1

RISK, THREAT, AND SECURITY INSTITUTIONS

Celeste A. Wallander and Robert O. Keohane

The post-cold war world presents challenges for both policy and theory in international relations. One important challenge to international relations theory is the anomaly of NATO's continuity after the cold war. Inspired by the Soviet threat, created under American leadership, designed to bolster the security of its members against the Soviet Union by aggregating defence capabilities, NATO ought to be either collapsing or withering away: dying with a bang or a whimper. Indeed, since the end of the cold war theorists working in the realist tradition have clearly and forcefully predicted NATO's demise, if not in 'days' then in 'years'.[1]

This prediction turned out to be wrong. More than nine years after the Berlin Wall was dismantled and seven years after the Soviet Union collapsed, NATO not only continues to exist but is growing and taking on new tasks. It is an obvious magnet for states of Central and Eastern Europe; it plays a central role in the former Yugoslavia; and it clearly remains the primary instrument of American security policy in Europe. Reports of NATO's death were exaggerated: like other established international institutions,

[1] Mearsheimer (1990); Waltz (1993).

it remains valuable because of the uncertainty that would result if it disappeared.²

What went wrong with realist theory and right with NATO? In this chapter, we develop a typology of security institutions and propositions on their form, function, persistence, and change. We use contractual theories of institutions to suggest answers to a general question which the response of NATO to the end of the cold war illustrates: what happens to alliances when their precipitating threats disappear? Our framework and propositions complement the more in-depth analyses of the effects and dynamics of a variety of security institutions developed by the authors in Chapters 2–10 of this volume.

The core of our analysis is based on recognition that security institutions, like any institutions, vary both in their levels of institutionalization and in their forms. Major wars, and long struggles such as the cold war, generate alliances, which are institutionalized security coalitions designed to aggregate capabilities and coordinate strategies to cope with perceived threats. When threats disappear, the original *raison d'être* of alliances would appear to have vanished and we might expect the institutions to be discarded. But when threats disappear, other security problems remain. Hence, efforts may be made to maintain the institutionalized security coalitions, but to transform their functions to cope with the more diffuse set of security problems we characterize as risks, and thus to transform alliances into security management institutions. Such institutional transitions have been difficult to effect. After the Napoleonic Wars and this century's two World Wars, attempts were made to transform alliances or alignments into security management institutions; and only in the earliest case, that of the Concert of Europe, did this transformation work. Yet in the contemporary case of NATO, it appears that an alliance is being transformed into a security management institution. We seek to understand, through conceptual and historical analysis, what the conditions are for such a successful transformation to occur. In doing so, we both broaden institutional theory beyond its roots in political economy and deepen its explanatory power by advancing institutional hypotheses on change.

To help us understand the transformation of security institutions, we construct a new typology of security coalitions, based on three dimensions: the degree to which they are institutionalized, whether they are organized exclusively or inclusively, and whether they are designed to cope with threats or risks. We use this typology to generate two key propositions. The first proposition is a standard institutional hypothesis: highly institutional-

ized alliances are more likely to persist, despite changes in the environment, than non-institutionalized alignments. Our second proposition, more novel, builds on the other two dimensions of our typology. Alliances are exclusive security institutions, designed principally to deal with threats from non-members. Some alliances, however, also have to cope with risks of conflicts among members, and therefore develop an 'inclusive' aspect, oriented toward risk-management. Our key hypothesis is that these more complex alliances are more likely to be able to adapt to the ending of threats by elaborating and developing those practices designed to cope with risks rather than threats. In our terminology, the rules and practices of 'hybrid' institutions will be more 'portable' than the rules and practices of single-purpose alliances focused only on threat.

We explain our typology in section 1 of this chapter, by elaborating our distinctions between threat and risk and exclusivity versus inclusivity; and by discussing what we mean by institutionalization. In section 2 we set out our hypotheses, which we illustrate with reference to previous situations in which threats disappeared, and with reference to NATO. However, we do not pretend to test our hypotheses in this chapter. A number of the authors of subsequent chapters use our typology, or some of our hypotheses, to structure their empirical investigations. The evidence is mixed and far from comprehensive; but our concepts and arguments seem relevant to change in security institutions, and to NATO in particular.

The final section of this chapter, section 3, argues for the reframing of the problem of NATO enlargement—from one of alliance expansion to institutional change. We argue that NATO is changing from an alliance to a security management institution; that this transformation should be encouraged because it encourages stability in Europe; and that it implies the continued expansion of NATO to include all countries in the region that can reliably be counted on to support its principles and follow its rules. Eventually, NATO as a security management institution could even include a democratic Russia. Refocusing the issue as one of institutional change rather than mere expansion sheds new light both on the criticisms of NATO expansion and on the conditions that should be fulfilled for such expansion to continue.

1. A Typology of Security Institutions

Some commonly understood rules are intrinsic to all diplomatic interchange, so in that sense, all of international politics is institutionalized. But the institutionalization of security coalitions (as of other practices in international relations) varies greatly from minimal to substantial. As we

will see, it matters for a security coalition how institutionalized its practices are. Institutionalization can be measured along three dimensions: commonality, specificity, and differentiation.[3]

(1) Commonality refers to the degree to which expectations about appropriate behaviour are shared by participants.

