

**POLITICS VERSUS POLITICAL ECONOMY IN EUROPEAN  
DEFENCE  
A CONSTRUCTIVIST CRITIQUE OF TRANSNATIONAL  
LIBERALISM**

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**Abstract**

*European defence policies reflect the overall double posture of European Union: between unitary actorness and being a broker of different national interests. Drafted in a period of more than a decade, in the aftermath of Kosovo NATO campaign, those policies are not followed by the subsequent level of transborder mergers and acquisitions between military manufacturers. As security industry is still affected by financial crisis, budget reductions and growing costs of hardware, the European defence capability finds itself at a crossroad between neoliberal communitarian measures and national protectionist restrictions.*

*Such case invites a fertile critique of institutional liberalism from a constructivist point of view in International Relations literature. The red thread of the study aims to show that like minded values and economic interdependence does not abolish differences of interest generated by national cultures.*

**Keywords: European Union, defence policies, institutional liberalism, constructivism**

Shrinking military budget in the context of financial crisis and growing defence expenditure force most governments to rethink their security policies. Ever more sophisticated technology creates an historical U-turn as it tends to replace national mass armies so familiar to the industrial age with neomedieval highly skilled forces trained for new kinds of missions. Given those circumstances, more and more states blend downsizing their militaries with different sort of cooperation initiatives, either on bilateral basis either in multinational settings.

For that purpose the European Union represents a very fertile example from a dual perspective: a) as factuality EU institutional architecture brings into coexistence national interests with communitarian purpose; b) as a theme of reflection it shows how, in spite of economic interdependence and shared values among the member states cultural differences hamper further integration.

One of the key features of the postCold War IR historiography has been the concentrated attack against realism. Presented as more influential and unitary than it probably ever was (Gilpin, 1996), realist paradigm, with all its versions served as target in an intellectual game of darts which allowed other schools of thought to establish themselves in the mainstream. Apart from liberalism, constructivism-

hailed as the rising star of what is clustered under the name <critical theory>- is central to this debate. In an academic environment dominated by structuralism and quantitativism, constructivism emphasizes the importance of agency, norms and beliefs. More so, those who read the IR literature on the continuum materialism-idealism gets the impression that constructivism and liberalism are branches of the same research program while their differences should be discarded as marginal at best, unnoticeable. (Steele, 2007). In the words of J.Samuel Barkin:

*”..constructivist theorists are, in fact, predominantly liberal idealists. A complete review of the constructivist literature is, of course, impossible here. Instead, the focus here will be on two specific tendencies toward liberal idealism in the work of self-described contemporary constructivists. The first tendency involves choosing to study issue areas compatible with liberal idealism in relatively noncritical ways. The second is to use as philosophical touchstones theorists of a liberal-idealist bent.” (Barkin, 2003, 335)*”..constructivism as a methodology in the study of international relations need not be idealist, but that in practice in the United States it tends to be liberal-idealist. Such a statement is in no way a derogation of either constructivism or liberal idealism.” (Barkin, 2003, 336)

However, critical theory is channeled against more than some ad-hoc methodological tenets of (neo)Realism (the pursuit of power, systemic anarchy, the unitary character of the state and so one)- its arch aim dwells upon revisiting the very foundations of rationalism from which both realism and liberalism emerged. And one of the most important tenets, subliminally present, is the transcultural unity of human mind. The optimism of Enlightenment nourished the belief in the constant betterment of individual and collective condition through a set of solutions understandable by anyone no matter of their race, religion, gender, social class or geography. Liberalism, as a body of thought with two main founding sources: Immanuel Kant and Adam Smith promised to ally personal autonomy with welfare in the bourgeois condition of industrial era. The 1776 American Declaration of Independence and „la mission civilisatrice” spelled in different forms by Western nationalisms through XIX century clothed in rhetoric a strive towards expanding the above mentioned values by force or softness. With a recurrent presence, democratic peace theory holds that free market/s offer/-s the best platform for peoples all over to interact, know one another and exchange goods with mutual benefits in the long term.<sup>1</sup> Postcolonial sociology and IR critical theories through names such as Gayatri Chakravorty Spivak, Stephen Krasner, Amitav Acharya, Ole Weaver, Mohammed Ayooob submit to interrogation such

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<sup>1</sup> ” Within a world of free trade and democracy there are no incentives for war and conquest. In such a world it is of no concern whether a nation’s sovereignty stretches over a larger or a smaller territory. Its citizens cannot derive any advantage from the annexation of a province. Thus territorial problems can be treated without bias and passion; it is not painful to be fair to other people’s claims for self-determination.” (Mises, 1985,3; 1998, 321-322; Horwitz, 2001, Liu, 2003; Butler, 2010)

credo in modern universalism. (Krasner, 1985; Spivak, 1988, 271-313; Ray, 2004; Rehbein, 2010)

In different angles they teach that liberal-capitalist values are not that self evident to everyone and that the reality of marketization and globalization is not at all a non-zero sum game.

