Factors Influencing Sweden's Changing Stance on Neutrality*, 35.

on the conduct of foreign policy shifted toward departure from strict neutrality. The September 11, 2001 attacks cemented that shift. The Swedish gradual departure from neutrality is evident in official foreign policy communiqué, replacing the term "neutrality" in 2003, and changing the term "non-participation in military alliances" with "act in cooperation with other states."[94]

In the following years, the Swedes further departed from the traditional notion of neutrality. A relatively safe environment, free of the Cold War era tensions and geographic distance from major conflict areas, contributed to decades of the security apparatus neglect. Swedish Armed Forces, guided by the policy of "armed neutrality," and faced with continuously declining defense budgets were a shadow of one of the most powerful militaries in Europe. As a response to the ratification of the Lisbon Treaty in 2008, including the mutual defense clause, the Swedish Defense Bill of 2009 introduced the principle of "solidarity." While the public stance on joining the NATO Alliance remained negative, the Defense Bill continued to promote Sweden's integration into the EU security processes. Integration was possible due to popular belief that Sweden and other EU countries shared a set of common values and goals of promoting human rights. Therefore, the EU and the UN, which were not seen as alliances in military terms, remained the focus for international cooperation in the area of security.[95]

To increase operational readiness and the capacity to participate in international operations, the Swedish Armed Forces implemented extensive reforms, including the replacement of conscription, in place since 1901, with an all-volunteer force.[96] Russian aggression in Georgia and cyber-attacks in Estonia in 2007, had positive effects on the integration into international security initiatives, which continued with the establishment of the Nordic Defense Cooperation

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[94] Ibid., 38, 42.

[95] Magnus Christiansson, "Solidarity and Sovereignty: The Two-Dimensional Game of Swedish Security Policy," *Connections: The Quarterly Journal* 10, no. 1 (2010): 1-23, 12.

[96] Michael H. Giner, *Sweden: A Global Military Player?* (Carlisle Barracks, PA: US Army War College, 2012), 13.

(NORDEFCO) in 2009.[97] Swedes showed strong support for the EU Battlegroup concept, assuming responsibilities for the framework nation of the Nordic EU Battlegroup twice, in 2008 and 2011. However, due to the EU institutional limitations and reluctance to use the Battlegroups, Sweden decided to withdraw from the framework nation responsibility in 2014.[98]

Early 2013 was marked with two shocking interviews that led to heated political and public debates regarding Sweden's defense capacities and its position in the collective defense. Then Chief of Defense, General Sverker Göranson, revealed that the 2012 military war games showed that, upon completion of structural reforms in 2019, the Swedish Armed Forces would be able to defend Sweden against a limited attack for about a week. The second shocking statement came from then Secretary General of NATO, Anders Fogh Rasmussen, who said that the NATO alliance has no obligation to assist non-members.[99] The public opinion, largely ignorant to a continuous decline in military capacity and increased Euro-Atlantic integration, found it difficult to accept that Sweden was not able to defend its territory.[100]

Resurgent Russia, the migrant crisis, conflicts in the Middle East, the shocking statements by prominent public figures, and the realization that solidarity does not guarantee security, revived the NATO membership debate. Sweden had participated in numerous UN, EU, and NATO operations; however, in the only security alliance that really matters, NATO, it had no decision-making authority and no Article V guarantee. Political leaders realize how deeply neutrality is integrated in the Swedish national identity. They understand that an aggressive

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[97] Ibid., 4. NORDEFCO brought various initiatives and organizations in the Nordic area under a single structure. Its aim is cooperation across the entire range of defense structures in order to achieve better cost-effectiveness and quality, and thereby creating enhanced operational capability.

[98] Ibid., 30.

[99] Mike Winnerstig, "Security Policy at Road's End? The Roles of Sweden and Finland in the Nordic-Baltic Defence Cooperation Process," *Lithuanian Annual Strategic Review* 12, no. 1 (2014), 167, 169.

[100] Ibid., 167.

NATO membership approach would prove futile.[101] Today, the official communiqué promotes the principle of solidarity, referring to international defense and security cooperation, particularly in the Nordic and Baltic region, as well as a strong transatlantic connection.[102] To reverse the declining capacity of the Armed Forces, Sweden has reinstituted general conscription and revived the Cold War era concept of the Total Defense, where the entire Swedish society is included in defense of the homeland.[103] The most important security issues, abandonment of the rhetoric of neutrality and NATO membership are gaining ground; however, their implementation date is still in the distant future. It seems the Swedes are, again, searching for the "middle way," this time via the so-called "Hultqvist doctrine," which includes: a strong transatlantic connection, support for a rules-based security order, a strong stance on Russia's violation of international law, a focus on deterrence and revival of national defense capabilities, enhanced security cooperation with Finland, other Nordic states, the United States and NATO alliance, and a rejection of NATO membership.[104]

Sweden, which is not a part of the NATO security alliance, is a good example why Olson's theory needs to be expanded to include countries that are not a part of the group (NATO), but still significantly benefit from the nonexcludable and nonrival good provided by the same group (security, collective defense and deterrence). Also, Olson does not specifically address neutral states in his work, which could exclude Sweden from the logic of collective action. Still, from the perspective of its foreign policy, Sweden can no longer be considered a neutral country.

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[101] Annual polls attest to that. People are still against membership even after the public announcement about the limited capacity of the Swedish Armed Forces and after NATO Secretary General's statement that there are no guarantees NATO will assist Sweden if attacked.

