

# AFTER THE NATO SUMMIT: TOWARDS THE “NORMALISATION” OF BRITISH MILITARY SPENDING?

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July 2018

2018/1

## 1. INTRODUCTION

To the contemporary European establishment, United States (US) President Donald Trump's visit to Europe for the NATO Summit in Brussels was akin to a tornado touching down, leaving a trail of destruction in its wake. Although NATO has made new commitments to a space policy, a Cyberspace Operations Centre, a “Readiness Initiative” (the “Four Thirties”) and to the Black Sea region and the alliance's wider southern flank,<sup>1</sup> the issue of European military spending was also thrust back into the limelight. With a series of forceful interventions and comments, Mr Trump took to remind his European allies of their commitment – made at the 2014 summit – to increase military spending to at least 2% of Gross Domestic Product (GDP). Before the latest summit, he described Europeans as “delinquent” in one tweet,<sup>2</sup> and “unfair” in another.<sup>3</sup> A flurry of similar tweets followed. At the summit, he went on to vent his ire – jeering rancorously – at his mainland European allies:

So we're protecting Germany. We're protecting France. We're protecting all of these countries. And then numerous of the countries go out and make a pipeline deal with Russia, where they're paying billions of dollars into the coffers of Russia. [...] So you tell me, is that appropriate?

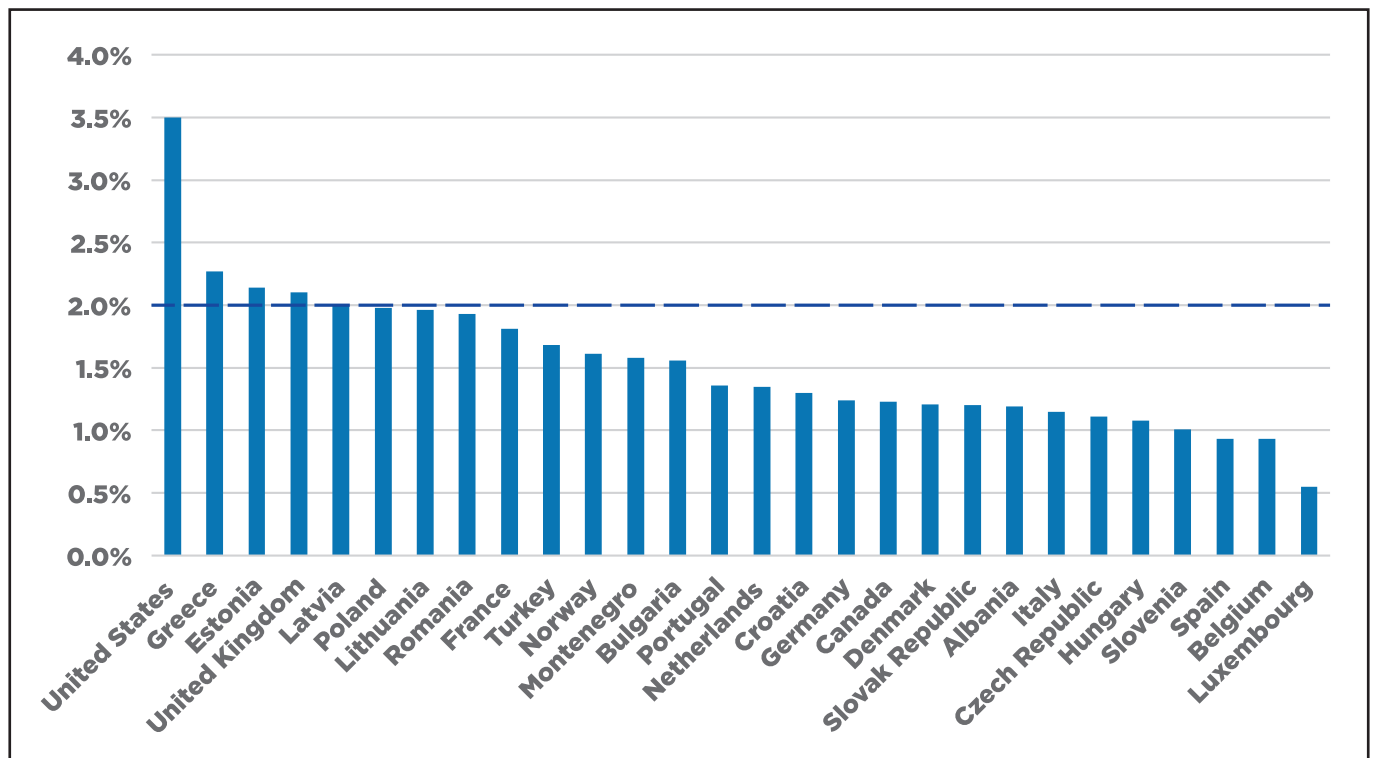
On top of that, Germany is just paying a little bit over 1 percent [of its GDP on its military], whereas the United States, in actual numbers, is paying 4.2 percent of a much larger GDP. So I think that's inappropriate also. [...] Now, this has been going on for decades. This has been brought up by other