In the same area, a bordering topic of discussion regards the perverse effects which stem from a globalised political-economic type of governance embodied in the nation-state (with all its subsequent institutions and practices: rule of law, parliaments, civic conception of nationhood) over different cultures. In this context Francis Fukuyama pontificates that the great challenge for the political science in the XXI represents the construction of states, namely the harmonization between Western inspired institutions and ground practices, which ever they may be. (Fukuyama, 2004, 6-7)

To descend from wider concerns to narrower matters and return to our inquiry, political economy may take a constructivist mold and find in European Union the optimum subject due to its unique features. The tension/dialectics between communitarian politics and political economics crafted by every government serves as a test for all the established theories in IR.

### **THE RECURRENCE OF POLITICAL ECONOMY**

Seen in historical span, the denomination 'political economy' might seem tautological or pleonastic. Almost all the cardinal writings from Ancient times till today conceive economics as embedded in wider epistemological considerations.<sup>2</sup> (Veblen, 1900; Mitchell, 1910) Karl Polanyi, the famous Hungarian born sociologist controversially<sup>3</sup> rendered the very notion of market as an anomaly of modern times. Proponent of what he labelled as 'sociological economy' Polanyi even denied to financial processes a specific area of their own and placed them within the wider fabric of human behaviour (Dale, 2010; Machado, 2011). Ronald Coase' 1937 article, showed that is possible and useful to compare market dynamics with organizational structures. In late '50, Anthony Downs' seminal work (1957) carved out a direction taken further by Gary Becker, Bruno Frey and Thomas Schelling, all determined to apply economic assumptions to investigate non-conventional psycho-sociological behaviour. (Alas they walk the distance back from economics towards politics). (Talani, 2004,5)

According to Robert Gilpin, economic theory has been divorced from politics since Walras' effort to use mathematical models and turn the field into something closer to hard sciences. (2001, 25-26) Further on, Neoclassicism walked

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<sup>2</sup> Adam Smith used the expression to stress especially the last part, namely everything under the umbrella of commercial and entrepreneurial activity. Smith's contemporary, Lord Robbins viewed political economy as the application of economic science to problems of policy. (Talani, 2004,1-5)

<sup>3</sup> For a refutation of Polanyi's narrative see (North,1977; Block, 2008; Nowrasteh, 2013)

a few extra steps and morphed into an anti-political scientific manifesto populated by rational agents unhindered by historical or geographical peculiarities.<sup>4</sup>

Lately, some authors charged neoclassical economy to have parted ways with political, social and religious matter and became embroiled in a self styled tunnel vision. As ideological preferences for the international institutions, economy (turned into economism) has tailored a one-size-fits-all set of policies with dire consequences over the entire system, the critiques conclude. (Nelson, 2001; Rothstein, 2009; Smith, 2010)

In the second part of the Cold War the resurgence of international political economy (IPE) came to the fore along with the writings of Stephen Gill, Benjamin Cohen, Raymond Vernon, Robert Gilpin and Susan Strange. Contemporaries with the postBretton Woods world-system, their work concerned less US-Soviet nuclear stalemate and more geoeconomic phenomenon. (Guzzini, 1996,1-2; Frieden, 2000; Underhill, 2000)

(I)PE great merit is in the breaking away from the billiard ball model and in the recognition of a plethora of actors bouncing back and forth between states and markets.

For Benjamin Cohen, himself a political economist and historian of the field, IPE is closely linked to the hegemonic stability theory. For Robert Gilpin IPE remains a loosely defined meeting point between competing theories about power and wealth, each with advantages and limitations albeit none trully prevalent. (Gilpin, 1987) In his footsteps, Robert Keohane acknowledges the merits of the Gilpinian insights and suggests us to see international political economy *"as the intersection of the substantive are studied by economics- production and exchange of marketable means of want satisfaction-with the process by which power is exercised that is central to politics. Wherever in the economy actors exert power over one another, the economy is political."* (Talani, 2004, 8) As a reflection of a post-bipolar international system where North vs South replace East vs West competition, Andreas Nölke distinguishes between International Political Economy and Comparative Political Economy. Although both of them operate at the interplay of policies/politics/polities and economic patterns, Comparative PE concentrated in the last thirty years with the geoeconomic triad (US-Europe-Japan) while IPE puts a stronger emphasis on non-triad world regions, the global evolution of capitalism and global economic institutions. (Nölke, 2011, 2)

Cultural Political Economy (CPE) is the latest comer here. Up until now its research program, with all the appealing halo stands as an exercise in diversity but

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<sup>4</sup> A broader definition to dwell upon ist o be found in (Block, 1990, 37-38 and 51): *"For this group of economic sociologists, <the economy> is an analytic abstraction because economic activity is always embedded in a larger social and cultural framework. Abstracting from this framework, as economic analysts tends to do, is bound to result in models that fail to grasp the actual complexity of the social world."*