[102] Sweden, The Government of Sweden, *Sweden's Defence Policy 2016 to 2020*, June 2, 2015, accessed February 15, 2017, http://www.government.se/49c007/globalassets/government/ dokument/ forsvarsdepartementet/sweden_defence_policy_2016_to_2020.

[103] Ibid., 12, 13.

[104] Dalsjö, "Trapped in the Twilight Zone," 23.

That is evident from its integration into evolving European security structures, including the EU Battlegroups, as well as cooperation with the NATO alliance, where Sweden holds an "Enhanced Opportunities Partner Status."[105] In addition, the Swedish official communiqué has transitioned from the use of neutrality, to military non-alignment, and now solidarity. While searching for a "middle way" after the Cold War, Sweden has abandoned its policy of armed neutrality and neglected its armed forces to a point at which their military leaders publicly state the armed forces' capacity to defend Sweden is only marginal.

In line with Olson's concept of public versus private good, Sweden can be considered a security consumer. When measured against the most recognized NATO evaluation criteria of two percent of GDP devoted to defense spending, Sweden comes short with about one percent.[106] In the case of Sweden, which is not a NATO member, the public good (security) must be evaluated in terms of collective defense and deterrence. Without the Article V guarantee, relying on the principle of solidarity, it is questionable whether Sweden consumes public good in terms of collective defense. On the other hand, it enjoys the benefits of NATO deterrence with only limited contributions, or private good as characterized by Olson. Therefore, the concept of the public versus private good partially applies to Sweden, when the theory is expanded to include actors outside the group which still benefit from the public good provided by the group.

Olson's second concept, exploitation of the large by the small, does, again, partially apply to Sweden. When considered that Sweden is not a NATO member, there are no formal obligations it needs to fulfill. On the other hand, there are numerous aspects of the concept that apply to Sweden. First, Sweden consumes the security provided by the NATO alliance. Second,

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[105] "Shaping of a Common Security and Defence Policy, Relations with Sweden," NATO, accessed February 17, 2018, https://www.nato.int/ cps/en/ natolive/topics_52535.htm. Enhanced Opportunities Partners make particularly significant contributions to NATO operations and other Alliance objectives. As such, the country has enhanced opportunities for dialogue and cooperation with the Allies.

[106] "Stockholm International Peace Research Institute Military Expenditure Database," SIPRI, accessed February 17, 2018, https://www.sipri.org/databases/milex.

with the decline of the Cold War threats, Sweden allowed its armed forces to steadily decline throughout the past decades. Third, with resurgent Russia and a renewed potential for armed aggression, Sweden has reinstated a partial conscription and reversed its defense spending trend; however, the increase in defense funds is, in relative terms, marginal when compared to other countries in the region.

"Free riding," Olson's third concept, does not directly apply to Sweden because it is not a NATO member. That might change in the future, when and if, the EU continues to implement stronger EU defense institutions and structures. However, it is unlikely for Sweden to "freeride" since Sweden is among the stronger economies in the EU and in terms of military capacity still surpasses many EU members.

Austria: Neutral

The path to Austrian neutrality can be traced back to the German annexation of Austria on March 15, 1938. With the signing of the Declaration of Moscow in 1943, the United States, United Kingdom and the Soviet Union, declared the annexation null and void.[107] However, Austria was still held responsible for participation in the war on the German side. The post-war years were marked by the Allied occupation and the effort to regain independence. There were several obstacles that stood between Austria and its renewed sovereignty. The Western powers wanted to build up Austria's capacity to resist being drawn into the Soviet sphere of influence or even worse, becoming a Soviet satellite state. On the other side, the Soviets were reluctant to give up their material gains and wanted to resolve the question of Germany before they would focus on Austria. After Stalin's death, a new Soviet policy regarding Austria emerged. On April 15, 1955, the Union of Soviet Socialist Republics (Soviet Union) issued the Moscow Memorandum

[107] "The Moscow Conference, October 1943," Avalon Project - Documents in Law, History and Diplomacy, accessed January 01, 2018, http://avalon.law.yale.edu/wwii/moscow.asp. The Moscow Declaration included a statement that Austria was the first free country to fall a victim to "Hitlerite" aggression.

in which they outlined conditions Austria had to fulfill in order to regain its independence: install systems that would prevent another German annexation, declare neutrality based on the Swiss model, and pledge that there would be no foreign military installations in Austria.[108] The Soviet Union viewed a neutral Austria as a guarantee against potential German imperialistic expansion towards the Soviet border.[109] The Austrian State Treaty that re-established an independent and democratic Austria was signed in Vienna on May 15, 1955. The treaty incorporated the Soviet conditions and was fully implemented with the departure of the last foreign soldier in October of 1955.

The concept of Austrian neutrality has evolved and changed since 1955. Even during the occupation, then US Secretary of State, John Foster Dulles, conditioned the approval of the State Treaty on the Austrian's willingness to build their military under the guidance of US advisors and with US military equipment.[110] An adequately trained and armed Austrian military would delay potential Soviet attack and prevent a Communist *coup d'etat*.[111] A departure from the Swiss model began with the Austrian membership in the United Nations (1955). However, throughout the next four decades, Austria maintained its neutral status by offering a rare geopolitical venue for both Cold War superpowers to meet and talk. In addition, Soviet as well as Western allies' opposition to Austrian integration into European structures, such as the European Economic Community, facilitated its neutral status. Neutrality did not prevent Austria from sending over ninety-thousand Austrian troops and civilians to over fifty different peacekeeping and

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[108] Rolf Steininger, *Austria, Germany, and the Cold War: From the Anschluss to the State Treaty 1938-1955* (New York: Berghahn Books, 2008), 112, 113.

