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PROVIDING NATIONAL AND INTERNATIONAL DEFENCE AND SECURITY UNDER THE IMPACT OF GLOBAL FINANCIAL CRISIS

Radoslav Ivančík*

RESUME

Since the end of the Cold War and the bipolar division of the world into two antagonistic pacts - Warsaw Pact and North Atlantic Pact, the global security situation has noticeably changed. The significant changes in the global security environment have brought, besides a lot of positives, also a number of deformations, which have gradually started to assume the form of various asymmetric security threats. Occurring against the background of globalisation and ongoing global financial crisis, the emergence of new military and non-military threats is directly linked to the growth of requirements for national defence and security. As a result, national defence security, independence, sovereignty, combined with the protection of citizens' lives and property, belong to the basic roles which every state still needs to fulfil. For this reason, the author of this article deals with new security threats and changes in global security environment, analyses the trends in the area of financial support of national and international defence and security under the negative circumstances of the global financial crisis, and simultaneously, points out that budget reductions of NATO defence ministries may result in the weakening of the defence capabilities of the entire Alliance, thus making the entire society more vulnerable.

Key words: Security, Security Environment, Financial Crisis, NATO, Defence

Introduction

The consequential changes taking place on a global scale after the end of the Cold War and the bipolar division of the world at the end of the 1980s have been marked by an unprecedented acceleration of the development of human society in the early 21st Century. Unlike in the past, today's profound qualitative advances in all aspects of life become manifest in the life span of a single generation. With the intensifying dynamics of technical, scientific, economic and social developments the potential of change is so immense that every state

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needs to pay undivided attention to an analysis of these evolutionary tendencies, particularly in the field of defence and security (Štancl, 2006). This is especially true of the latter point, where the changes have been most far-reaching.

The last decade of the 2nd Millennium was characterised by efforts to achieve stability in the world and to pioneer the transformation of the former Warsaw Pact countries, facilitating their transition from socialism to democracy, and centrally planned economies to market economy mechanisms. The gradual integration of the former Soviet Bloc countries into international institutions and their enlargement led to a conviction that this trend had increasingly contributed to fostering European and global security (Olejníček, 2006), with the threat of a worldwide conventional or nuclear conflict fading in the distance.

Unfortunately, the fundamental changes in the global security environment after the end of the Cold War and the collapse of bipolarity have brought, besides undisputed advantages also numerous deformations. These have gradually become manifested in the form of various asymmetric security threats. While leaving a large number of long-term regional conflicts unresolved due to a preoccupation with the East-West competition, the dynamic development and processes of globalisation, social and economic modernisation, political liberation, and technical and scientific advances have generated numerous negative side effects, including, most notably, the constantly deepening economic and social differences in the development of human society, failing state institutions in the Third World countries, stagnation, and an inability to adapt flexibly to new conditions. These factors, combined with a sense of hopelessness over economic underdevelopment, have not only created favourable conditions for the existence of non-state actors such as political, religious and nationalist extremists, but also transformed into phenomena comprehensively referred to as new security threats (Cingel, 2006).

1 National and international defence and security in a time of globalisation and changed security environment

With the emergence of new security challenges, resulting mainly from international terrorism, organized cross-border crime, illegal migration and an increasing number of 'cyber' attacks on public and private computer networks, as well as from the use of the weapons of mass destruction, national defence and security, and protection of citizens have reached an absolutely new level. There is an ever increasing shift from the emphasis on providing defence

against 'visible adversaries' in terms of two military and political formations confronting each other, to providing defence against 'invisible adversaries' understood in terms of new security threats (Ochrana, 2006).

Mainly due to globalisation, the contemporary developments in the world are accompanied by great economic disparities. As a result, especially the Third World countries are exposed to increasing threats of local and regional conflicts, whose consequences may, more or less, spill over to other countries of the world. Another potential source of threats is represented by Islamist religious extremism and radicalism, using whatever means available – including terrorism – to achieve its goals. Most importantly, this is not that kind of terrorism which has existed in the world for centuries, but rather terrorism which may affect anyone, anywhere and anytime, and which is, above all, aimed at delivering mass destruction of material assets and causing mass killings of innocent civilians. These are much more vulnerable than members of armed forces or law enforcement agencies. Similarly, civilian facilities are far easier targets than military installations or facilities of exceptional importance. At the same time, acts of terrorism attract the attention of media and spread fear and terror among the masses.