presidents. But other presidents never did anything about it because I don't think they understood it or they just didn't want to get involved.<sup>4</sup>

Later, he allegedly pushed for NATO members to increase their military budgets by January next year, threatening that the US would be “going it alone” if they didn't.<sup>5</sup> Eventually realising that this demand was unfeasible – it would be difficult for Europeans to spend that much money on their armed forces over such a short period – Mr Trump settled for renewed assurances that there were already moves to increase burden sharing, and that “all Allies have heard President Trump's message loud and clear”.<sup>6</sup> It is therefore no surprise that this year's summit declaration stated that “some two-thirds of Allies have national plans in place to spend 2% of their Gross Domestic Product on defence by 2024”.<sup>7</sup>

## 2. IS PRESIDENT TRUMP RIGHT?

To many Europeans, the US President looks like a bull charging about in a china shop. Indeed, for Germany's Foreign Minister, Heiko Mass, it appears that the bull's raging was too much. The German Foreign Office announced curtly that “We can no longer fully rely on the White House”, before adding that the response was “a united, confident and sovereign Europe!”<sup>8</sup> Coming after a series of comments by Chancellor Angela Merkel last year, this suggests, once again, that the so-called “post-Atlanticist” turn in German foreign policy is accelerating, with unknown consequences.<sup>9</sup> However,



**Graph 1: NATO Defence Spending as % of GDP (2018 est.)**<sup>11</sup>

notwithstanding his rhetorical bluntness and erratic tweets, Mr Trump clearly has a point. European military spending is far too low and burden sharing between the two parts of the Atlantic is tilted unfairly against America. According to NATO, of the “real” US\$936 billion to be spent on the military by NATO allies in 2018, the US will account for around 66% of all expenditure – equivalent to US\$623 billion.<sup>10</sup> By the end of 2018, twenty allies will still likely fail to spend 2% of their GDP on their armed forces.

Worse, as Graph 1 shows, NATO’s poorer members – Estonia, Latvia, Lithuania, Romania and Poland – have either reached or are close to reaching the 2% target, while the wealthier members, including Germany, France, Italy, Spain, the Netherlands and Belgium, still have quite some way to go. It is therefore no surprise that some Europeans have constructed various excuses over the past few years to deflect attention from their poor performance. These “get-out” clauses take three main forms:

1. It was suggested that because not all US spending is directly allocated to NATO, America does little better than its allies in upholding the defence of Europe.<sup>12</sup> Of course, there is a kernel of truth to this argument, but ultimately it does not hold water: while US military power is indeed spread out around the world, it can readily be redeployed to Europe, and at relatively short notice.
2. The argument was put that while some European allies fail to meet their spending commitments, they are nonetheless “military maestros” because they commit more troops to allied operations than other

members.<sup>13</sup> The answer to this claim is surely: so what? Why should the two – sufficient spending and providing troops – be mutually exclusive? NATO allies should be prepared to do both.