[109] Oliver Rathkolb, "International Perceptions of Austrian Neutrality Post 1945," *Contemporary Austria Studies* 9 (2001), 10, accessed February 17, 2017, http://demokratiezentrum.org/fileadmin/media/pdf/rathkolbneutrality.pdf70.

[110] Rathkolb, "International Perceptions of Austrian Neutrality Post 1945," 70.

[111] Ibid., 71.

humanitarian operations since 1960.[112] With the end of the Cold War, Soviet opposition to Austrian Euro-Atlantic integration ended. In 1989, when Austria applied for membership in the European Economic Community, the application letter included language on retention of neutrality. Nevertheless, in 1993, Austria declared that it would be prepared to "fully participate in the Common Foreign and Security Policy."[113] Major changes to Austrian neutrality followed with membership in the European Union and in NATO's Partnership for Peace, both occurring in 1995. The status of neutrality was also altered with Austrian permission for NATO Airborne Early Warning and Control (AEW&C) aircraft overflight during the Balkan crisis in the 1990s as well as during the 2003 invasion of Iraq when Austria gave permission for (unarmed) Allied aircraft overflight and transport of tanks over its territory.[114] Also, in December of 2017, Austria became a member of the EU Permanent Structured Cooperation (PESCO). PESCO is a treaty-based framework and process, established to enhance defense cooperation in the EU with an aim of joint development of capabilities. While participation is voluntary, commitments made by the member states are binding.[115] The Austrian neutrality has changed significantly since 1955. Membership in various organizations (PfP, EU) has caused Austria to depart from the Swiss model of neutrality.

There are three critical events in the post-World War II period that had a profound effect on Austrian foreign policy: ratification of the Austrian State Treaty (1955), the end of Cold War (1989), and accession to the European Union (1995). While Austria enjoyed a special status of a

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[112] Republik Österreich, "Peacekeeping Operations," Peacekeeping Operations – BMEIA, Außenministerium Österreich, accessed January 15, 2018, https://www.bmeia.gv.at/en/european-foreign-policy/peacekeeping-operations.

[113] Erich Reiter and Heinz Gärtner, *Small States and Alliances* (Heidelberg: Physica-Verlag, 2001), 42.

[114] Ibid.

[115] "In Defence of Europe: Defence Integration as a Response to Europe's Strategic Moment," *EPSC Strategic Notes* 4 (June 15, 2015), June 15, 2015, accessed January 15, 2018, 7, https://ec.europa.eu/epsc/sites/epsc/files/strategic_note_issue_4_en.pdf.

mediator and a "bridge builder" during Cold War, that status was lost with the collapse of the Soviet Union.[116] Austria's role in the international arena was further diminished by its reluctance to join NATO. On one hand, Austria's foreign policy remained in the Cold War era, clinging to neutrality; on the other hand, membership in the EU "Common Foreign and Security Policy" and "European Security and Defense Policy" signaled a transition from a fairly passive to an active actor in the international system. Austrian foreign policy from 1989 to today can be evaluated through three lenses: relationship with the United States, approach to security after the Cold War and Austria's position within the European Union's foreign policy, and Austria's role in connecting Central Europe with the Balkans and the Visegrád Group.[117]

The importance of Austria's diplomatic relationship to the United States has declined after the Cold War.[118] If Vienna was the site of important East-West meetings during the Cold War (Kennedy-Khrushchev in 1961, Carter-Brezhnev in 1979), only one bilateral meeting between the presidents of the two countries has taken place since 1989 (Thomas Klestil visited William Jefferson Clinton in 1995).[119] After the Cold War, the Western countries in general, and the United States in particular focused their diplomatic efforts on the former Soviet satellites and supported their efforts for Euro-Atlantic integration, largely ignoring Austria.[120] While the former communist nations pursued complete Euro-Atlantic integration (economic with ECC/EU and security with NATO), Austria focused only on economic integration. Austria's persistence on the neutral status and further integration in the EU was manifested in a foreign policy that was

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[116] Günter Bischof, *Austria's International Position after the End of the Cold War* (New Orleans, LA: University of New Orleans Press, 2013), 13.

[117] Czech Republic, Hungary, Poland, Slovakia.

[118] Bischof, *Austria's International Position*, x.

[119] "William J. Clinton: Digest of Other White House Announcements - October 20, 1995," *The American Presidency Project*, accessed January 12, 2018, http://www.presidency.ucsb.edu/ws/?pid=50672.

[120] Bischof, *Austria's International Position*, 14.

increasingly aligned with Brussels and less with Washington. After years of dramatic fluctuations during the Bill Clinton and George W. Bush administrations, diplomatic relations are weak but stable, while the bilateral economic and cultural relations are strong.[121]

Austrian political leadership attempted to transition from a conscript to an all-volunteer force at the beginning of the decade; however, the public rejected changes to the conscription system at the 2013 referendum.[122] While Austria retained the conscription system, its neighbors, in pursuit of NATO membership, transitioned from a conscript to all-volunteer armed forces. Austria, after showing initial interest in NATO membership, joined the Partnership for Peace in 1995. However, due to political reasons and public attachment to neutrality, Austrians decided not to pursue full membership. According to Peter Moser, former Austrian Ambassador to the United States, the decision not to join NATO has had a negative effect on the relationship between the two countries ever since: "without joining NATO, Austria would appear to be a potential dividing factor to the USA, who would like to see congruency between NATO and any European defense system."[123] In the end, Austria selected a more Europe-centric path rather than a Euro-Atlantic one.