These consequential changes in the security environment, combined with the far-reaching economic changes, provoke not only new integrative but also disintegrative efforts in numerous countries and groupings. Even in this case the changes are linked to the phenomenon of globalisation. This represents a highly dynamic multifaceted process, where political, economic, social, military-strategic, technological, ecological and other phenomena (Šikula, 2005) overlap and mutually interact. The hitherto evolution of globalisation demonstrates that economic factors, which significantly influence other factors as well as condition a new system of international economic and political relations, exert a decisive impact on the course of globalisation. This new system has been replacing the post-WWII model and is governed by the free market economy mechanism rather than by political and ideological decisions.

The consequences of the ongoing globalisation process result, on the one hand, in deepening mutually beneficial economic cooperation and partnership (while at the same time prompting reciprocal economic dependence), as well as in the dynamic evolution of economic power centres, whereas, on the other hand, societies in other parts of the world are increasingly lagging behind and losing ground. For this reason, the constantly deepening economic and social differences in the development of human society, exacerbated by the activities

of non-state entities in failing states, may threaten not only national security in individual states and regional security but also the global security of the entire mankind. In the context of the prevailing global financial crisis, the possibilities for an armed conflict or a security crisis to arise are constantly multiplying. Yet another imperative factor contributing to the emergence of conflicts and crisis situations is excessive armament production.

While ensuring defence and security at the national and international levels, it is also inevitable, from the point of view of military (symmetric) threats, to underline the presence of non-military (asymmetric) threats, deemed to be manifestations of armed violence for the elimination of which it is unsuitable or sometimes even impossible to apply military power. This also concerns the phenomena which may not assume the characteristics of armed violence but, if present on a massive scale, may threaten the security of individuals, social groups and state bodies, and destabilise or even disintegrate society. To illustrate this point, consider natural, industrial and ecological catastrophes, and food, water, demographic and information shortages, or the exhaustion of non-renewable energy resources. In some parts of the world these have either already reached or are now approaching critical levels. All things considered, the provision of national and international security is assuming a new dimension in today's multipolar geopolitical division of the world.

As, generally speaking, national defence upholds the country's prospective survival, independence and sustainable development (Nedbal, 1998), each state must, in the interest of ensuring its own security, create the prerequisites for upgrading the system of defence, national security, and crisis response mechanisms of military and non-military character. The principal role of every state is to deliver national defence and security and to protect one's citizens. This role belongs not only to the most fundamental ones, but also to the most expensive economic activities, since it requires considerable human, material and financial resources (Lašček, 1999) to be allocated for this purpose. For this reason one of the most crucial decisions concern the amount of the defence budget to be allocated for ensuring one's defences and security, as well as in fulfilment of NATO's common political, military and economic interests.

2 The impact of the global financial crisis on the provision of national and international defence and security

Caused by fundamental changes in the global security environment after the end of the Cold War and bipolarity, new asymmetric security threats combined with the negative side effects of globalisation, modernisation and liberalisation of societies are forcing individual countries and alliances to deepen and consolidate their security and defence policy. The necessity to have the ability to respond to these asymmetric threats appearing in the form of international terrorism, organised crime, illegal migration, religious extremism, and nationalist radicalism, or the use of the weapons of mass destruction, calls for generating military and security forces and capabilities which are capable of dealing with the above-mentioned threats.

Based on the publicised economic prognosis and security studies, there is a widening economic, political and social inequality gap between the developed and developing world. Naturally, this has serious repercussions, inasmuch as the instability of the international security environment increases. In other words, individual states need to adopt adequate political and economic measures to help shape suitable conditions for building commensurate capabilities for military and security forces, which will secure the countries' defence, independence, sovereignty, and protection of citizens and property, while at the same time furthering their political, economic and security interests abroad.

