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Defence and security in a cold economic climate: the impact on conflict and competition

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DRAFT - Chapter 6

Defence and Security in a Cold Economic Climate

The impact of economic realities on the nature of conflict and competition

Dr Robert Dover (Loughborough University)

The economic crisis that swept over the western world in 2008 was heralded to be a crisis of credit, a crisis of and for those who had failed to understand that most simple lesson of home economics: that prudence demands that expenditure cannot regularly outstrip income. For many European countries – most notably Greece, Ireland, Portugal and Spain – this lesson appears to have come as something of a surprise. The economic convergence that occurred in advance of the introduction of the Euro on 1 January 2002 dramatically reduced the borrowing rates to which countries in the European periphery were subjected to. Greece, for example, saw its medium term borrowing rates reduced from 17% to 6% in the lead into the introduction of the single currency. Unfortunately we can now observe that Greece funded its entire subsequent public spending model not on real income, but on cheap credit. The problem is that as the Euro came under pressure and sentiment in the market refocused on national positions the borrowing rates soared back past the 17% mark, leaving Greece struggling to pay for even the most basic of public services. It is in those circumstances that defence finds itself placed on the frontline of cuts derived from well meaning, but often rushed austerity measures. Whilst Greece and its fellow European strugglers are relatively minor military figures in Europe (but with their own contribution to make) the contagion of excessive debt and austerity has bitten the major players including our own great nation. It is this economic driven revolution in military affairs that is the concern of this essay and how austerity is reframing competition in the international system.

Emergent Threats: Direct and Indirect Competition

Classic analyses of competition in the international system have centred on the acquisition of military capabilities by states, and are often coupled with a sketch analysis of the intentions or disposition of those states towards the west. Thus, the Indian government's rapid acquisition of a large quantity of military equipment is mostly refracted through a benign lens, whilst Iran and North Korea (with smaller weapons programmes) are seen through very different and threatening lenses. There is obviously a great deal of merit to this kind of analysis; it is a reasonably reliable indication of where the major state-based threats to our security lie. There are, however, several different lines that we should take to an analysis about competition, both within the classic military frames and in a much wider and more pervasive sense too.

Within a politico-military account of competition there is a vast difference between assessing the threat presented by a nuclear weapons programme (or sophisticated convention accumulation, as is identified for Iran by the US sanctions regime), and a conventional build up. The first is a magnitude of scale issue: those governments wishing to acquire a nuclear weapons programme, and who can be considered to be antagonistic to the west (at best) place a considerable burden of resource on the UK. The first is on the cost of the UK deterrent (the replacement programme is estimated out at £15-20bn), a capability that some eminent military thinkers have argued the UK can no longer afford, nor needs. But the bare cost of the deterrent is just one element of the total cost of the capability, and it is those capabilities that form the ladder of escalation, as well as the intelligence and analytical capability, research and development centres that provide the added cost and effort to the

country. There is an argument to be had that successive defence reviews, from the 1990 Options for Change review forward have scaled back the ladder of escalation (which is a conventional capability) to the point where the British nuclear capability is hampered in its use both diplomatically and militarily. In terms of the conventional threats the UK faces, it is clear that in terms of technical capability and the skill of the armed forces that the UK is highly competitive, it is in the scale of the forces which can be deployed that the UK faces an on-going an worsening situation, which has been brought into sharp relief by the media-based commentaries from military observers and high-ranking retirees questioning the UK's ability to defend the Falkland Islands from future possible Argentine aggression. This kind of competition is well understood however, it just needs to be planned for and responded to appropriately.