By joining the EU, Austria gained an equal voice in the EU decision making and shaping of the EU foreign and security policy. Austria, with all other members of the EU, must agree on a foreign and/or security policy because decisions regarding the policy require a unanimous vote.[124] The High Representative, with the support of the External Action Service (EAS), oversees EU

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[121] Ibid., 16. Also, the United States is Austria's second most important export destination.

[122] Melissa Eddy, "Austrians Appear to Reject Changes to Conscript Army," *The New York Times*, January 21, 2013, accessed April 7, 2018, http://www.nytimes.com/2013/01/21/world/ europe/austrians-appear-to-reject-changes-to-conscript-army.html.

[123] Bischof, *Austria's International Position*, 50. Quotation from an email sent from the Austrian Embassy Washington to Foreign Ministry, Vienna, September 2, 2003.

[124] "Foreign & Security Policy - European Union - European Commission," European Union, October 24, 2017, accessed April 07, 2018, https://europa.eu/european-union/topics/foreign-security-policy_en.

foreign and security policy, while the European Council, composed of heads of state and government, is the EU decision-making body.

Membership in the EU took its toll on the personnel in the administration. The number of high officials and experts that left to work in European institutions was so high that Austrians started talking of a "brain drain" to Brussels.[125] In the second half of 1998 and in the first half of 2006, Austria held the Presidency of the Council of the European Union, leading the EU foreign policy. The importance of European matters in the Austrian foreign policy was demonstrated with the renaming of the Foreign Ministry into the Ministry of European and International Affairs in 2007.

After 1989, Austria has been instrumental in efforts to integrate Slovenia, Croatia, and Bosnia and Herzegovina, former Yugoslav republics, into the European community. Building on historic and economic ties to the region, Austria first supported Slovenian, Croatian and Bosnian struggles for independence and later EU integration (Slovenia and Croatia).[126] During the Balkan wars, Austria accepted tens of thousands of refugees and offered significant humanitarian aid to the war-torn areas. Today, almost half a million people from former Yugoslav republics live in Austria.[127] In addition to the Balkan states, Austria has also built upon historical ties to develop a close economic relationship with the countries of the Visegrád Group (V4). During the recent migrant crisis, both Hungary and Austria took a similar approach to control their borders. While Hungary had built a fence along its southern border, Austria reestablished strict border control on the crossing points with Slovenia. On one hand, that effectively undermined the entire concept of

[125] Bischof, *Austria's International Position*, 72.

[126] Both, Slovenia and Croatia were a part of the Habsburg Monarchy and Austro-Hungarian Empire. Austrian influence on both countries is still present today.

[127] Bischof, *Austria's International Position*, 94.

a free movement in European Union, the so-called Schengen Area.[128] On the other hand, the closing of borders combined with the EU-Turkey Statement brought the migrant flow under control.[129] The election of Sebastian Kurz as the new Chancellor and another Austrian swing to the right, close economic ties, and a similar policy regarding illegal migration, could bring V4 and Austria even closer together.

Austria is actively participating in the EU foreign policy institutions and deploys members of its defense forces worldwide.[130] However, its insistence on neutrality, reluctance to join NATO and a relatively limited defense budget affect how others view its role in the area of security. When evaluated through the lens of Olson's logic of collective action theory, Austria benefits from a nonexcludable and nonrival public good (security) provided by others. Due to its geographical location, surrounded by NATO members (except Switzerland), Austria enjoys most benefits of collective defense and deterrence (nuclear umbrella, ballistic shield, territorial distance from the potential enemy, NATO's Enhanced Forward Presence Operation in the Baltics, etc.).

Since Austria is not a NATO member, the principle of exploitation of the large by the small does not directly apply. On the contrary, viewed through the lens of the recent migrant crisis, and framed by the EU (not NATO) security structures, Austria played a significant role in stopping the migrant flow along the Western Balkan route and is still a strong advocate for stricter control along the EU external borders.[131] For the same reason as the exploitation of the large by the small Olson's concept of "free riding" does not directly apply to Austria; however, "free riding" could become an issue once the EU establishes stronger EU defense institutions.

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[128] "Temporary Reintroduction of Border Control," Migration and Home Affairs - European Commission, December 06, 2016, accessed January 18, 2018, https://ec.europa.eu/home-affairs/what-we-do/policies/borders-and-visas/schengen/reintroduction-border-control_en.

[129] Ibid.

[130] "Österreichisches Bundesheer," *Bundesheer*, accessed January 15, 2018, http://www.bundesheer.at/.

[131] Simon Shuster, "A New Kind of Statesman," *Time*, March 2, 2017, accessed January 15, 2018, http://time.com/collection-post/4684932/sebastion-kurz-next-generation-leaders.