For these reasons, the economic requirements for supporting the preparation, training and education of military and civilian personnel, as well as for the modernisation of the current and the purchase of new weapons, weapon systems and equipment, are constantly reaching new heights. As a consequence, the rising material and financial costs of deploying and sustaining NATO armed forces in the ongoing crisis management operations, or those of other law enforcement agencies directly involved in the execution of national or international security tasks, exert permanent pressure on budgetary expenditures. Obviously, the current decisions to reallocate the limited and at the same time precious human, material and financial resources between defence and security assets on the one hand and civilian assets on the other are determined considerably by the ongoing global financial crisis.

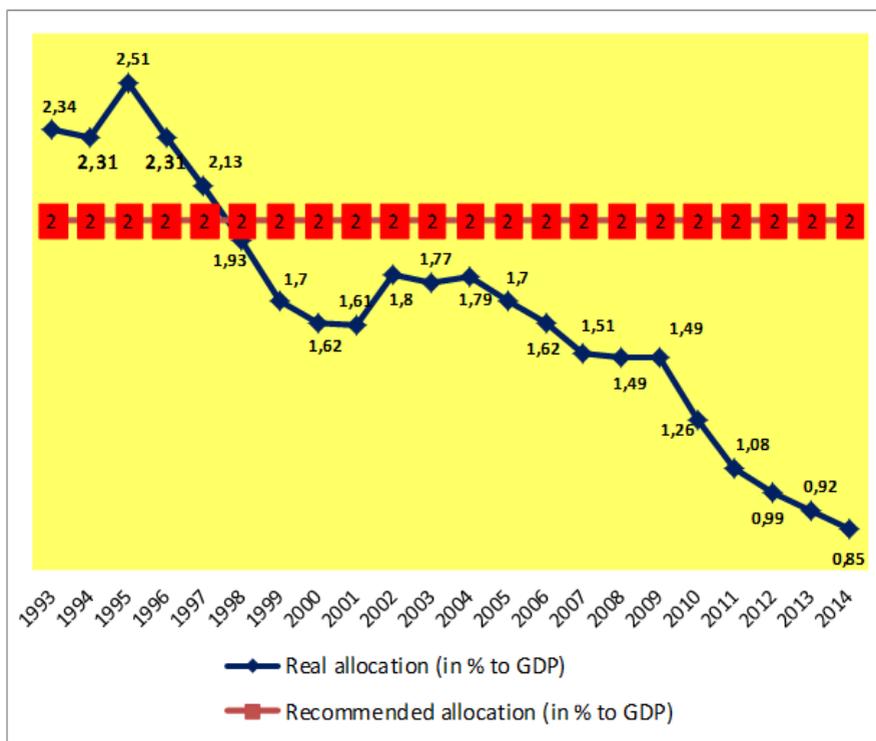
As a result of globalisation, all countries throughout the world have been to a lesser or greater extent affected by the global financial crisis. A marked

decrease in the pace of economic growth, higher unemployment rates and budgetary deficits, a worsening balance of payments, and other negative consequences of the crisis have caused that all governments have had to and still have to adopt, through curtailing public expenditure, timely and moderate economic, political and legislative measures so as to alleviate the consequences of the depression. One of the first steps to which most countries resorted was to consolidate public finances by introducing funding restrictions with regard to the state budget. From the economic point of view, the reason for this was clear – falling economic production goes hand in hand with falling state budget revenues.

The budgetary mathematics is equally merciless. A fall in revenues results in expenditure cuts. In this context, the planned and the already approved budgets thus seem to be unsustainable, and if individual states, as part of their responsible fiscal policy, are not to increase their debts by taking out additional loans to compensate for revenue losses, they have no other choice but to make budget cuts. Although hugely unpopular, these are inevitable, since any foreign loans to counterbalance the fall in the state budget revenues would result in the undesirable and, from the long-term point of view, even unsustainable state of affairs. In this regard it should be emphasised that Eurozone countries must comply with the Stability and Growth Pact. Accordingly, the deficit of public finances shall not exceed 3 per cent of GDP, nor shall the total national debt-to-GDP ratio breach the 60-percent limit.