(2) Specificity refers to the degree to which specific and enduring rules exist, governing the practices of officials, obligations of states, and legitimate procedures for changing collective policy. Greater specificity is reflected in more detailed and demanding primary rules, specifying what members must do; and secondary rules, indicating how rules can be changed or recognized as binding, that are clear, more comprehensive, and that provide for rule-change and recognition that preclude vetoes by individual members.[4] For example, the European Union now is more institutionalized in this sense than its predecessor, the European Economic Community, was in the 1970s; and NATO, although less institutionalized than the European Union, is more institutionalized than it was in the 1950s.

(3) Functional differentiation refers to the extent to which the institution assigns different roles to different members. As Kenneth Waltz has argued, one mark of an 'anarchic' international system is that it is composed of 'like units', performing similar functions in so far as their differing capabilities permit them to do so.[5] Conversely, a mark of an institution is that it organizes and legitimizes a division of responsibility, with different participants performing different functions.

Threats and risks

The security strategies with which we are concerned in this chapter involve measures to protect the territorial integrity of states from the adverse use of military force; efforts to guard state autonomy against the political effects of potential use; and policies designed to prevent the emergence of situations that could lead to the use of force against one's territory or vital interests.[6]

---

3 This discussion builds on, and modifies, Keohane (1989:4–5).

4 Hart (1961).

5 Waltz (1979).

6 Security can be defined much more broadly, even to the point where it becomes identical with preservation of any value, as in 'economic security' and 'environmental security'. Since definitions are not matters of right or wrong, the fact that we have defined security in a relatively limited way does not imply that we reject such definitions; but such a broadening of the concept is not necessary for our purposes. See Walt (1991), Art (1994), and Wolfers (1962) for relatively narrow definitions of security. For a good discussion of the boundaries of the concept of security and the limitations of such a restrictive definition, see Haftendorn (1991).

Where a state's leaders regard it as facing a positive probability that another state will either launch an attack or seek to threaten military force for political reasons, it faces a *threat*. Threats pertain when there are actors that have the capabilities to harm the security of others and that are perceived by their potential targets as having intentions to do so. When no such threat exists, either because states do not have the intention or the capability to harm the security of others, states may nevertheless face a security *risk*.[7]

To illustrate the distinction, consider the classic security dilemma as discussed by John Herz and Robert Jervis. Herz and Jervis explained that when states with purely defensive or status quo intentions adopt policies to provide for their own security, they can unintentionally lead other states to take countermeasures that lead toward a spiral of mutual fear and antagonism.[8] Although intentional threat is absent, states may still face serious security problems.

In modern informational terms, the essence of the security dilemma lies in uncertainty and private information. As realists have long recognized, the key problem for policy-makers is the difficulty of distinguishing revisionist states with exploitative preferences from status quo states with defensive intentions. It may be possible for security dilemmas to be avoided or ameliorated if status quo states can provide credible information to distinguish themselves from revisionists eager to exploit the unwary.[9]

Another way to understand the distinction between threats and risks is to build on an analytical distinction between collaboration and coordination first drawn by Arthur Stein and referred to in the Introduction. While collaboration problems, such as Prisoners' Dilemma, entail threats because they involve the potential for cheating and exploitation, coordination (or bargaining) problems do not entail threats. The problem in coordination situations is that the players will be unable to come to an agreement because of competitive incentives, but if they can manage to agree both are satisfied with the outcome and would not exploit the other. Lisa Martin has further elaborated the distinction and discusses assurance problems, which are akin to coordination problems in that they do not involve the threat of exploitation and cheating but instead entail the risk that states will fail to achieve or maintain mutually beneficial cooperation because of fear, mistrust, and uncertainty.[10]

Thus, security arrangements may be designed not only to cope with security threats, as are classic alliances, but also with security risks. Because

---

7 Daase (1992: 70–2 and 74–5); Wallander (1999: ch. 3).

8 Herz (1951); Jervis (1978).

9 Wolfers (1962); Fearon (1994); Powell (1996).

10 Stein (1990); Martin (1992b).

the means to deal with these different security problems vary, we would expect institutional forms to vary as well. Institutions meant to cope with security threats will have rules, norms, and procedures to enable the members to identify threats and retaliate effectively against them. Institutions meant to cope with security risks will have rules, norms, and procedures to enable the members to provide and obtain information and to manage disputes in order to avoid generating security dilemmas. This distinction is the first building-block in our typology.

Inclusivity and exclusivity

Another dimension along which security coalitions can vary is their inclusivity or exclusivity. Coalitions can be designed to involve all states that could pose threats or risks, or they can deliberately exclude some of them. Collective security arrangements are inclusive, since they are designed to deal with threats among members; alliances are exclusive because they deter and defend against external threats.[11]

Although in principle states are free to choose either inclusive or exclusive strategies to cope with both threats and risks, exclusive strategies seem better suited to coping with threats, while inclusive strategies appear to be better able to cope with and manage risks.[12] Threats to national security posed by states with aggressive intentions are best met by aggregating capabilities and sending strong and credible signals of resolve, as in classic balancing alliances. Collective security arrangements are often vulnerable and ineffective because aggressive states may be able to exploit their symmetrically framed rules and processes, which present opportunities for obfuscation, delay, or vetoing action.[13] On the other hand, the problems posed for national security by risks and the security dilemma tend to be exacerbated by exclusive coalitions, because the institutions associated with such coalitions do not provide for transparency and information exchange between those states that are most likely to come into armed conflict with one another. Indeed, close coordination within alliances, along with distant relationships between them, may exacerbate suspicions associated with the security dilemma.