3. Some Germans reiterated a long-standing argument that if they increase spending to 2% of GDP, they will have the second largest military budget in NATO, as if this would in itself be a problem.<sup>14</sup> This argument is also lacking: in the early 1990s Germany spent in sum comparably to the United Kingdom (UK) and France, and nobody batted an eyelid.<sup>15</sup> And even if Germany did ramp up military spending, the extra resources would merely be consumed to modernise the Bundeswehr (for many years), which is said to be in a “dramatically bad” state of operational readiness.<sup>16</sup>

It is also the case that some Europeans tried to excuse their inadequate performance by drawing attention to the polarising character of President Trump. But this tactic also lacks credibility: he is not the first to draw attention to their lack of spending. Other American statesmen have been urging their European counterparts to share more equitably in the burden of the West’s defence for many years. Indeed, in some ways Robert Gates, a former US Defence Secretary, even foresaw a president like Mr Trump in his valedictory speech (incidentally to a European audience) in 2011:

The blunt reality is that there will be dwindling appetite and patience in the US Congress – and in the American body politic writ large – to expend increasingly precious funds on behalf of nations that

are apparently unwilling to devote the necessary resources or make the necessary changes to be serious and capable partners in their own defense. [...] Indeed, if current trends in the decline of European defense capabilities are not halted and reversed, future US political leaders – those for whom the Cold War was not the formative experience that it was for me – may not consider the return on America’s investment in NATO worth the cost.<sup>17</sup>

That this statement was made by one of America’s strongest proponents for Atlanticism should have made the Europeans particularly mindful. For not only was the Cold War already fading speedily from memory, but the geopolitical foundations of the global balance of power were also starting to change – and fast.

Indeed, geopolitically speaking, while his rhetoric and tactics are very different, President Trump’s wider geostrategic objectives are not so dissimilar to those of previous administrations. President Obama tried to “reset” relations with Russia, just as he began the “pivot” or “rebalance” towards East Asia to constrain China in the broader Indo-Pacific. America’s principal geostrategic objective – to prevent China from overturning the established system in East Asia – was already established. Mr Obama tried to do this by coaxing the Chinese into a “responsible stakeholder” position in the “rules-based” international order.<sup>18</sup> However, given the degree of China’s military modernisation, geopolitical revisionism and illiberal practices, Mr Trump appears to have concluded that the former approach is no longer sustainable and that a more robust US geostrategy is required, underpinned by a new group of partners, as well as by military strength.<sup>19</sup>

Except for the British and French, most Europeans have not been keeping up. They have failed to understand that as the US is increasingly drawn into a wider geopolitical game reaching across the entire Eurasian continent, Europe is no longer the exclusive centre of America’s strategic attention. Last year, a Chinese naval squadron, partaking in joint exercises with Russian forces, sailed into the Baltic Sea for the first time in history.<sup>20</sup> It is in this sense that China, Russia and European defence spending are all increasingly interlinked – a point that President Trump’s administration appears to have grasped.

By drawing a linkage between geopolitics and geo-economics, President Trump and his “America First” agenda appear to have a much more integrated and sophisticated vision of Western security than his numerous critics allege. To strengthen his hand in dealing with the new geopolitical challengers, the US under Mr Trump is no longer prepared to carry the burden of European defence. As he looks at European NATO members, many still making returns on the so-called post-Cold War “peace dividend” he sees not

allies, but “free riders”, sapping away at US power.<sup>21</sup> Given the sums involved – mainland European NATO allies have effectively underfunded the defence of Europe by around US\$451 billion between 2012 and 2016 – the hurt is compounded when he sees the money being invested into programmes to boost European economic productivity. As such, while Mr Trump’s initial call for a 4% of GDP target for NATO was seen as a step too far, he is unlikely to reduce the pressure. He wants his European allies – especially the wealthier ones – to change their priorities and invest more in their own defence.