As a consequence, individual countries implement budget cuts in non-priority areas. Most countries have therefore resorted to cutting defence and security spending. For instance, in the Slovak Republic the budget of the Slovak Ministry of Defence in 2009 already decreased by approximately 60 million Euros compared to 2008. As part of the adopted financial crisis package, it has been further decreased in the course of one year by €100 million, following the Slovak Government Ordinance to reallocate funds in order to sustain jobs and economic growth in Slovakia. Further cuts in defence budget took place in 2010, when the allotted defence budget amounted to approximately € 822 million, i.e. approximately € 223 million less compared to 2008. Moreover, the planned 2011 budget will be approximately € 310 million less compared to 2008 and, according to the macro-economic forecast and the planned public administration budget for 2012 – 2014, there are no rosy predictions for the Slovak MOD budget for the coming years (see Graph 1).

Graph 1: A demonstration graph showing the ratio between the amount of budgetary resources allocated / planned from the state budget to the MOD budget in the years 1993-2014 and their comparison with the NATO-recommended 2 per cent of GDP on defence.



Bearing in mind that the 2-percent GDP limit is deemed to be an adequate amount of defence spending the Slovak Republic has failed to reach this expenditure level since 1998. The public resources intended for defence and security spending have dropped, despite the fact that in its 2002 Government Goals the Slovak Government declared its commitment to allocate 2 per cent of GDP on defence. This pledge was based directly on the recommendations of the North Atlantic Alliance, the needs of the Slovak MOD and the reform requirements of the Slovak Armed Forces.

It has been recognised that the commitment to provide for the defence and security of the Slovak Republic and to ensure protection of citizens is being challenged and undermined by underfunding. Defence and security funding is highly demanding not only in terms of providing for the defence and security of the Slovak Republic but also in terms of meeting international commitments and transforming the Slovak Armed Forces into a relatively small, professional, well-equipped force with expeditionary capabilities and sufficient combat potential, capable of meeting the requirements of compatibility and interoperability with NATO allied forces.

With Slovak Government Ordinance No. 604 of 5 June 2002, giving the green light to the MOD Long-Term Development Plan, the Slovak Government made a commitment to allocate public funds for the MOD budget in the amount of at least 2 per cent of GDP, effective as of 2003. This commitment was confirmed by the National Council of the Slovak Republic, when the Council adopted Ordinance No. 2403 of 11 July 2002. As a result, the allocation of 2 per cent of GDP for defence spending became the basic planning financial input for delivering defence and security in the Slovak Republic, as well as the baseline rate for performing international obligations and agreements in favour of executing NATO's collective defence and international crisis management operations.

To ensure continuity of commitment, the Slovak Government issued Government Ordinance 133 of 25 February 2003, approving a timeline for defence reforms and reaffirming its pledge to allocate 2 per cent of GDP for defence spending. The reconfirmation of Slovakia's commitment became the main argument of NATO bodies in formulating Force Goals for the Slovak Republic within NATO's collective defence tasks and military and political objectives.

The next Slovak Government, formed after the parliamentary elections in 2006, officially approved the allocation of 2 per cent of GDP for defence spending. Government Goals stipulated that the Slovak Republic would allocate the resources essential to delivering defence and security and performing Slovakia's international commitments. At the same time, the Government promised to ensure that the funds for conducting international crisis management operations and integrating selected units of the Slovak Armed Forces into the NATO Response Force (NRF) and the European Battle Groups (EU BGs) would not be secured at the expense of the Slovak Armed Forces' sustainability and development programs.

To achieve this end the Slovak Government adopted Ordinance No. 106 of 7 February 2007, pledging to allocate additional 2,204 billion SKK (73,160,000 €) from external sources to the MOD budget during the years 2008 – 2013. This move was aimed at supporting force deployment and sustainability within the framework of the NRF and the EU Battle Groups, or unplanned contingency operations under Force Goals in 2008 – 2013. However, Government Ordinance No. 867 of 11 October 2007 abolished Ordinance No. 106 of 7 February 2007, in other words, the funds to deliver force preparation, training, transport, material and equipment supplies, and service support to the units of the Slovak Armed Forces earmarked for NRF 10 and NRF 13 in the years 2008 and 2009 and the EU BGs in the years 2009 and 2010 had to be redirected from other defence programs from within of the MOD budget.