Combining the dimensions

Our distinctions between threats and risks, and inclusive versus exclusive

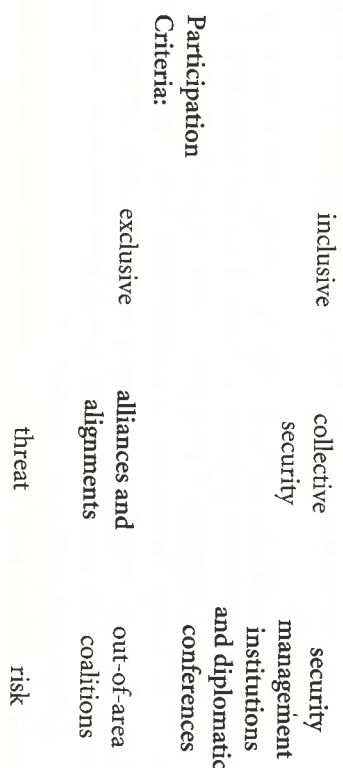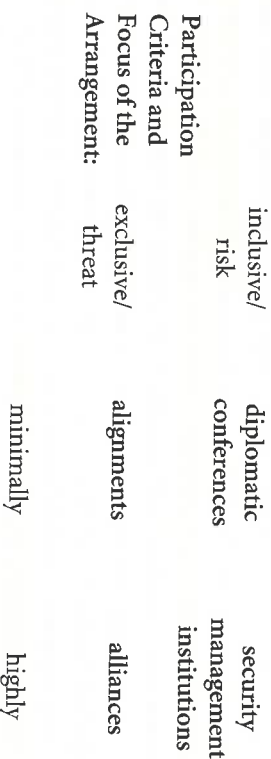11 Wolfers (1962: 183).   12 Wallander (1999: ch. 2).   13 Betts (1992).

Participation Criteria:	inclusive	exclusive
Situation facing states		
threat	collective security	alliances and alignments
risk	security management institutions and diplomatic conferences	out-of-area coalitions

FIGURE 1.1. Variation in Security Coalitions

institutions, yield the fourfold typology of Figure 1.1.[14] For reasons sketched above, the most successful arrangements will be found in the lower-left and upper-right sections of the diagram: exclusive arrangements will be associated with threats (alliances and alignments) and inclusive coalitions will be associated with situations of risk (security management).

Figure 1.2 directs attention to the two most important and successful types of security coalitions: (i) inclusive coalitions designed to deal with risk, and (ii) exclusive coalitions designed to cope with threat—the upper

Participation Criteria and Focus of the Arrangement:	How institutionalized are the coalitions?	
	minimally	highly
inclusive/ risk	diplomatic conferences	security management institutions
exclusive/ threat	alignments	alliances

FIGURE 1.2. Institutional Variation in Security Arrangements

14 We are indebted to Hein Goemans for suggesting the terms 'inclusive' and 'exclusive', which clarified distinctions we had earlier tried to make, and to Carsten Tams for developing the exclusive/risk category and term 'out-of-area' (see Ch. 3 below).

right and lower left section of Figure 1.1, respectively. Let us first consider inclusive coalitions.

Diplomatic conferences called to discuss specific issues, such as the Geneva Conference of 1954 on Korea and Indochina, are inclusive and only minimally institutionalized. The Geneva Conference included China, the Soviet Union, Britain, France, and (reluctantly) the United States, as well as the Vietminh. It developed rules, but they were not highly elaborated; the expectations of participants were not closely aligned, and the institution did not prescribe functionally differentiated roles.

We use the term 'security management institution' to denote an inclusive, risk-oriented arrangement with highly institutionalized practices. The Concert of Europe in the nineteenth century and the Organization for Security and Cooperation in Europe today provide clear examples of security management institutions.[15] The League of Nations and United Nations were designed in part as collective security institutions (inclusive, seeking to cope with threats), but they also served as security management institutions, seeking to deal with risks—as exemplified by United Nations efforts at peaceful settlement of disputes under chapter 6 of the Charter.

Alignments and alliances, unlike diplomatic conferences and security management institutions, are directed against specific threats and are exclusive in membership form. We make a clear distinction between alliances—which we define as exclusive security institutions oriented towards threat—and alignments. Alignments are minimally institutionalized: examples include the 1967 Arab coalition against Israel and the coalition supporting UN action against Iraq during the Gulf War in 1990–1, which included both Syria and the United States.[16] In its earliest years, before being institutionalized, NATO was an alignment. Alliances, in contrast, are institutionalized security coalitions directed against specific threats. Alliances have rules, norms, and procedures to enable the members to identify threats and retaliate effectively against them. Expectations about actions in the event of future contingencies are shared among members; rules of behaviour are specific; and different roles are assigned to different participants. NATO, of course, is a model alliance, highly institutionalized.[17]

The key points are that we expect successful security coalitions to develop institutionalized rules and practices (as both NATO and UN peacekeeping have done); and that these rules and practices will broadly reflect the

15 On OSCE, see Ch. 7, by Ingo Peters.
16 On the 1967 coalition, see Walt (1987: 101). The Syria–United States example was suggested by James Morrow in a seminar at Harvard University 28 Feb. 1995.
17 Ch. 5 by Tuschhoff shows how NATO was institutionalized in all three ways.

functions performed by the institutions. Institutions meant to cope with security threats will have rules, norms, and procedures to enable the members to identify threats and retaliate effectively against them. Institutions meant to cope with security risks will have rules, norms, and procedures to enable the members to provide and obtain information and to manage disputes in order to avoid generating security dilemmas.