*"The whole idea of the pure market of economic theory ist hat actors are responding entirely to price sinals. This means that we can construct a continuum of the <marketness> of economic transactions organized through organizational hierarchies at the low end."*

lacks a proper direction or a clear methodology. (Maxwell 2001; McCann, 2002; Babe, 2009; Field, 2012) This statement is especially true if one holds Jacqueline Best's and Matthew Patterson's book as a pioneer of a possible new direction of inquiry. (Best, Patterson, 2010) Written as a manifesto against neoclassical economy and ingrained in anthropological insights with Foucauldian taste, their view of CPE busies itself with a hole range of subjects from tourist destinations to electronic surveillance but has yet to crystallize a paradigm in the like of rational actor theory, Neorealism or Marxism. (Jessop and Oosterlynck, 2007; Jessop, 2012)

A much more applied strand of IPE follows the interaction between firms and institutions, both national and transnational in order to highlight the role of national culture over the shape of public outcomes. For Dermot McCann a political economics inquiry into the anatomy of the European Union should pay attention to the *"conflict between the creation of a truly liberal European economy and the maintenance of illiberal national institutional structure.."* Along with Hopner and Schaffer he contends that *"the heterogeneity of European varieties of capitalism limits the social and democratic potential of the EU."*

*The heterogeneity of European varieties of capitalism shapes both the likelihood of reaching intergovernmental agreements and the ability of member states to politically control integration through law. As a result, the dynamics of political and judicial integration differ – with consequences for the projects of regulated and neoliberal capitalism. While the former project has to come to terms with diverging interests, the latter project benefits from interest diversity."* (Höpner and Schäfer. July 2012, 2, 9)

As we can see political economy (hyphenated or no by the cultural attribute) has manifested a keen interest towards ideational differences within capitalist world and thus, indirectly mounted a critique against a-historical and a-geographical forms of liberal optimism which might believe that interdependence suffices in itself to maintain prosperity and peace.

Thus a constructivist international political economy becomes possible, especially if one contends along with Samuel Barkin that:

*"Constructivism is a set of assumptions about how to study politics. As such, it is compatible (as are other sets of assumptions about how to study politics, such as rationalism) with a variety of paradigms, including realism."* (Barkin, 2003, 338)

His suggestion entails we need not see each paradigm as incomensurable in respect to the others, as ermetic worlds closed to the outsiders, but as interpretative traditions with more in common than is usually believed. As Alexander Wendt and Jennifer Sterling-Folker seldom repeated, the main quarrel of constructivism is not as much with classical realism as it is with structuralism, targeted as a straight

jacket excessively preoccupied with materialist factors and less with the freedom of agency (Lezaun, 2002; Sterling-Folker).

The mission of a constructivist political economy should relax the strong determination between (political) institutions and values/norms/beliefs- which ought to be considered autonomous (but not necessarily independent) from the former. On what concerns European integration, constructivist PE might exercise its method contra institutional liberalism by finding the pitfalls and imperfections of EU self building process. Or, otherwise put, a constructivist political economy may try to channel its purpose in the study of sub-optimal rationality, namely why individuals, communities or even states taken as a whole do not conform to rational tenets injected by norms, markets and institutions (here 'rational' is considered in liberal parameters).

## **EUROPEAN PROJECT BETWEEN POLITICS AND POLITICAL-ECONOMY**

A united Europe, either as a federation of sovereign states, as commonwealth of ideas or as the end of a British-French-German hegemonic design has been increasingly one of the hallmark aspirations of Western modernity. Only after two exhausting world conflicts and due to American help and the Soviet threat at the gates, European elites could find the optimum opportunity to translate that unifying ideal into an institutions-supported reality. However, in what concerns defence matters national-states guarded their last instrument of protection and prestige even though military settlement were to be overriden by diplomacy and commerce. Seen from the multi-polar emerging world of today, the European project offers an ironic twist: the very commitment to peace which is instilled in the institutions and public opinion of the Union hamper its probability to gear up a robust defence and become a superpower.

### Politics and European defence

Transatlantic security issues has been a constant reminder of the enduring dilemmas even between closed partners embroiled in the same community. It also gave Neorealists fodder to undermine the democratic peace theory with all its corollaries and further state the persistence of anarchy. (Grieco, 1988; Mearsheimer, 1990; Sperling, 2001; Krotz and Maher, McCourt and Glencross, Ripsman, Sheetz and Haine, Rosato, 2001 ) Even in the late 1940 and early '50 when a ruined European continent was under the cultural charm of Americanization and in dire need of economic and military help, those issues about the geometry of NATO embittered the once time war allies (Bosscher in Drent, den Assem, de Wilde, 2011, 49). Especially the frere-enemy between Washington and Paris gave a first glimpse of what would some deem as a structural problem after 1991. Before a united Europe could assume a strategic coherent identity and decide whether it wants to stay on Mars or depart for Venus, to use Kagan's famous dictum, Rene Pleven, the then French prime-minister, came with a plan to forge an European Defence Community equipped with a proper armed force (Kunz, 1953). A few

years later, as a continuation of the Treaty of Brussels (1948), Western European Union initiative was signed in Paris by seven countries: United Kingdom, France, Belgium, Luxembourg, Netherlands, Italy and Germany. It was to be a strictly intergovernmental agreement with three general goals:

- To create in Western Europe a firm basis for European economic recovery;
- To afford assistance to each other in resisting any policy of aggression;
- To promote the unity and encourage the progressive integration of Europe.