Austria did manage to accumulate ample political capital in the Cold War era by co-establishing and promoting several important international organizations. Today, among others, Vienna hosts various United Nations institutions, including one of the three UN offices worldwide, International Atomic Energy Agency, Organization of Petroleum Exporting Countries (OPEC), Organization for Security and Co-operation in Europe (OSCE), International Bank for Reconstruction and Development (part of World Bank Group), Vienna Centre for Disarmament and Non-proliferation, International Peace Institute, International Press Institute, and more.[132] Also, Austrian banks hold the highest share of western investments in East-Central, Southeastern and Eastern Europe.[133] These investments, combined with the prestigious organizations residing in Vienna, give Austria a disproportional amount of soft power, that somewhat offsets its perceived lack of interest in the area of security. According to the Austrian Security Strategy (2013), investments in the stability of the Western Balkans, the Danube region and the Black Sea region, foreign deployments, and an active role in international crisis management constitute Austria's approach to providing security.[134]

Slovenia: NATO Member

The early 1990s saw the disintegration of the Soviet Union and the Socialist Federal Republic of Yugoslavia (Yugoslavia). Many newly independent countries, including the Republic of Slovenia (Slovenia), reoriented their foreign policy towards the West. To reach the goals of Euro-Atlantic integration, Slovenia implemented comprehensive economic, political and security-related reforms. Among Central and Eastern European countries, Slovenia was one of the most

[132] In addition to mentioned UN offices, there are other UN offices in Vienna: UN Office on Drugs and Crime, Industrial Development Organization, Comprehensive Nuclear-Test Ban Treaty Organization, Office for Outer Space Affairs, etc.

[133] Bischof, *Austria's International Position,* 144. In 2008, ahead of Germany, Italy, France, Belgium, the Netherlands, Sweden, Greece, and Great Britain.

[134] Austria, Federal Chancellery of the Republic of Austria, *Austrian Security Strategy*, 2013, accessed January 15, 2018, http://www.bundesheer.at/pdf_pool/publikationen/sicherheitsstrategie_engl.pdf.

successful transition countries, joining the UN and OSCE in 1992, and the European Union and NATO in 2004.[135]

Soon after becoming independent in 1991, Slovenian politicians outlined the strategic decision to pursue full membership in the EU. The Strategy for Economic Development of Slovenia (1995), stated that "the ultimate objective is to develop Slovenia into a modern, democratic country based on the rule of law, a market economy, and private ownership while attending to important social and environmental concerns."[136] A full membership in the EU would confirm that Slovenia had reached its overarching political objective. The basic criteria for membership were outlined in the Copenhagen Criteria and included: political criteria (institutions guaranteeing democracy, the rule of law, respect for human rights and minorities), economic criteria (a functioning market that can be competitive within the EU), and administrative/legislative criteria (incorporate EU law into national legislation), but did not include any security-related conditions.[137] The accession directions from Brussels were guiding changes across all branches of the government and significantly reshaped the economy. The path to full EU membership was challenging with negotiations process based on the principle of "all or nothing," meaning that unless all reforms were completed, the process of accession would not advance.[138] In addition to strict accession criteria, Slovenian foreign, as well as domestic policy, were put to numerous tests, the most serious with the Italian blockade of the negotiations process.

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[135] The 2004 expansion of the EU was the first after 1995 with admission of Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia.

[136] Mojmir Mrak, Matija Rojec, and Carlos Silva-Jáuregui, *Slovenia: From Yugoslavia to the European Union* (Washington, DC: World Bank, 2004), 368.

[137] "Accession Criteria - European Neighbourhood Policy And Enlargement Negotiations - European Commission," European Neighbourhood Policy And Enlargement Negotiations, July 04, 2018, accessed January 23, 2018, https://ec.europa.eu/neighbourhood-enlargement/policy/glossary/terms/accession-criteria_en. At the Copenhagen European Council (1993), EU members reached decision on the enlargement of the Union.

[138] Mrak, *Slovenia: From Yugoslavia to the European Union*, 375. The following quotation characterizes the accession process: "Nothing is agreed until everything is agreed upon."

The question of indemnities for the Italians in Slovenia resulted in the Italian blockade of the Europe Agreement.[139] The issue requires a longer explanation because it portrays how closely the Slovenian domestic and foreign policies were intertwined and demonstrates the Slovenian approach to Euro-Atlantic integration. With the right-center government of Silvio Berlusconi taking over in 1994, the Italians refused to honor the Treaty of Rome (1983) between Italy and Yugoslavia. The Treaty was an agreement on the Yugoslav compensation for confiscated Italian property in the border area. Instead, the new Italian government demanded the return of property (on sovereign Slovenian territory) in kind. The Italian government claimed that Slovenian legislation was not in accord with the European laws, because foreigners were not allowed to buy property in Slovenia. At first, Slovenia refused to change the law, basing its decision on the international law, and as a result, Italy vetoed the negotiations to the Europe Agreement. The EU saw the issue as a bilateral matter and did not intervene. Slovenian politicians felt that the pressure to change the law, in this case, the Constitution, came from both sides, the EU and Italy.[140] The issue was resolved, and the blockade reversed with an amendment to the Constitution in 1997 that allowed foreigners to buy property in Slovenia and with the change of the Italian political leadership.[141]

The formal EU accession process began with the signing of the Europe Agreement on June 10, 1996, four years after members of the Visegrád Group had signed it.[142] EU membership

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[139] The Europe agreements were association agreements between the EU and its Member States and the Central and Eastern European countries that joined the EU in 2004/2007. They formed the legal framework for the accession process of these countries to the EU.

[140] Anselm Skuhra, *The Eastern Enlargement of the European Union: Efforts and Obstacles on the Way to Membership* (Innsbruck: Studien-Verl., 2005), 96-97.