Apart from this, the Slovak Government pledged to create the conditions for generating national defence and security capabilities, which would allow the Armed Forces to respond to the situations threatening our citizens, State and Allies, and to eliminate emerging threats, including those outside the territory of the Slovak Republic, while at the same time ensuring that the Slovak Republic would adequately contribute to NATO and EU defence capabilities until 2010, and maintain fully fledged contributions well beyond the target date. Also, the Government agreed to actively involve its troops in NATO and EU rapid response forces and international crisis management operations. This was to be done under NATO Force Goals and the EU Headline Goals, which, in line with the current security challenges, are now placing emphasis on self-defence capabilities, internal national security, the abilities to deploy forces outside the Slovak Republic, to participate in several operations simultaneously, and to adjust flexibly, depending on the type of operation or mission, to the changing security situation.

Based on the analysis of the actual defence budgets allocated from the state budget in recent years it may be concluded that the actual amount of financial resources, whether planned or allocated, fails to meet the targets described above. Moreover, the analysis calls for goals, tasks, intentions and defence requirements to be reviewed, since the current situation will inevitably continue to increase the MOD's internal debt, despite the upgraded long-term development plan and internal redirections of funds in favour of the declared key defence priorities.

The shrinking military funds allocated from the state budget to the MOD in 2009 and 2011 and the planned financial resources from the state budget for the MOD in the years 2012 – 2014 will even more jeopardise or, in the best case scenario only postpone the fulfilment of the declared goals – the Slovak Armed Forces' professionalization, training, modernisation, and the commitments vis-à-vis the North Atlantic Alliance and the European Union. This will have a negative impact on the trustworthiness of the Slovak Republic as a partner of the international community and the credibility of the Slovak Armed Forces – the two institutions which have enjoyed the highest approval ratings in public opinion surveys conducted across Slovakia.

Conclusion

The European geopolitical and geostrategic area after the end of the bipolar division of the world is seemingly safe. The new international political situation in Europe after the end of the Cold War has removed the immediate danger of a direct military threat to the Slovak Republic and its Allies. However, it cannot be ruled out that Slovakia's security and stability will not be challenged by threats and risks of different character, one which is based on the worsening security situation in the world. Therefore, the provision of defence and security and the generation of military and security forces cannot be approached as secondary issues.

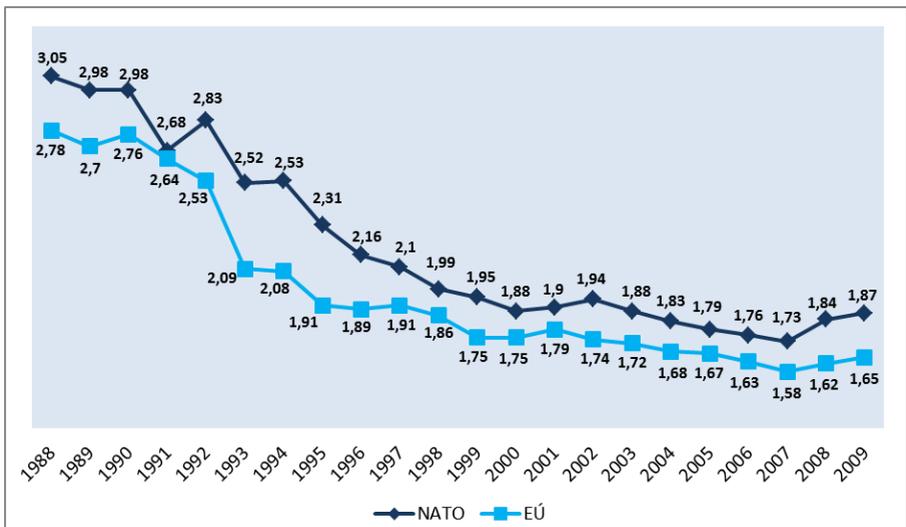
European and global security constitute risk factors, whereas inability to timely respond to an emerging crisis situation is likely to exert a highly negative impact on the entire world community. While the international security situation from the 1960s to the 1980s was referred to as the Cold War era, the international security situation at the end of the first decade of the 21st Century, marked by a considerable rise of new security threats and especially non-military threats, is labelled 'Hot Peace'.

In this context, Slovakia's shrinking military budget seeking to deliver NATO's collective defence and security in accordance with the Washington Treaty, the collective defence of the European Union in line with the Lisbon Treaty and, last but not least, the defence of the Slovak Republic seems to have strictly paradoxical implications. The bond between security recipients and security providers should not be confined to 'trouble-free periods' only but rather foster permanently stable and enduring relations. In this respect, the Slovak Republic should be a fully fledged partner for our Allies.