Its organigram comprised a council of ministers assisted by a permanent representatives council on ambassadorial level and a parliamentary assembly with consultative role. (WEU)

In its later years, under the mandate of Javier Solana, Western European Union had a staff of 65 under the payroll and an annual budget of 13,5 million euro. (Rettman, 2009)

After the 'eurosclerosis' of the 1970, the Genscher-Colombo Initiative in November 1981 envisaged to extend the European Political Co-operation (EPC) to security matters. As it failed, a second round wrapped around France and Germany was held in Rome on 26 and 27 October 1984 to reactive the dormant body. Three year later, simultaneously with the Reagan-Gorbachev negotiations, the WEU ministerial council came with the Hague "Platform on European Security Interests", more of a political manifesto than an ad-hoc security document which states that:

*"We recall our commitment to build a European Union in accordance with the Single European Act, which we all signed as Members of the European Community. We are convinced that the construction of an integrated Europe will remain incomplete as long as it does not include security and defence."*

Words turned into actions in 1988 when European navies were sent to mine sweep the waters of the Persian Gulf because of a rising concern that the Iraq-Iran clash may have spill-over effects.

The sanguine implosion of Yugoslavia will allow another chance to exercise joint policymaking. In July 1992 WEU Ministerial Council decided to send naval forces into the Adriatic to assist NATO and monitor the enforcement of the embargo. On June 8 1993 the WEU and NATO councils approved a joint operation to support UN Security Council Resolution 820- Operation Sharp Guard as it was monickered begun on 15 June 1993.

For the institutional development 1992 was also the year of the Petersberg tasks when, in the light of Balkan turmoil, WEU defined its three dimensional approach: humanitarian and rescue tasks, peacekeeping and crisis management/peacemaking

After the Treaty of Amsterdam in 1997 WEU was given the task to oversee the creation of an European defence structure and than melt away into the latter. It was thus declared defunct in June 2011. (WEU)

Two other names saw their fate closely link to that of WEU:

- Western European Armaments Group (WEAG): emerged from a previous initiative called Independent European Program Group (IEPG- born in 1976) and includes all the EU and NATO members except Iceland and Ireland.<sup>5</sup> Its aim strives to a more efficient use of resources and harmonization of national defence markets to cross-border competition.
- Organization for Joint Armaments Cooperation (OCCAR): it was established in November 1996 between France, Germany, UK and Italy and reached full legal status in January 2001. Its main function aims to attain greater efficiency through the management of joint procurement programmes. (Constantinos, 2008,13)

### European Security and Defence Policy

In 1970 European Political Cooperation, a intergovernmental platform laid down the cradle for Common Foreign and Security Policy (CFSP), one of the three pillars established by the Treaty of Maastricht. In 1996, following a NATO ministerial appointment it was decided the creation of the European Security and Defence Identity, intermediary step towards an autonomous military capability package. Helsinki Headline Goal (1999), European Capability Action Plan (adopted at Laeken in 2001) and European Security Strategy 2003 walked an extra mile on the road towards a supranational full-grown military power.

A set of three other actors were brought forth to solidify the entanglement between political and military factors:

- a) Political and Security Committee (PSC)- serves as a fulcrum between EU council and subsidiary institutional infrastructure involved in defence;
- b) European Defence Agency (EDA) and EU Military Committee (EUMC)- defines the overall military needs;
- c) EU Military Staff along with Crisis Management and Planning Directorate (CMPD). (Mölling, Brune, 2011,19)

Of all three EDA is the most visible. Created in 2004 under a Joint Action of the Council of Ministers on 12 July, 2004 in order "*to support the Member States and the Council in their effort to improve European defence capabilities in the field of crisis management and to sustain the European Security and Defence Policy as it stands now and develops in the future*". Its status was defined on 12 July 2011 by a Decision of the Council. Upon it are bestowed four main tasks:

- developing defence capabilities;
- promoting Defence Research and Technology (R&T);
- promoting armaments co-operation;
- creating a competitive European Defence Equipment Market and strengthening the European Defence, Technological and Industrial Base. (EDA)

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<sup>5</sup> Full members are Austria, Belgium, the Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Italy, Luxembourg, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, Turkey, United Kingdom. Partner members are Estonia, Latvia, Lithuania, Romania, Slovakia, Slovenia. Western European Armaments Group, History and Objectives, <http://www.weu.int/weag/index.html> (accessed 20 October 2013)