[141] Slovenia's Road to the European Union, accessed January 20, 2018, http://www.esiweb.org/index.php?lang=en&id=395.

[142] Ibid. Slovenia was the last of the CEE-10 countries that have signed the accession agreement, then called the Europe Agreement.

became a unifying element for Slovenian citizens and at the same time a strong argument that gave politicians leverage to make some difficult and unpopular decisions yet retain the support of the voters.

In the early 1990s, Slovenia had three distinct directions available in the area of national security: neutrality, to "balance" by joining a coalition that opposed the strongest power in the region, or to "bandwagon" by aligning with the strongest power in the region. Slovenia, aware that only rare countries had the capability to individually provide for their own security, chose the latter.[143] Slovenia sought full membership in NATO, not because of an existential security-related threat, but because membership in NATO (and the EU) provided a framework for the development of democracy and a market economy.[144] Slovenia's strategic approach to security went beyond NATO; it included membership in the United Nations, OSCE, the Council of Europe, and the EU. The approach was detailed in the strategic documents, starting with the Resolution of the Starting-Points for a National Security Plan in 1993.[145]

Following this strategic guidance, Slovenia became one of the first countries in the Partnership for Peace (PfP) program on March 30, 1994, and an associate member of the North Atlantic Assembly (NAA) later that year.[146] The path to full membership continued in 1995 with the first participation in a PfP exercise, Cooperative Nugget in the United States and membership in the North Atlantic Cooperation Council (NACC). In April of 1997, the National Assembly adopted the Declaration on NATO Membership, and in August, the president signed the order to establish the Mission of Slovenia to NATO. Also, in 1997 Slovenia participated in its first

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[143] Zlatko Šabič and Charles J. Bukowski, *Small States in the Post-Cold War World: Slovenia and NATO Enlargement* (Westport, CT: Praeger, 2002), 76.

[144] Ibid., xvi.

[145] "Chronology of Slovenia's Accession to NATO," Chronology of Slovenia's Accession to NATO | Ministry of Foreign Affairs, accessed November 12, 2017, http://www.mzz.gov.si/en/foreign_policy_and_international_law/nato/chronology_of_slovenias_accession_to_nato/.

[146] Ibid.

peacekeeping mission, sending a medical platoon and additional liaison officers to Albania. While the operation was a joint venture of the EU and Western European Union (WEU), it marked a significant point in the Slovenian security development. For the first time, Slovenia became a security provider. The size of the unit sent to Albania was symbolic; however, it was an important milestone and provided a much-needed encouragement.

At about the same time, the United States decided it would extend invitations to the Czech Republic, Hungary and Poland, but not to Slovenia and Romania. There are numerous studies focusing on why Slovenia was not admitted in the first round of NATO enlargement in 1999. The "smallness" is one of the major reasons. The Deputies Committee judged Slovenia to be "lagging badly behind others military and, possibly, in its ability to make a political contribution."[147] The Committee listed four reasons for a gradual enlargement of the Alliance: enlargement should be a steady deliberate process, military perspective viewed a smaller group of invitees more prudent, it prevented a dilution of the Alliance and alleviated concern over costs, and a small number of invitees now would leave the door open for others.[148] The failure, which resonated strongly with the public, strengthened Slovenian resolve for NATO membership. In February 1998, the Government presented the National Strategy for the Accession of the Republic of Slovenia to NATO. A month later, Slovenia opened its airspace for NATO aircraft overflight.[149] At the Washington Summit (April 1999), members adopted the Membership Action Plan (MAP). In October 1999, Slovenia adopted the Annual National Programme (ANP) for the Implementation of the NATO MAP. After four years of reaching goals set forth by the ANPs, Slovenia was invited to begin accession talks at the NATO Summit in Prague in November of

[147] Ronald D. Asmus, *Opening NATO's Door: How the Alliance Remade Itself for a New Era* (New York: Columbia University Press, 2004), 218.

[148] Asmus, *Opening NATO's Door,* 218.

[149] "Chronology of Slovenia's Accession to NATO," accessed November 12, 2017, http://www. mzz. gov.si/en/foreign_policy _and _international_law/nato/chronology_of_slovenias_accession_to_nato.

2002. On March 23, 2003, Slovenia held a NATO referendum, one of the most important milestones on the road to NATO. The Slovenian public showed strong support for NATO when 66 percent of people voted for membership. On February 24, the Slovenian National Assembly ratified the NATO Accession Treaty and on March 29, 2004, Slovenia became a full member of the Alliance.

The goal of NATO membership was a driving force behind the defense reform and modernization of the Slovenian defense apparatus. Some argue that Slovenia lacked internal motivation for ambitious defense planning, and without the external guidance, deadlines, and conditions set forth by the Alliance it would not have implemented broad security-related reforms.[150] The external pressure provided a much-needed leverage for the politicians to implement reforms that were sometimes perceived as detrimental to the sovereignty of Slovenia. By joining NATO (and the EU), Slovenia acknowledged that it does not have the capacity to individually defend its territory and that it will not invest into such capabilities. Rather, it decided to pursue membership in an organization that provides collective security, even if that meant giving up a part of its sovereignty.