Despite the fact that the Slovak Republic has repeatedly pledged to allocate 2 per cent of GDP for the provision of national defence and security, the MOD budget cuts and the future predictions demonstrate that instead of walking towards the targets Slovakia is, in fact, walking away from them. What lies behind the dramatic decrease in defence and security funding is Slovakia's sense of not being exposed to a direct threat. Undoubtedly, the global financial crisis has an important role to play in this trend.

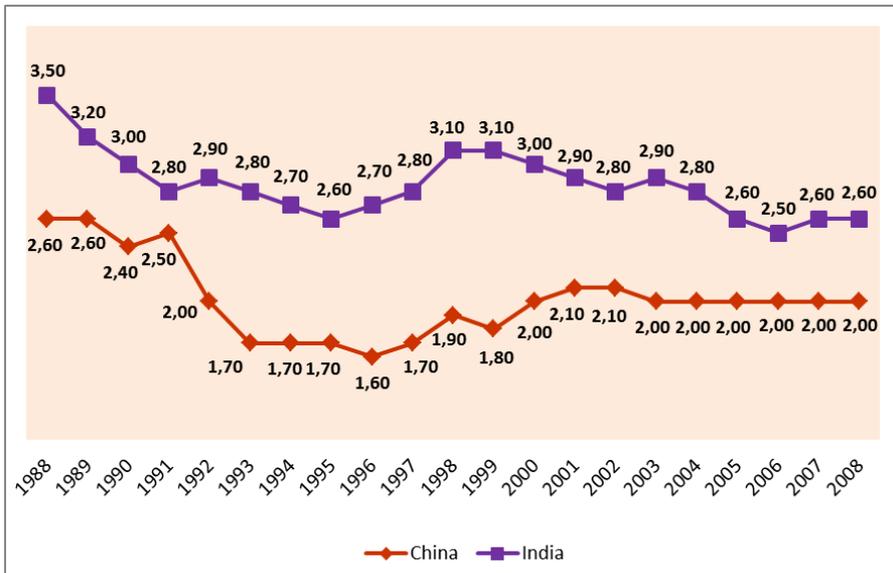
On the other hand, Slovakia is not the only country have reduced its military budget. NATO countries and European Union countries continually decreased defence expenditures already from the end of Cold War (see Graph 2). Although in 2008, in the context of worsening global security environment a modest growth of military expenditures was registered, the global financial crisis stopped that evolutionary trend.

Graph 2: A demonstration graph showing the ratio between the amount of budgetary resources allocated from the state budgets to the MoD budgets and the amount of the Gross Domestic Product in NATO and the EU in the years 1988-2009



Budget reductions of NATO defence ministries sharply contrasting with the worsening security situation in the world, and combined with the fact that other, especially non-NATO countries (e.g. China, or India) keep their military spending at the level of 2 per cent of GDP, or higher (see Graph 3), to support their defences, may result in the weakening of the defence capabilities of the entire Alliance, thus making the entire society more vulnerable. Due to the constant defence and security funding cuts, such countries, including Slovakia, may have to pay for this one day, since the provision of national defence and security cannot be taken for granted. But it will be too late when people realise that the “symbolic jug of unity” has been broken.

Graph 3: A demonstration graph showing the ratio between the amount of budgetary resources allocated from the state budgets to the MoD budgets and the amount of the Gross Domestic Product in China and India in the years 1988-2008



To conclude, the global financial crisis is clearly increasing the vulnerability of societies as well as security risks at national as well as international levels. This is happening as a result of the constantly shrinking budgets of defence and

law enforcement establishments and the adoption of strict saving measures, which are currently degrading security to its minimal levels. Although defence budget cuts may give the general public who wish to see more investment flowing into science, research, education, health care, or unemployment support a sense of satisfaction, this may lead to the countries' inability to duly and timely respond to asymmetric security threats to society.

This argument should be brought into focus especially in a time of the global financial crisis when, rather than deepening the sense of insecurity and uncertainty, national defence and security should be resting on stable foundations and approached with growing urgency.

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