Our categories are ideal types. Institutionalization is always a matter of degree and mapping actual security institutions into Figure 1.2 would yield a continuum in the horizontal dimension. The vertical dimension would also be a continuum: alliances, as we will see in the case of NATO, may seek to manage the risks of conflict among members as well as to amass resources and coordinate members' actions against external threat. That is, alliances may function in part as security management institutions.[18] Nevertheless our typology makes useful distinctions which are helpful in explaining change in security coalitions and institutions, now and in the past. In particular, it highlights the important risk–threat distinction, which is often overlooked; and it emphasizes the importance of institutionalization for the actual operation of security coalitions.[19]

2. Institutional Hypotheses on Change and Adaptation

Institutional theory in international relations has addressed itself principally to two questions: (i) what explains variation in degree of institutionalization and institutional form? and (ii) what are the principal effects of international institutions? An explanation for institutional change requires, in addition to these foundations, an integrated understanding of how changes in the environment create pressures for institutional change, and how characteristics of institutions themselves affect which changes actually take place. In this section, we will begin by focusing on exogenous changes, stemming from the environment; then discuss endogenous sources of change; and finally, illustrate our hypotheses by discussing institutional change after three major wars: the Napoleonic Wars, and the First and Second World Wars.

18 Schroeder (1976, 1994a).
19 The emphasis on threats in the realist literature has led to an emphasis on exclusive security coalitions, and realism's underemphasis of the significance of institutionalization has contributed to its lack of interest in institutional variation, which is seen as either unimportant or merely a function of underlying power relations.

Uncertainty, problem durability and issue density

Institutions arise, according to institutional theory, largely because of uncertainty, which generates a need for information. Uncertainty means not having information about other states' intentions and likely choices. Since choosing a strategy depends not merely on what a state wants but also on what it believes other states seek, uncertainty can be a very significant problem in security relations.[20] Governments therefore find it worthwhile to invest in information that will enable them to design strategies that are appropriate to their environments. One way of investing in information is to create institutions that provide it. Institutions can serve as the informational and signalling mechanisms that enable states to get more information about the interests, preferences, intentions, and security strategies of other states. They reduce uncertainty by providing credible information.[21] Furthermore, successful institutions may regularize the behaviour of states belonging to them, making it more predictable and decreasing uncertainty. Hence, if it is rational for states to invest in information, they may also invest in institutions that reduce uncertainty.

However, it is not only the information one receives, but the information one is able to provide to others that contributes to diplomatic success. This point has two distinct aspects. First, if one country influences the way others see the world—as the United States has during recent decades—it gains what Joseph S. Nye calls 'soft power'.[22] Much of US soft power is exercised through international institutions, ranging from the International Monetary Fund (IMF) to NATO. Second, within a given perceptual framework, being able to provide credible information to others is a source of influence.[23] Since uncertainty is high in world politics, the credibility of a state's own threats and promises becomes a factor in its ability to exercise influence over the behaviour of others. Hence, having a reputation for keeping commitments can be an asset.

Often theorists in the realist tradition argue that because institutions are costly to join (that is, they constrain state strategies) they will be avoided. However, this misses the point: it is precisely *because* actions are costly that they are credible and therefore can be valuable to self-interested states.[24] Institutions *enable* state strategies because it is costly to join and abide by them—thus, they are instruments for credible signalling. The question is whether the enabling benefits of joining a security institution are worth the

20 Jervis (1976).   21 Keohane (1984); Milgrom *et al.* (1990); Shepsle (1986).
22 Nye (1990).   23 Schelling (1960).
24 Powell (1990); Martin (1992a); Fearon (1994).

costs and constraints. Institutionalist theory holds that to understand the demand for security institutions, we will need—as with other international institutions—to understand both how they provide information to states and how they affect credibility and reputation.

Uncertainty provides a generic reason for establishing security institutions. But institutions are costly to create, and do not arise automatically simply because they could be useful. We therefore need to ask what will affect the willingness of members (or potential members) to pay the costs of creating and sustaining the institutions. The key choice for potential members is between achieving cooperation on an *ad hoc* basis and investing in institutions. *Ad hoc* cooperation entails lower investment costs but forgoes the long-term benefits of having enduring rules and practices that facilitate future cooperation at low cost. Two variables should affect the willingness of potential members to make institution-specific investments: the durability of the problems and issue density.

The durability of the problems being faced is of obvious importance, since the longer challenges are expected to last, the more sensible it is to invest in institutions to deal with them. Thus variations in states' expectations of the durability of their security problems should help to explain variations in institutionalization. States will be more willing to pay for institutions when they expect the threat they face to be durable rather than transitory. For forty years after 1949, Western leaders expected what John F. Kennedy would call 'a long twilight struggle' against the threat of Soviet communism. The establishment of NATO depended on its members' beliefs that the threats they faced were durable.