Two events had a significant effect on public opinion regarding NATO membership. First, in October 2003, political leadership implemented the transition from a larger conscription to an all-volunteer force which resonated favorably with the population. The decade after the independence saw a significant decrease in interest for military service, as conscripts sought ways to avoid serving in the military. On the other hand, what was somewhat harmful to the efforts to join the Alliance, was the United States' invasion of Iraq in 2003. In the debate over the Iraq war, the majority of the population sided with the "old Europe" instead of the Anglo-American "new"

[150] Christine Le Jeune, *New NATO Member States: The Benefits and Drawbacks of Enlargement* (Arlington, VA: Institute of Land Warfare, Association of the US Army, 2010), 5.

European alliance.[151] According to polls, about 80 percent of people were against a military intervention in Iraq.[152] After 1991, the emerging Slovenian foreign policy, notwithstanding the desire to join NATO, was predominately European in nature for the following reasons. First, the focus was on local, not global, security. Accordingly, Slovenia had sent the majority of its deployed troops to operations in Bosnia and Herzegovina and Kosovo. Second, military force was regarded as a less important instrument of national power; diplomatic, economic, developmental, and humanitarian mechanisms should precede military action.[153] Slovenia's stance sided with the general European approach to use military force only when all other options have been exhausted.

According to Olson and the theory of collective action, Slovenia, as one of the smallest members of the Alliance, should be a "freerider." In addition, if the main measure of contribution to the collective defense, is resting on the share of GDP allocated to defense, other members should criticize Slovenia for significantly failing to meet the mark. In 2017, Slovenia was at the bottom of defensive expenditures in NATO, with about one percent share of GDP. In addition, the ratio of money spent on personnel cost (seventy percent), operations and equipment (nineteen percent), modernization (two percent) differed dramatically from the NATO preferred fifty/thirty/twenty.[154] On the other hand, when evaluating actual contributions to NATO operations, in relative terms, Slovenia stands out as a positive example. In 1997, the number of deployed troops was just over one percent. It peaked in 2008 with almost eight percent, and it is

[151] Daniel Levy, Max Pensky, and John C. Torpey, *Old Europe, New Europe, Core Europe: Transatlantic Relations after the Iraq War* (London: Verso, 2010), xii.

[152] Paul E. Gallis, *NATO Enlargement: The Process and Allied Views* (Washington, DC: Congressional Research Service, Library of Congress, 1997), 2.

[153] Heiko Biehl, Bastian Giegerich, and Alexandra Jonas, *Strategic Cultures in Europe: Security and Defence Policies across the Continent* (Wiesbaden: Springer VS, 2013), 327.

[154] Defense spending NATO, Numbers do not add up to one hundred percent because of NATO official report methodology which breaks down expenditures as: personnel, equipment, infrastructure, and other costs. Other costs include operations and maintenance, research and development and cost not included in other categories. Other costs are not included in the 50/30/20 ratio.

now stable with an average of around five percent.[155] Slovenia seems to follow the principle outlined in the literature review, that the newer members of the Alliance bear a disproportionally large share of the burden in terms of operational contributions in the years following their acceptance. From the perspective of tangible contributions, Slovenia seems to defy Olson's principles and is a security provider. From the perspective of reaching agreed upon future capabilities and striving towards the two percent goal, Slovenia is a security consumer.

With regards to Olson's concrete principles, with collective defense as a public good that is nonexcludable and nonrival, Slovenia's consumption does not diminish its value. On the contrary, with participation in ISAF and Enhanced Forward Presence, Slovenia, in relative terms, contributed to deterrence and collective defense. Olson's second principle of "exploitation of the large by the small" has to be evaluated through the lens of perceived threat. If a member perceives a threat that would require additional investment in collective security, that member would want other members to share an equal burden of that additional security. The issue with this concept is that member states perceive threats in a significantly different manner. In the case of Slovenia, mostly concerned with regional matters, an out-of-area operation might not align with its national interests and that can cause tension between member states.[156] Based on the sense of solidarity, more than on its national interest or belief that it will enhance its security, Slovenia contributed troops to both ISAF and NATO Training Mission – Iraq (NTM-I). The last concept Olson writes about is "free riding." Again, viewed from a purely financial perspective, ignoring realities of tension between increasing military expenditure and investing in other areas, Slovenia would be considered a free rider. However, when the period of declining defense budget

[155] "Mednarodne Operacije in Misije," *Slovenska Vojska*, Ministrstvo Za Obrambo, accessed January 15, 2018, http://www.slovenskavojska.si/mednarodno-sodelovanje/mednarodne-operacije-in-misije/. On December 18, 2017, three hundred forty-seven members of the SAF were deployed worldwide, vast majority in KFOR (241). In contrast, Germany had about two percent of active force deployed.

[156] Comparison of the National Security Strategies of the United States and Germany shows a significantly different perception of a direct threat.

caused by the recent recession is viewed within the context of the entire period of Slovenian independence, the picture is different.

In two decades, Slovenia has successfully reformed and adjusted its defense sector from an outdated conscription-based military to an all-volunteer armed force. In general, it has transitioned from Soviet-based equipment to modern western armaments. Due to its size, Slovenia will always depend on other members for more expensive, high-tech capabilities. In addition, to fully integrate into frameworks of other larger member states, people in Slovenia will have to come to terms with the concept of "pooling sovereignty."

Conclusion

This last section compares and contrasts findings on Norway and Sweden, the first NATO-neutral pair, and then Austria and Slovenia, the second neutral-NATO pair. For both Scandinavian countries, World War II presents the defining period which shaped their approaches to security. In general, those approaches are still valid today. Even though Sweden decided on the policy of neutrality in the early eighteenth century, that only became part of its national identity after World War II. With its economy largely untouched by the war, Sweden had built on economic advantage over the war-torn European countries to develop the Swedish Model, integrating *folkhem* and welfare into the fabric of its society. Swedes were so proud of their self-proclaimed exceptionalism, that they felt a need to export it via a policy of non-military interventionism, facilitated by the UN and similar international organizations.