The adoption of two new directives in 2009 (2009/43/EC and 2009/81/EC) (Office Journal of the European Union, May and July 2009) aim to simplify the procedures to move military equipment from one member state to the other as well as to increase the percentage of intra-communitary competition between defence companies. Lisbon Treaty created the Permanent Structured Cooperation (PESCO)- another instrument meant to bring member states closer into cooperation. (Lisbon Treaty)

#### Political-economy in European defence

Even before Charles Tilly it had become fashionable to explain the birth of modern state as an interplay between warfare making and welfare making activities (Tilly, 1982). Development of resource extraction was met by an equally forceful demand towards social protection and political voice/representation. The post-1945 Keynesian governments based their legitimacy on generous even though sometimes unwise public spending as welfarism turned into the only acceptable rhetoric in the eyes of the baby boom generation. (Facts are also true for most of third world developing societies albeit with slightly differences->over there the appeal of socialism acted as an ideological weapon of choice against colonial past and Western dominance) (Rothbard, 1967; Haque, 1999; Liu, 2010; Petras, 2012). In the European context, the first example of defence transnational cooperation was the Steel and Coal Pact (1951)- more of an example of industrial diplomacy (if we may call it as such) submitted to a wider political significance.<sup>6</sup> Two old-aged rivals proved their availability to forget bygone events and forge joint itinerary. However, the Pact did not foster a cascade in this area and intergovernmentalism remained the beat of the day as:

*“...the signatories of the treaties of Paris and Rome had no intention of surrendering their national prerogatives. On the contrary, the creation of a common market and the corresponding enchantment of the opportunities for their international trade were viewed as necessary in order to provide the means for the further development of national welfare regimes.”* Andrew Milward actually spoke of an “European rescue of the nation state.” (McCann, 2010, 24)

What actually boosted an intra-European defence cooperation beyond mere declaration was the end of the Cold War. The demise of Soviet Union- in itself an overture for the failure of many other states all across the globe- was interpreted as the end of modernity as it had been embodied by the nation. Immanuel Wallerstein dictum: ‘exit Lenin, exit [Woodrow] Wilson’ (Wallerstein, 1991:20-24) (captured the death of the two most important secular messianisms of the XXI soon to be followed by Fukuyama’s überfamous ‘end of history.’ Such sentences may have

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<sup>6</sup> In the words of the 1951 Schuman Declaration war between France and Germany must be made “not merely unthinkable but materially impossible.” Correspondence. Debating the Sources and Prospects of European Integration..., p.179

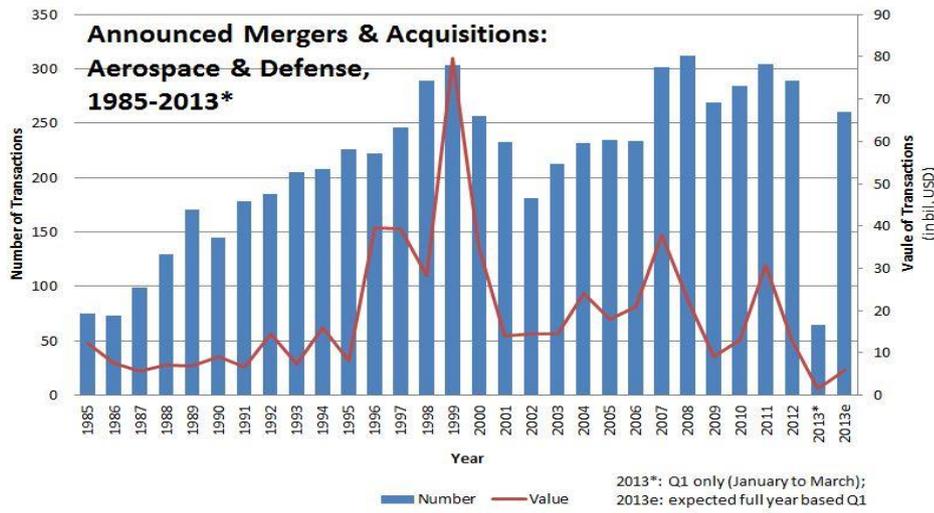
been flashy and hasted but it was true that globalization demonstrated how enmeshed are nation-states in cross-border economic, social, cultural or technological ripples and how little could one state do by itself, isolated from the others.

In defence affairs, the demise of an unified conventional arch-enemy rendered all the military build-up unnecessary. Reversing Tilly, peace un-made the state and the state was obliged to keep the peace.