Issue density refers to 'the number and importance of issues arising within a given policy space'.[25] In dense policy spaces, issues are interdependent, and need to be dealt with in a coordinated way to avoid negative externalities from policies for one issue on other policies. In dense policy spaces, institutions may achieve 'economies of scale'. For example, the issue density in European security relations from 1946 to 1949, when NATO was created, was substantial: in addition to deterring a Soviet attack, the potential Western allies were faced with the problem of a weak and possibly revanchist divided Germany, the need ultimately to rearm Germany yet to control it, French distrust of German intentions, and devastated economies of the potential allies which virtually precluded substantial defence spending by individual states.[26] Issue density can be a function of domestic

25 Keohane (1982: 339–40).
26 Osgood (1962: 72–4, 96–8); Hanrieder (1989: 40–1); Kugler (1993: 41–50); Duffield (1995: 39–40).

politics, high levels of economic and military interdependence, or close connections between internal politics and the external environment.

More generally, issue density means that interactions are likely to be repeated on related issues, providing the scope for strategies of reciprocity, which can sustain cooperation in iterated games.[27] Hence issue density may increase states' confidence that their partners will not act opportunistically in such a way as to vitiate the investment in institutions.[28] Mutual confidence is likely to be reinforced by the institutionalization of these multiple relationships, for two reasons. First, past institutionalized practice will have reduced uncertainty and increased trust. Second, the existence of other valued institutions, which could be jeopardized by opportunism in one institution, will provide incentives not to behave opportunistically. We therefore expect cooperative responses to be more likely when institutionalized behaviour has characterized the issue area in the past; and when related issue areas are highly institutionalized.

Problem durability and issue density both increase the number of issues that may be affected by sets of rules and practices that comprise institutions. When problems appear more durable and issue density higher, investments in institutions will have greater benefits, because they will pertain to more issues over a longer period of time. These benefits include providing information, increasing credibility, and reducing the costs of cooperation. We expect states to be most inclined to create institutions when problem durability and issue density create incentives to do so. And as long as densely clustered sets of problems exist, institutions that enable states to cope with them are likely to persist.

This framework, adapted from institutional theory, provides the basis for understanding the conditions that should be conducive to the institutionalization of security coalitions. In the next section we focus on endogenous sources of change: features of institutions that may facilitate a shift from institutions designed to cope with threats to institutions designed to cope with risks. We introduce two novel concepts—hybridization and portability—that help to explain variations in the adaptability and continuing significance of security institutions in general, and that throw light on the transformation of NATO into a security management institution.

Adaptation and hybridization

We have seen that security coalitions may be distinguished by their pur-

27 Axelrod (1984); Martin (1995: 77).

28 On opportunism, see Williamson (1985).

poses as well as by their degree of institutionalization. In particular, they may be directed against a specific external threat or designed to deal with the more diffuse problem of risks. Alliances and alignments, which are designed to cope with threats, need effectively to aggregate the military capabilities of their members in order to pose credible deterrence threats or efficient instruments of defence. In contrast, security management institutions do not need to mount credible deterrents and effective defences against adversaries. They need to provide for transparency, consultation, and incentives for cooperative strategies among members.

The question we pose is the following: under what conditions do decreases in threat lead to the abandonment of existing alignments or alliances, or instead, to their evolution? Our first argument is that institutionalization matters: alliances are better candidates for adaptation than alignments. More highly institutionalized coalitions are more likely to persist, since the marginal costs of maintaining existing institutions are smaller than the average costs of new ones. The sunk costs of old institutions have already been paid: in economics, 'bygones are bygones'.[29] Hence, even if the old institution is not optimal for current purposes, it may be sensible to maintain it rather than to try to form a new one—especially if the costs of negotiating such an entity would be very high, or uncertainty about success is great.[30]

However, this inertial explanation is insufficient. When situations change —for example, from an international environment in which risks are the principal focus of attention—the continued relevance of institutions depends on how well they can adapt rules and procedures devised for one set of problems to the emerging issues of the day. A classic example of successful adaptation is the March of Dimes, which was founded to combat polio. After the Salk vaccine was developed, the March of Dimes was able to shift its orientation from polio to birth defects, because its organizational competence was in raising funds rather than being specific to polio. However, adaptability is by no means assured. In international relations, institutions that were built on principles contradictory to those of a new era may become worse than useless. After 1989, both the Warsaw Pact and CoCom—the institution devised by the United States and its allies to deny strategic materials to the Soviet bloc—disappeared.[31]

29 For this argument, see Keohane (1984: 100–3). Stinchcombe (1968: 120–1) has a good discussion of sunk costs. The phrase, 'in economics, bygones are bygones,' was the first part of a *bon mot* of Charles Kindleberger, the second half of which was, 'while in politics, they're working capital'.

30 For this inertial institutional argument, see McCalla (1996).

31 CoCom stands for Coordinating Committee for Export Controls. On CoCom's demise and institutional successor, the Wassenaar Accord, see Wallander (1999: ch.7).

We use the word 'portability' to describe the ease with which the rules and practices of one institution can be adapted to other situations. Institutional repertoires are often adjustable, at least within some range. Both portability and its limits are illustrated by the attempt by the United Nations to adapt its institutional arrangements for peacekeeping to the war in Bosnia. Sufficient similarity between traditional UN missions and the issues in Bosnia existed for the UN to be able to mount a Bosnian expedition and achieve some tactical successes by negotiating cease-fires as well as providing relief to the civilian population. But coercing belligerents was not part of the UN's peacekeeping repertoire, and the mission collapsed over its inability to perform that function, which was essential to achieving an enduring cease-fire.