Norway, on the other hand, had its ideals of neutrality shattered in April 1940, when German warships assaulted major Norwegian ports. After the war, still recovering from the German invasion and considering the emerging Soviet threat, and with the subjugation by the Danes and the Swedes echoing in the collective memory, Norway placed security above complete sovereignty and became one of the founding members of NATO in 1949. To prevent provocation of the Soviet Union, membership did come with a few caveats.

For both countries, geography played the crucial role in determining their long-term approaches to providing security. Norway, with its important geo-strategic location, was essential to German plans to control the North and the Norwegian Seas. Sweden, located between Norway and Finland, offered little geo-strategic value. In addition, during World War II, Germany profited greatly from trading with neutral Sweden, while occupying it would have a negative effect on its war effort. The different legacies of World War II strongly shaped the security policies of the two Scandinavian countries.

During the course of the Cold War, Norway's and Sweden's respective approaches to security did not significantly change. It was after the fall of the Iron Curtain, that particularly Sweden had altered its security policy. The transatlantic and European economic integration was not possible without at least partial security integration. Gradual changes in political stance, from "armed neutrality," to "non-participation in military alliances," and subsequently to "act in cooperation with other states," went hand in hand with deeper integration into the evolving EU security structures and NATO cooperation.

Norway's popular desire to maintain sovereignty has prevented the country from joining the EU. However, by becoming a part of various agreements (EFTA, EEA, horizontal and flanking policies), Norway is deeply integrated into the EU structures in the area of economics and less in the area of security. With regards to the EU, it has significant obligations, yet very limited influence on the decision making. For Norway, NATO is and will remain the security provider.

With a few centuries of avoiding direct conflict, the Swedes had time to internalize neutrality and make it a part of their national identity. Norwegians did not have that luxury. After World War II, Norway sought security, while Sweden wanted economic stability. The NATO path led to security, while the EU path led to economic integration. Sweden chose the second, while Norway chose the first and cannot decide on the second. Today, from the perspective of security, Norway seems to be better off, yet the geo-strategic realities remain very similar to those

of 1940, especially with a popular desire to exploit and/or control the Arctic Ocean. Nevertheless, the High North seems to be falling on the NATO agenda.

In contrast with Sweden, Austrian neutrality was not voluntary. In 1955, one of the conditions for Austria to regain independence was to declare neutrality. In 1991, after the Cold War ended, Austria had to choose between remaining neutral, denouncing neutrality and/or joining NATO. Slovenia, with a significantly shorter history as an independent state, was free to choose its foreign policy when Yugoslavia dissolved in 1991. However, Slovenia's options were more limited that might seem at first.

Austrian neutrality first departed from the Swiss model with the UN membership in 1955. Throughout the Cold War, neutral status was enforced by the Western allies and the Soviet Union, with both sides opposing Austrian Euro-Atlantic integration. With the end of the Cold War and the start of the ECC/EU accession process as well as participation in the PfP program, Austrian neutrality changed. The two most obvious violations of neutrality, as defined by The Hague Conventions, were the NATO reconnaissance aircraft overflight during the Yugoslav wars and permission for tank transports over Austria during the Second Iraq War. As a member of the EU, Austria takes part in forming the EU foreign policy and actively participates in the EU and UN peacekeeping operations. It also yields a disproportional amount of soft power regionally, due to historical ties originating from the period of the Hapsburg Monarchy and the Austro-Hungarian Empire, and globally, due to influence on the prominent international organizations residing in Austria. Despite changes in neutrality, including integration and an active role in the EU Common Security and Defense Policy, Austrian official communiqué still insists on "permanent neutrality." However, with an active role in the CSDP, the resolute response to the recent migrant crisis and its role in the former sphere of influence, Austria is treading well outside traditional "neutral-state" boundaries.

Slovenia, in a similar geographical situation as Austria and heavily culturally and societally influenced by the period under the Austrian rule, never seriously considered neutrality.

While it was one of the options upon gaining independence in 1991, the political leadership realized that a young and inexperienced democracy was in dire need of outside guidance and mentorship, sometimes even pressure, to first form a stable market economy and at the same time develop a reliable security apparatus. The EU was the proper setting for the first, NATO for the second. Both would guarantee and guide Slovenia on a democratic path. The often unstable and over-regulated Yugoslav economy defined Slovenia's desire for economic stability, which was realized with EU membership. The new state's limited military capacity, the recent aggression by the Yugoslav National Army, and the haunting memories of the regions experiences in World War II defined Slovenia's desire for security, which was realized with NATO membership.

Norway, Sweden, Austria, and Slovenia went through a different decision-making process to determine how to preserve their security. Their decisions were based on then contemporary events, such as World War II and the breakup of Yugoslavia. However, the same defining period affected states' differently. After World War II, Norway denounced neutrality, Sweden remained neutral, and Austria was coerced into neutrality. One should be cautious when considering the European states' approaches to security as a single entity, even when comparing states that are similar in size and geography. In the future, with the ongoing changes to the EU foreign security policy, there might be a common European approach to security. Until then, European states will pursue significantly different approaches to preserve their security.

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