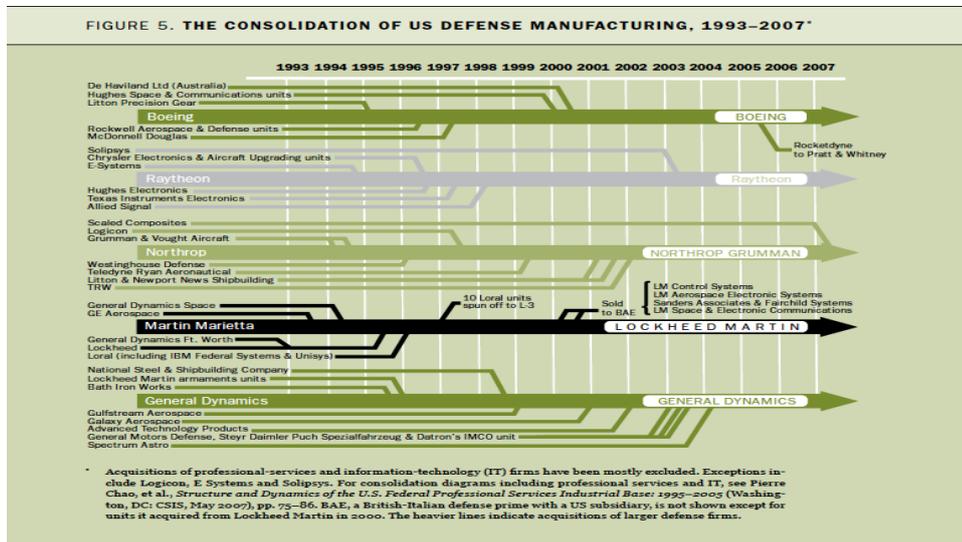
Another factor to shape the evolution of contemporary defence producers was and remains the ever growing price of military technology. (Larcher, 1998, 152-171; Boot, 2006; Thompson, 2012)

For what is worth, in the post-glacial strategic environment, massive budget cuts in the North-Western hemisphere retooled the political economy of defence both in what concerns the priorities of defence companies and in the relationship between governments , armed forces and manufactures. Two main trends are to be listed here:

- 1) the civilianisation of priorities. If the 1940s, '50, '60 or '80s saw a spillover of new inventions coming from Cold War necessities towards civilian life, afterwards it went backwards and civilian sector become the spillover fountain for defence requirments. Thus some manufacture abandoned all together defence industry while other maintained a double posture and a flexible approach towards both of the above. (Mawdsley, 2003, 10-11)
- 2) The tendency towards mergers and acquisitions. In order to cope with bigger costs, many firms tried to unite or buy smaller to enhance their existing capabilities. What resulted was not necessary new more compact and bigger actors on the market but a loose federation of giants based on internal competition, fact labeled as 'alliance capitalism' by John Dunning, Michael Gerlach and Stephen Kobrin. (Gerlach, 1992; Dunning, 1997)

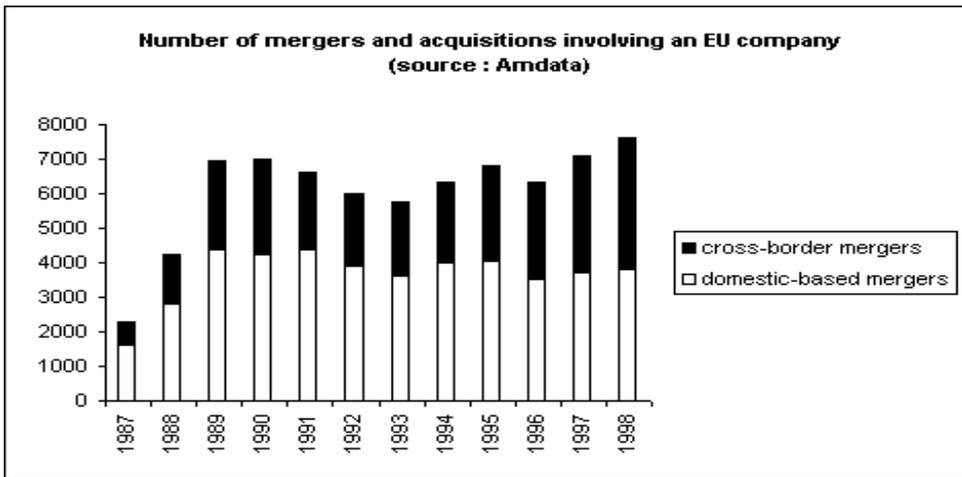


Source: Mackenzie Eaglen, Calls for Phantom Defense Cuts Must Stop, *Time*, Sept. 13, 2012 <http://timemilitary.files.wordpress.com/2012/09/csba-consolidation-chart.png> (accessed 22 October 2013)



Source: Mackenzie Eaglen, Calls for Phantom Defense Cuts Must Stop, *Time*, Sept. 13, 2012