We argue that institutions are more likely to adapt to new conditions when their rules and practices are portable. Institutions that combine a variety of functions are more likely than narrowly focused institutions to find that some of their rules and practices are more portable: the fact that they have a variety of rules and organizational repertoires means that some of those rules and repertoires are more likely to remain relevant after declines. Specifically, institutions that combine functions related to risk *and* threat are more likely than single-purpose institutions to have more rules and repertoires that are portable after threat declines. Paul Schroeder has argued that alliances can be 'tools of management' as well as modes of aggregating power against threats.[32] We follow Schroeder's analysis in recognizing that alliances have in fact often contained measures to manage relations among members. We call institutions that combine risk-directed management functions with threat-directed power aggregation functions *hybrid institutions*. Hybrid security institutions deal both with security problems created by external threats or problems and those problem posed by risks, mistrust, and misunderstandings among members. The classic conceptualization of alliances as arrangements to aggregate power does not allow for these multiple purposes, and therefore fails to capture the reality of contemporary alliances. For instance, the highly institutionalized bilateral alliance between the United States and Japan has developed a rich set of common expectations and specific rules and a clear functional division of labour, both to guard against external threats and, increasingly, to deal with the risk that tensions on economic issues between the two countries would disrupt their security partnership.[33]

32 Schroeder (1976).
33 On the US–Japanese security dialogue, which in our terms sought further to institutionalize the relationship by establishing firmer common expectations, see Nye (1995).

On the other hand, alignments such as that of the Axis powers during the Second World War, or even the Grand Alliance of Britain, the United States, and the Soviet Union, were not highly institutionalized and were dominated by the single purpose of winning the war. The point is that security arrangements differ with respect to degree of hybridization, because some focus only on threats while others encompass issues of risk as well. We put forward the hypothesis—although we do not prove it—that hybrid institutions are generally more adaptable than non-hybrid arrangements.

The concept of portability helps us understand why member states attempt to use existing NATO practices, procedures, and rules to deal with new security problems and to overcome new obstacles to security cooperation among the allies. It also suggests that having discovered over time that some such procedures are portable, members will become more willing to invest in them in the future. We see this pattern in the reliance of NATO members on NATO infrastructure and procedures to develop, deploy, and operate multinational peace enforcement forces in Bosnia, even though those procedures and that infrastructure were created to deter and defend against the Soviet threat—quite a different matter. This development is also apparent in the resources NATO has invested in Partnership for Peace.

We turn now to a comparative analysis of alliance adaptation, illustrating the historical relevance of our concepts, and our argument, for the attempted transformations of 1815, 1919, and 1945. In section 3 we will return to the case of NATO.

Institutional adaptation when threats decline: three cases

Our argument holds that the functions performed by alignments or alliances will become less valuable to members when threats are transformed into risks, but the functions that could be performed by security management institutions will become potentially more valuable. States will therefore have incentives, when threats disappear but risks persist, to seek to transform alignments or alliances into security management institutions. In this section we briefly examine one alliance and two alignments that successfully dealt with threats to their members: the Quadruple Alliance, formed during the Napoleonic Wars and renewed in 1815; the Anglo-French alignment of the First World War (1914–9), joined by the United States in 1917; and the Grand Alliance (in our terms, an alignment) of Great Britain, the Soviet Union, and the United States of 1941–5. Each alignment or alliance was followed by attempts to establish a security institution to deal with post-war risks, but these institutions varied in members' commitment,

durability, and effectiveness. Our claim is that successful transformation of alignments or alliances into security management institutions requires three conditions: (i) a change in the security environment to one of risks rather than threats; (ii) the previous construction of a genuine alliance—an institution—rather than merely an alignment; and (iii) that the previous alliance be a hybrid, possessing some rules and practices that were designed to mediate disputes and prevent the emergence of security dilemmas among them.

Napoleon and the Concert of Europe: The Concert of Europe, which was established by the victorious allies of the Napoleonic Wars along with the restored monarchy of France, is generally recognized as a case of successful security cooperation. It is commonly explained as the result of the recognition by four European great powers, Great Britain, Austria-Hungary, Prussia, and Russia, that their previous competitive behaviour had allowed France under Napoleon to conquer most of Europe and nearly destroy it in the process. In 1815, these powers did not perceive a threat from any of them, including a France with legitimate monarchical rule re-established; but they worried about the risks inherent in great power rivalry. They recognized that they had substantial long-term common interests in a stable Europe resistant to revolution—that 'problem durability' was high. They also believed that many issues would arise on which there might be incentives for one state or another to seek unilateral advantage, but that such self-serving activities could lead once again to war. Hence 'issue density' was high as well. Recognizing their common interests, these great powers were able to develop a system based on consultation, norms of reciprocity, and rules of behaviour which precluded unilateral advantage and supported mutual restraint.[34] As Louise Richardson shows in Chapter 2, this system of rules and norms (by any definition, a security institution) had a significant impact on the security relations of the great powers in the first half of the nineteenth century, and contributed to an unprecedented period of peace among them.

