

[Mini Simulation](#) from [International Institutions & Global Governance](#) and [Conflict & Warfare](#)
Mini Simulation

The Future of NATO

Overview

U.S. allies in the [North Atlantic Treaty Organization \(NATO\)](#) have pledged to increase defense spending, but questions persist about whether commitments will translate into capability—and whether the United States should continue to bear a disproportionate share of the [alliance's](#) defense burden. The president needs to decide whether bearing an outsized burden for European defense is worthwhile, and if not, what strategies could alter the balance.

Learners will assess the economic and strategic trade-offs of U.S. commitment to NATO, including how alliance burden-sharing dynamics shape defense policy decisions.

The Situation

[Alliances](#) can be a useful arrangement for countries to collectively defend themselves against threats. At the same time, they can pose an economic challenge for their members. Defense within an alliance functions as a collective good: every member benefits from membership in an alliance regardless of how much they contribute. This dynamic creates an incentive for smaller countries to spend less on security, relying on disproportionate investment from larger, wealthier countries.

The [North Atlantic Treaty Organization \(NATO\)](#) exemplifies that economic challenge. Formed in 1949, NATO binds the United States, Canada, and a group of European countries to the principle of [collective defense](#): the idea that an attack on one member is an attack on all.

The alliance served several strategic purposes: to deter Soviet [expansionism](#); to prevent the kind of violent [nationalism](#) deployed by the Nazis during World War II from reemerging; and to encourage integration, peace, and stability in Europe. NATO also represented a formal commitment by the United States to play an active role in European security. As NATO's first secretary-general, Lord Hastings Lionel Ismay, summarized, NATO's purpose was to “keep the [Soviet Union](#) out, the Americans in, and the Germans down.”

Many of those objectives remain relevant today. Russia's unprovoked invasion of Ukraine in 2022—the largest war in Europe since World War II—underscores that the threat of Russian aggression did not vanish after the [Cold War](#). American leadership in the alliance remains a defining component of U.S. engagement in Europe. And NATO's European allies have enjoyed decades of relative peace and prosperity, in part because the U.S. security umbrella allowed them to invest more heavily in their economic development. NATO has furthermore served as a vehicle for promoting democratic [norms](#) and cooperation among its members.

From its inception, the United States has played the largest role in NATO, vastly outpacing other allies in military deployments and defense spending. For much of the Cold War, the United States accounted for more than [70 percent](#) [PDF] of NATO members' total defense spending. That figure declined moderately in the years following the Cold War, but the U.S. share of the burden remains high: the United States accounted for approximately [64 percent](#) of NATO defense spending in 2024.

Many U.S. leaders have argued that shouldering a larger burden is an acceptable price to pay in exchange for the alliance's strategic benefits. However, a growing number of policymakers question whether the outsized role the United States plays in European security remains worthwhile.

Critics highlight that despite Canada and European allies being prosperous nations, they have consistently fallen short of agreed commitments to defense spending. In 2014, after Russia annexed [Crimea](#) from Ukraine, NATO members pledged to move toward spending at least 2 percent of their [gross domestic product](#) (GDP) on defense. For nearly a decade afterward, most members failed to meet that target.

Russia's invasion of Ukraine prompted a wave of increases; all members have now met that target. And for the first time in NATO's history, a European member, Norway, now spends more per capita on defense than the United States.

But as the war in Ukraine drags on, the cost of European security is rising. And despite allies' increased spending, the Trump administration has continued to voice frustration about NATO burden-sharing, even questioning whether the United States should honor its treaty obligations toward member states that do not meet spending targets.

NATO members agreed in 2025 to further increase their core defense spending to 3.5 percent of GDP by 2035, with an additional 1.5 percent devoted to defense-related expenditures such as infrastructure and cybersecurity. The commitment is designed to bolster European security and demonstrate that European allies are serious about burden sharing. But questions remain about whether rhetoric will translate into lasting capability. Meeting that target would require significant increases in funding from nearly all NATO members. [Some analysts question](#) whether such a commitment is feasible or sustainable for all NATO members.

Spending targets alone do not necessarily capture the full picture. Spending more on defense does not automatically translate to a more equitable share of the burden. As of 2025, the United States was responsible for about [44 percent](#) of NATO's overall military capabilities. And European allies currently lack critical capabilities, such as intelligence and [surveillance](#) platforms, and air and missile defense systems, that the United States provides. But with growing challenges in the Indo-Pacific and ongoing threats in the Middle East, every dollar spent sustaining European defense is a dollar not allocated to those other priorities. Alongside pushing for larger overall investments in defense, therefore, some policymakers are also calling for a transition toward greater European leadership and self-reliance within NATO.

Decision Point

As NATO's annual summit approaches, a recent report has suggested that a majority of NATO allies are not on track to meet their current commitments to the [alliance](#). The president has gathered members of the National Security Council (NSC) to debate whether and how to advocate for stronger commitments from NATO allies regarding sharing the burden of European defense. As NSC members deliberate, they will need to weigh the benefits of U.S. commitment to NATO against its costs, and evaluate what strategies could best secure realistic and sustainable commitments to increase defense spending from allies.

[About Roles & Goals](#)
[National Security Council](#)

NSC members should consider the following policy options:

Substantially reduce the U.S. military footprint in Europe. This option would involve drawing down a significant portion of the roughly 80,000 U.S. troops currently stationed across Europe, scaling back the U.S. role in NATO's command structure, and redirecting those forces and resources toward higher-priority theaters. A drawdown could compel European allies to accelerate their own defense investments and develop the military capabilities they currently lack. It would also free up resources for the United States to address growing challenges from China. However, a substantial reduction in U.S. forces would leave Europe in a weaker security position at a dangerous moment and without a guarantee that European powers are capable of filling the enormous security gap that a U.S. withdrawal would create. A drawdown could also undermine the credibility of NATO's [deterrence](#) and risk emboldening Russian aggression. Moreover, reducing the U.S. presence would sacrifice American

influence within the alliance.

Negotiate a structured transition toward greater European leadership within NATO. This option would entail negotiating binding commitments from European allies not only to increase defense spending, but also to develop the specific military capabilities needed for Europe to assume a larger share of responsibility for its own defense. Rather than simply pressing allies to commit to a spending target, this approach would seek to outline a phased transition in which European allies gradually take on a greater share of NATO's operational capabilities. Such a burden-shifting framework could represent a sustainable path forward, allowing the United States to refocus on other priorities without creating dangerous capability gaps in the interim. A diplomatic approach could moreover preserve American leadership in the alliance and avoid alienating key allies. However, NATO members have a long track record of making commitments they do not fulfill. And building real military capabilities could be even slower and harder than increasing budgets.

Maintain the current U.S. commitment to NATO. This option would preserve the existing U.S. force posture, financial contribution, and leadership role within the alliance without pursuing major structural changes. Maintaining the status quo avoids weakening European security at a moment when the threat from Russia remains acute, preserves the alliance's credibility, and does not risk angering allies. The United States continues to derive significant benefits from NATO, including strategic influence in Europe, access to military bases across the continent, and the support of allied forces in operations around the world. However, maintaining current commitments would leave the present burden-sharing imbalance in place, potentially hindering the United States from devoting resources to other security priorities.

[What is NATO?](#) Council on Foreign Relations
[NATO: The World's Largest Alliance](#) CFR Education
[Funding NATO](#) North Atlantic Treaty Organization