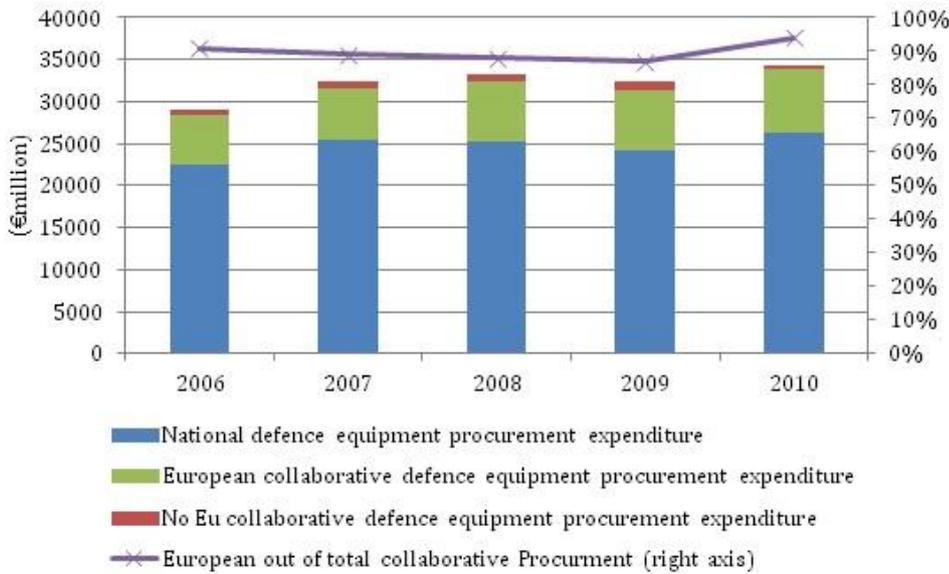
In Europe things did not go dissimilar but the lion's share of mergers and acquisitions (M&A) happened within national borders.



**Source:** Managing change in EU cross-border mergers and acquisitions, European Monitoring Centre of Change, 05 March, 2008, <http://www.eurofound.europa.eu/emcc/content/source/eu08005a.htm> (accessed 22 October 2013)

Industrial relations aspects of mergers and takeovers, Eironline- European Industrial Relations Observatory on-line, February 2001, <http://www.eurofound.europa.eu/eiro/2001/02/study/tn0102401s.htm> (accessed 22 October 2013)

Consequences are mirrored by the status of intra-European equipment procurement:

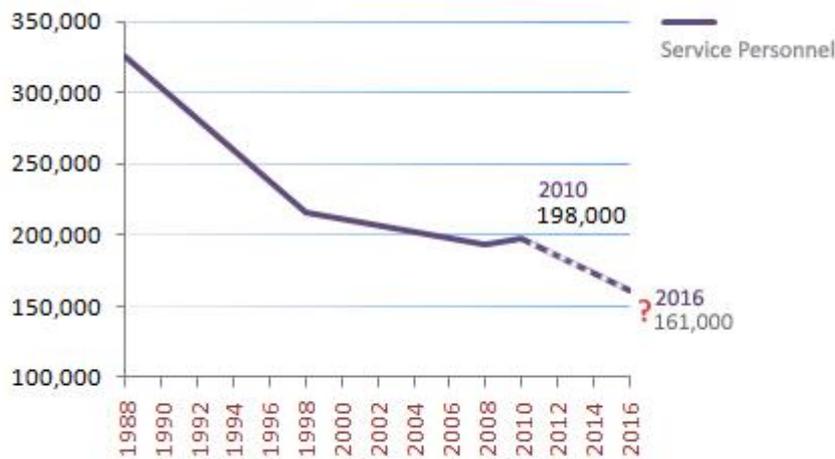


**Source:** Professor Malcolm Chalmers, RUSI Future Defence Review paper: UK's Armed Forces face personnel cuts of 20% over the next six years, RUSI News, 12 Jan 2010

Different organizational cultures in defence market, strategic cultures (Johnston, 1995; Glenn, Howlett, Poore, 2004; Hymans, 2010) or pure and simple distrust hamper an unitary military-industrial. (Parker, 2003; Barmeyer, 2010; Flamholtz, Randle, 2011) Probably the most important factor to list remains protectionism. Deeply wedded with the national imagery, military fordism is associated with collective prestige and individual secure employment. (Kiss, 1997; Edwards, 2011) Neoliberalising the national defence market in order to achieve a higher, supranational output means the risk of social turmoil which only few electorate-dependant politicians are prepared to pay. (O'Donnell, 2012)

2008 financial crisis has already made its impact as 16 out of 23 NATO European members downized their defence expenditure, concludes a study of the IISS:

- France: 3,5 billion\$ between 2011-2013
- Germany: -8,3 billion\$ until 2015
- UK announced its troops will be 20-30.000 in 2020 (depending on the source)<sup>7</sup> (Wioeniewski, 2012)



Source: RUSI

**Source:** European Defence Agency 2011 apud. Alessandro Giovannini, Giovanni Faleg, “Advice from a caterpillar”: the conundrum of EU military spending in times of austerity, E-Sharp, April 2012

As one might have expected the largest budget cuts have been introduced by EU’s smaller states, with rates above 20%: Latvia reduced its military spending by 21% in 2009 followed by Lithuania’s 36 per cent in 2010, Czech Republic and