Our argument attributes the formation of the Concert of Europe not only to problem durability, issue density, and the common values and interests of its members, but to the previous anti-Napoleonic alliance having been a hybrid institution. The earliest anti-French coalitions were usually *ad hoc* commitments which states could and did easily escape. Faced with the threat of the French armies poised to attack, erstwhile allies defected at the crucial hour, thus contributing to Napoleon's military success. Indeed,

34 Jervis (1986).

until 1812, the European great powers were defeated as much by their own perfidy as by French military power. Over time, however, as the futility of such behaviour became apparent to European leaders, they sought to develop more precise commitments and greater coordination in their diplomatic and military campaigns against France. As Schroeder shows, after 1812 they did a better job of managing and containing the temptation to exploit others and seek deals with France. High-level policy-makers met in virtually continuous session, and self-consciously followed rules that minimized attempts at exploiting situations for unilateral advantage. The anti-Napoleon alliances were not solely directed against the external threat; they were designed to keep an eye on allies and reduce the potential for defection or mitigate its effects.[35] That is, the post-1812 alliances were, to a significant extent, hybrid security institutions. In our framework, therefore, it is not surprising that the post-1812 alliance's basic practices served as something of a precedent when far-sighted leaders such as Metternich and Castlereagh sought to create a mechanism for managing their rivalries and uncertainties.

The First World War and Versailles: The end of the First World War brought an end to severe threats to the security of the victorious Western allies, but left risks, including Bolshevism, revival of Germany, and the spread of nationalism in the former Ottoman and Habsburg empires. The League of Nations was designed to meet these risks. However, the condition for success in developing a security management institution—the existence of a previous hybrid alliance institution—was not present in 1919.

The Entente Cordiale between Great Britain and France, which provided the core of the victorious coalition of the First World War, was a very loose association between two traditional rivals. When war broke out in 1914, 'vital questions of strategic deployment and military coordination remained unresolved ... The stage was set for a war of attrition between the allies as each struggled for military authority and strategic control on their common front'.[36] For over three years, this struggle divided the political and military leaders of each country, as well as pitting the governments against one another. The British and French governments both sought to impose more burdens on their partners and gain more benefits for themselves, while the military and political leaders of each country contested with each other for authority over strategy and tactics. Only in November 1917 was a Supreme War Council established, at the insistence of British Prime Minister Lloyd George, and with the mandate to prepare war plans, subject

35 Schroeder (1994b: chs. 10–12).   36 Philpott (1996: 1).

to the approval of the governments involved; and only due to the shock of the German offensive of March 1918, and the uncoordinated British-French reaction to it, was General Ferdinand Foch made generalissimo for the western front. Even then, Foch did not have the right to issue orders to subordinate commanders, but only to have 'strategic direction' of operations. Effective unity of command eluded the allies, due to the differences among the governments concerned, and sometimes within governments, 'about the objectives for which they were fighting and the means they needed to deploy to achieve them'.[37] And the bureaucracy set up to service the Supreme War Council could not overcome fundamental differences of allied interests.[38]

Ad hoc bargaining on the basis of resources available and power positions characterized decision-making on security issues, not adherence to institutionalized rules, norms, and practices.[39] Indeed, those agreements that were made between Britain and France were subject to opportunistic reneging when circumstances changed, as indicated by the fate of the Sykes-Picot agreement on the Middle East, which Britain overturned in 1918, to the dismay of its French ally.[40] On 3 October, Lloyd George told the War Cabinet that 'Britain had won the war in the Middle East and there was no reason why France should profit from it'.[41]

The lack of institutionalization in the Entente meant that the architects of the post-war system, centred around the League of Nations, had to build their institutions from scratch. The sad story of the League, beginning with the defection of the United States and the weakness of Britain and France, is familiar. The Versailles Treaty, in which the League was embedded, failed to become legitimate, even to the victors' publics. Germany was not reintegrated into a mutually beneficial international order, unlike the treatment of France in 1815. The victors of 1918 failed to build effective post-war security institutions.

---

[37] French (1995: 226).

[38] Ibid. 288. See also Cruttwell (1936: 36), who claims that the function of the Supreme War Council 'in the crucial days before the March [1918] disaster was little more than that of a military debating society'.

[39] For eight months, from March to Nov. 1918, technical cooperation among ministers of operational agencies, unmediated by foreign offices, characterized the Allied Maritime Transport Council, established to coordinate shipping requirements for the allies. However, even the secretary of the AMTC, and author of its history, admitted that 'a power of decision vested in a single authority, the British Government, which could compel observation of a programme it considered reasonable, whether agreed or not, by a refusal to allot British ships except on specified conditions'. Whether such an interministerial arrangement would have continued to operate after the United States also had shipping available to allocate is unclear. See Salter (1921: 242).

[40] M. L. Dockrill and J. D. Goold (1981: 131–50).

[41] French (1995: 262), citing War Cabinet minutes.

Had the allies formed an institutionalized alliance—an effective tool of management as well as a means of aggregating power—the history of the League might well have been different. The US Senate might have been more willing to join; practices of promoting cooperation among allies might have 'spilt over' into Anglo-American-French cooperation after 1919. It is also possible, however, that the centrifugal forces of interest and parochialism would have torn even such a League apart. All we can say with confidence is that failure to make the League of Nations into an effective security management institution is consistent with our argument, since a non-institutionalized alignment was not transformed into a security management institution.