The more pervasive forms of competition in this age of austerity might seem on first inspection peripheral. My contention would be that they are just as challenging as the traditional capability-count analysis, as described above. To use a stark example, we often think of WW2 as providing a clear set of rules, a binary as to whether an individual or a business were on 'the right side' of assisting the British or Allied war effort or whether they were providing material support to the enemy. Today, because the UK is not involved in a total war, and the conflicts we are involved in are geographically contained this WW2 binary no longer exists. But the UK is involved in a series of serious international competitions, and the globalisation of shareholder investment capital (and our dependency on international finance via the debt crisis and more general market trends), the global movement of young people to acquire skills that can be used in this competition by third countries, and intricate network of nodes of influence within government and important market sectors coupled with the transnational community seeking to access these nodes of influence means that the UK's competitive stance is both complex and continually under challenge from state and non-state actors who seem to have grasped the notion of on-going and continual competition in a different way to us. Understanding even what it means to secure or defend the national interest would require a dramatic increase in our collective effort, and a reorientation of the perception of threat.

International Collaboration

As defence budget reductions begin to bite there has been a renewal of the logic of international collaboration. The November 2010 and February 2012 Anglo-French agreements are the most recent examples of a strategic collaboration that has its modern antecedence in the 1998 Saint Malo Accords, and which provide some evidence for the logical steps a country must take to avoid expensive duplication in an era of austerity. This kind of bilateral cooperation looks, from the outside, to have a greater chance of success than the multilateral cooperation institutionally enshrined in the European Defence Agency. The EDA appears to have only spurred greater competition between manufacturers and nations rather than the promised efficiency of efforts via cooperative practices.

The government's acquisition white paper (January 2012) was controversial because it removed the presumption that equipment would be sourced domestically, whilst an independent report produced for the opposition suggested a dual-emphasis on equipment bought 'off the shelf' but adapted and maintained in the UK, and on short-notice 'Urgent Operational Requirements' to fill capability gaps: neither of which seem particularly plausible given the current size of the UK defence industrial base. The somewhat testy contemporary history of UK manufacturing decline (across all industries) has impacted heavily on defence, and it is a measure of this that the UK is no longer BAE System's largest customer, and moreover that serious cooperation with the French government and defence industries is now the most sensible approach to this problem. Selecting collaborators is also an important task: defence industry insiders will talk indiscreetly about pan-national defence projects that

seemed to merely serve to tie up valuable UK intellectual capital, rather to advance technology that would have provided a military advantage. Such equations will become more difficult as defence manufacturers become more complicated and global organisations: another facet in the complicated picture of competition as mentioned above.

'Glocalisation' and the management of decline

The conflict in Afghanistan is the best contemporary example we have of securing a homeland security interest abroad: in the first phases of the conflict fighting terrorist training infrastructure at source. Such a practice was a logical continuation of the humanitarian intervention thinking of the 1990s and the so-called Chicago doctrine: a reference to Tony Blair's 1999 speech about interventionist foreign policy. This practice, whilst tarnished by official inquiries and legalistic arguments about legitimacy, was fit for practice in the noughties but as Mark Phythian and I argued in the journal *Defence Studies* in 2011 the SDSR all but ruled such adventures out in the future. We also argued that Operation Ellamy placed a tension upon an SDSR that sought to move beyond the doctrine of the noughties, whilst itself being emblematic of one of Blair's interventions. The National Security Strategy and the SDSR placed an emphasis on domestic security, which of course requires an outward facing element. What has yet to be reconciled is the strategic overview: an overarching framework that understands Britain's place in the world and then the practical mechanisms and organisational culture to deliver it. The prevailing economic circumstances of the country, and successive government's responses to international challenges has left the UK in a position where it will be only able to respond to the starkest international challenges requiring a military response abroad, and will have to instead focus on domestic based defence and security, be it in the realms of cyber warfare, counter-terrorism (via intelligence, policing and community cohesion measures), by leveraging influence through various international and intergovernmental organisations and through bilateral diplomacy and collaborations. So, whilst this might not be the best forum for making the case that what we can currently observe is the managed decline of British defence forces, under the current conditions of competition which exist in the international system we can see that the erosion of the indigenous defence industrial base, the indirect strengthening of competitor defence industries and the sustained reduction in UK defence capabilities will push UK forces into ever smaller niche roles. Understanding the nature of the competition the UK is engaged in is a more pressing public policy concern and requires addressing immediately.