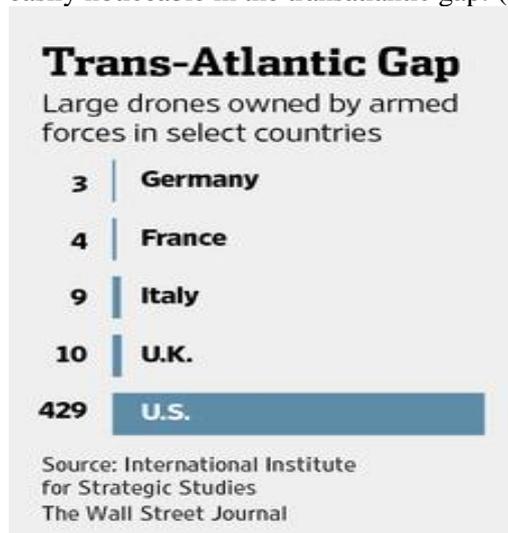
<sup>7</sup> In France alone defence budget has been slashed to 1,5% of GDP as compared to 3% when the Cold War ended. Troops have also been reduced by 80.000 from 322.000 in 2008 and plans envisage further reduction with 30.000 (which is actually less than the proposed austerity alternative of 54.000 scrapped away). (Barnes, 2013)

Ireland with ten per cent in 2011. Greece, which once outweighed its midsize international stature in military imports amputated 18% of defence expenditure in 2010 and a further 19% one year later. Overall, EU states discharged 160.000 soldiers between 2009-2011. (Mölling, 2012, 6-7)

There are of course success stories in joint cooperation both at operational level but less in technical matters. Franco-British Pact, NORDEFCO, Nordic-Baltic Pact, South Europe Defence Ministerial process, Visegrad 4, Weimar Triangle or the Ghent Process spell different exercises in Europe-building clustered around immediate neighbourhood and regionalism. (Brune, 2011,12)

In what concerns technical jointness there is a more modest landscape as transnationalism lags behind multilateralism. The creation of EU manufacturing giants like BAE Systems and EADS along with the production of Eurofighter Typhoon (a UK-Germany-Spain-Italy brainchild) or smaller undertakings (like A400M airplane manufactured by Airbus, unit of EADS) exemplify that (Pearson, 2013). However the yet BAE-EADS merger failure in the fall of 2012 prove the limits of what can be done and the lingering effects of different national management cultures. (Thompson, 2012; Knight, 2012). Closer to the writing of this text the question of drone touches another burning issue in the need to keep up the pace with the latest achievements. BAE Systems, EADS and Dassault experimented different drone prototypes in the last decade, but European governments have been overall skeptical to investing in such direction:

*"Over the years we've gradually lost our way because no one [in the French military] was expressing a need,"* is the testimony of French Air Force Gen. Michel Asencio, now adviser to an important think tank in his country. Results are easily noticeable in the transatlantic gap: (Pearson, 2013)



To mend the gap Brussels witnessed the meeting of EU defence ministers (19 Nov. 2013), one of the main topics on the agenda being the creation of a cooperative framework to boost the manufacture of remotely piloted aircraft systems (RPAS). It is hoped that a transnational industrial base in this sense will be fully functional by 2020-2025. (Hale, 2013) Seminal infrastructure will be provided by seven countries: France, Germany, Greece, Italy, the Netherlands, Poland and Spain. Any other member state is free and welcome to join the club. (Rettman, 2013)

Up to so far electronic intensive sectors like aero-space entered into M&As, while conventional paraphernalia like ground equipment still operates on national basis due to the protectionist friendly reasons reminded above. (Brune, 2011, 24)

### **CONCLUDING REMARKS: SUBOPTIMAL EUROPEANIZATION OF DEFENCE**

As an heir of the Enlightenment, the EU-building process has to grapple with an inner dialectics which pits political liberalism against the economic one. In less philosophical terms policy making has to find a painful and rightful balance to satisfy both communitarian imperative towards coherence along with national interest jealously guarded by member states. On the one hand there is the sentiment that Europe cannot succeed in world affairs unless it becomes a truly supranational actor just as USA, Japan, China, Russia or India. On the other the consequences that stem from that goal are not disadvantage-free and remind of the historical chapters in modern nation-building (ex: the reluctance to give away certain features of sovereignty).

Defence issues are no stranger to such turmoil. Even though symmetric perils have been replaced by rather unconventional challenges (terrorism, illegal immigration, social inclusion of foreigners, climate change etc), national arms industries and markets remain part of the welfare safety net or serve their purpose as tool of foreign policy. It would be unrealistic to believe that former imperial states like Great Britain, France or Germany would liberalize their defence establishment at the peril of endangering domestic small firms or employment only to serve a common ideal which is seldom less than the sum of its parts. Thus, political measures decided in Brussels or Strasbourg come at odds with vernacular politico-economical needs.

In our study we used the example of European defence affair as a pleading case for constructivist critique against the optimism of liberal interdependence. Although European architecture has long surpassed the neorealist anarchical moment and very much behaves like a security community, balance of power, anxieties and divergences linger and pervade both high level negotiations and mid-level industrial relations.

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