The Second World War, the Grand Alliance, and the Cold War: During the Second World War, the Soviet Union, United Kingdom, and United States were linked by the Grand Alliance, which was closer, in our terms, to an alignment than to an alliance. Due to logistical necessity it became more institutionalized than the Entente of the First World War, but its institutionalization was limited by conflicts of interests and intense mutual suspicion. The Grand Alliance was a stark response to the demands of national survival. The previous two decades had provided little basis for amicable relations between the Anglo-American countries and the Soviet Union, and good reason for suspicion. However, after the German attack on the Soviet Union in June and the Japanese attack on Pearl Harbor in December 1941, the fates of all three countries became bound together. Survival of the Soviet Union became crucial for British security. Prime Minister Churchill said that 'if Hitler invaded Hell I would make at least a favourable reference to the Devil in the House of Commons'.[42] Although not codified in a single trilateral treaty (indeed, only the Soviet Union and United Kingdom concluded an official treaty), this alignment was based on a series of meetings and commitments in 1941 and 1942.[43]

The cornerstone of the alignment was an agreement that despite the Anglo-American war against Japan in the Pacific, defeat of Germany was the unquestionable priority. This agreement implied an Anglo-American commitment to a 'second front' in Europe. It also generated massive Western logistical aid to the Soviet Union, including shipments of thousands of aircraft and tanks and hundreds of thousands of trucks.[44] Cooperation in the field of intelligence was also extensive.[45] However, although the United States and Britain mounted joint military operations in North Africa and

---

[42] Quoted in Feis (1967: 7).

[43] Nadeau (1990); Feis (1967); Edmonds (1991: chs. 9–11).

[44] Ulam (1974: 329–30).

[45] Bradley F. Smith (1996).

the Normandy landings, no such joint command developed with the Soviet Union. The fact that the war was fought on separate eastern and western fronts limited joint military operations between the Soviet Union and its allies to such enterprises as the use by American and British aircraft of Soviet bases for bombing operations in Hungary and joint naval operations in the north.

While adapting their separate practices to win the war, the three countries failed utterly to agree upon norms, rules, or procedures for coping with their suspicions about one another, particularly (though not exclusively) between the Soviet Union on one side and the Anglo-American countries on the other. Most important, the allies never developed an institutional solution to the conundrum of Eastern and Central Europe: how both to ensure the independence of the small countries of the region and to reassure the Soviets about their own security. The recent history of German invasion, the intense hostility between the Soviet Union and the West since the Bolshevik Revolution, and the territorial ambitions of Stalin rendered such a solution elusive, despite efforts at the wartime conferences at Teheran (1943), Yalta (1945), and Potsdam (1945).[46]

The absence of a highly institutionalized wartime alliance surely made post-war cooperation between Russia and America more difficult than it would otherwise have been. But even had such an alliance existed, the fundamental rivalry between the Soviet Union and the West would probably have prevented extensive cooperation. By 1947 the security environment was one of threats rather than risks. Our argument is that both an absence of threat from one's former partners and a previous history of institutionalized cooperation are necessary for threat-oriented alliances to be transformed into security management institutions. Neither condition for successful transformation was present after the Second World War, and it is therefore not surprising that, despite the provisions of chapters 6 and 7 of its Charter, the United Nations did not become an effective security management institution in the aftermath of the Second World War.

3.   The Transformation of NATO

The question of NATO's future has emerged as one of the most important and difficult issues of post-cold war European security. The North Atlantic

[46] Gormly (1990). For detailed discussion on specific Soviet demands of the allies at the wartime conferences, see Ulam (1974: 350–7, 367–77, 388–94).

Treaty Organization was established in 1949. In the well-known turn of phrase of its first secretary-general Lord Ismay, it was created 'to keep the Russians out, the Americans in, and the Germans down'. Its sixteen member states are Belgium, Canada, Denmark, France, Germany (since 1955), Greece (since 1952), Iceland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain (since 1982), Turkey (since 1952), the United Kingdom, and the United States. It is a political and military collective defence arrangement: article 4 of the treaty provides for consultations among the allies whenever any members believe their territorial integrity, political independence, or security is threatened, while article 5 provides directly for military cooperation by stipulating that an armed attack against one or more of the members in Europe or North America is considered an attack against them all.

At its beginning, the North Atlantic Treaty was the foundation for an *alignment*, in our terms, between the United States and Western Europe. 'NATO I'[47] was essentially a unilateral security guarantee by the United States, reassuring Western Europe about American support against a Soviet threat, and reassuring the countries that had recently fought Germany against a revival of the German threat. Without much in the way of institutionalization, there was not much 'organization' to NATO.

This changed after the outbreak of the Korean War in June 1950. The United States deployed troops in Europe, and NATO established a supreme command under the initial leadership of General Dwight D. Eisenhower. Over the years, NATO developed extensive structures for multilateral cooperation among its members, from the summit-level North Atlantic Council to committees for many aspects of defence planning and integration.

A major cause of the institutionalization of NATO after 1951 was heightened threat: the Korean War shocked American and European leaders into a reassessment of the Soviet threat and of the necessary form of a military presence in Europe for deterrence and defence. The result was a decision by the Truman administration to commit ground forces to Europe, contradicting previous assurances by Secretary of State Dean Acheson in hearings on the treaty that the United States would not expect to station substantial numbers of troops in Europe on a permanent basis. After a 'great debate' lasting from January through March 1951, the US Senate voted 69–21 on 4 April to approve sending troops to Europe.[48] The second

[47] Helga Haftendorn distinguishes different stages in NATO's development as NATO I, NATO II, and NATO III. Haftendorn (1997).
[48] P. Williams (1985: 87–91).