### 3. IMPLICATIONS FOR THE UK

Given that the geopolitical environment in which the UK cannot easily escape is changing so rapidly, James Frayne, former Director of Policy and Strategy at Policy Exchange, argues that the time has come to refocus the debate on the purpose of military power.<sup>22</sup> For too long the armed forces have been synonymous with semi-discretionary “expeditionary operations”, often occurring a long way from the British home islands. Military power has come to be thought of as military *force*. This is a mistake, not least because, as General Nicholas Carter, the current Chief of the Defence Staff, pointed out earlier this year, the “grey zone” – a consequence of geopolitical struggle – between peace and war is returning with a vengeance.<sup>23</sup>

This changed situation calls for a different military posture: firstly, towards dissuasion; secondly, towards deterrence. Put simply, dissuasion is when a major power attempts to prevent the emergence of competitors by sustaining strategic supremacy. The motto of the Royal Navy – “*Si vis pacem, para bellum*” (“If you want peace, prepare for war”) – captures this aptly. This can be achieved either passively (i.e., through maintaining a dominant alliance infrastructure, underpinned by military power) or actively (i.e., by demonstrating superior military capabilities, reach and determination). Deterrence, on the other hand, is by nature hostile, predicated on the assumption that the deterrer already faces a potential enemy. Moreover, simply deploying a token or skeleton force as a “tripwire” is not enough; instead, “credible deterrence must be underpinned by genuine capability and genuine commitment that earns the respect of potential opponents”.<sup>24</sup>

In addition, military forces also play another connected role during periods of geopolitical flux by demonstrating commitment to partners and allies. This is the more positive aspect of upholding dissuasion and deterrence, for it also helps facilitate wider economic and political relations. In this sense, the former Foreign Secretary, Boris Johnson, was stating an obvious truth when he claimed that in the past “military and political partnerships went hand in hand with trade, and

economic growth”.<sup>25</sup> The conjoined nature of this relationship needs to be better appreciated and understood in the UK. As the geopolitical environment deteriorates, other countries will likely look to Britain as a trusted ally or partner that can provide cutting-edge warships, warplanes and other equipment, not least given its large and technologically advanced military-industrial base.

In this sense, the British Armed Forces should be capable not only of upholding the nation's prosperity through the provision of security, but also by making a contribution to economic growth itself. As a recent report for the Ministry of Defence reveals, the UK military facilitates over £7 billion worth of exports each year, as well as acting as a significant partner for high growth industries such as cyber, engineering, and aerospace.<sup>26</sup> Indeed, Rolls-Royce has acquired contracts across the Gulf to provide servicing and maintenance of British-manufactured military products for their service cycle; ensuring Britain retains influence in the region for years to come.<sup>27</sup> The Royal Navy's participation in joint military exercises in the Indo-Pacific was considered a key driver in Australia's recent decision to procure the Type 26 frigate in a £20 billion 'deal of the decade' for Britain's military-industrial base.<sup>28</sup> And the £2 billion of funding announced by the Defence Secretary for the initial development of the so-called “Tempest” combat aircraft has the potential – particularly if the UK can draw in and consolidate international partnerships with countries like Sweden, Japan and/or Australia – to reduce development costs, press down the price of production, and lead to foreign sales.

## 4. OPTIONS FOR THE UK

Despite having slightly exceeded NATO's 2% of GDP commitment for many years, the UK has not escaped President Trump's attention either.<sup>29</sup> The US Ambassador, Woody Johnson, recently called on the UK – with its commitments in the Gulf, South-East Asia and the South Atlantic – to raise defence spending too, a point that was later reiterated in a letter to Gavin Williamson, the UK Secretary of State for Defence, by Jim Mattis, the US Defence Secretary.<sup>30</sup> This comes at a time when the British Armed Forces have also been in the spotlight domestically, not least because it appears that the previous government did not provide sufficient resources – potentially as much as £2 billion per year over the next ten year period – for the realisation of the 2015 “Strategic Defence and Security Review”.<sup>31</sup> So severe has the spending crisis become that Lord Houghton, the former Chief of the Defence Staff, recently told BBC Radio Four:

The government now finds itself in a very difficult situation. It does have a defence programme which is currently wholly unaffordable within the available funding. [...] And therefore we have outlined and

promised the country, we have almost deluded the country, that this incredible range of new capability was coming and was affordable and the strategic situation has changed and it is not. We've got to make a hard choice therefore. Do we increase the defence budget to make this ambition affordable, or do we actually diminish ourselves in terms of our status as a military power?<sup>32</sup>

Of course, this question has bedevilled the UK throughout much of the twentieth and twenty-first centuries. The nation has long sought a military posture it was unprepared to pay for. But today it is different: UK military spending has fallen dramatically from around 2.5% of GDP in 2010 to just 2.1% in 2018.<sup>33</sup> During the Cold War era, Britain's average or “normal” spending stood at almost 5% of GDP.<sup>34</sup> While the current strategic environment does not mandate an immediate jump to such levels – or even spending as high as 4% of GDP as President Trump is said to have recommended at the NATO Summit – the UK would do well to reconsider its present spending commitment. For reference, the average or “normal” level of military spending over the past forty-year period (1977-2017) was approximately 3% of GDP.<sup>35</sup>

As the British government completes another strategic review – the “Modernising Defence Programme”, which will likely drag on into Autumn 2018 – there are several available options. Each of these options would come with opportunities and drawbacks:

1. Maintain military spending at the currently anticipated levels (2.1% of GDP, or “real” £38.7 billion), possibly leading to moderate cuts to the existing programme insofar as it requires an estimated £2 billion extra per year.<sup>36</sup> The UK would still remain one of the leading military powers in NATO, but it would become potentially less secure and more “European”, while losing influence in Washington;
2. Reduce spending further to around 2% of GDP, still in keeping with the commitment the UK made in 2014, freeing up additional 0.1% of GDP (or “real” £1.8 billion per year) for investment in other areas, but with the possibility that the UK would be less secure, and considerably less geopolitically significant, not only in Washington, but also in Paris and Berlin, as well as with emerging new partners like Japan and Australia;<sup>37</sup>
3. Partially “normalise” military spending to around 2.5% of GDP over a five-year period to fully plug the existing funding shortfalls, while providing more up-to-date capabilities, such as more escorts for the Royal Navy and better cyber capacity, and fully realise – in a new context – the 2015 “Strategic Defence and Security Review”.<sup>38</sup> Based on an annual growth rate of 1.5%, Britain's “real” military budget would reach approximately £49.5 billion by 2023;<sup>39</sup>

4. Fully “normalise” military spending to 3% of GDP over a five-year period to boost national security, uphold the UK’s position as Europe’s leading military power and NATO’s second most important member, and draw other countries – not least in the Indo-Pacific – towards the British military-industrial base, particularly in the context of withdrawal from the European Union (EU). Based on an annual growth rate of 1.5% this would equate to a “real” military budget of around £59.4 billion by 2023.<sup>40</sup> In particular, it would allow for: enhancing the size of the Royal Navy, both in terms of escorts for anti-submarine and anti-air defence, as well as projection capabilities (for deep strike land attack); boosting the ability of the British Army to support UK NATO allies in eastern and southern Europe, especially in the Baltic and Black sea regions; bolstering the Royal Air Force’s technological capacity and reach into space; and researching and procuring radical new technologies to offset competitors’ numerical advantages, including offensive and defensive cyber capabilities, as well as new weapons, such as direct energy weaponry.

Ultimately, the decision depends on the level of security, prosperity and influence the UK desires to have in the future. In this sense, as an established global power and the original initiator of the “rules-based” international order, Britain should not forget that its own security and prosperity are closely tied to the protection of a wider set of values, structures and rules.<sup>41</sup> John Reid, a former Secretary of State for Defence, made this very clear during the early 2000s when he argued:

We take a view of the world which has always been internationalist, which recognises that we not only have rights to defend in the world, but we also have responsibilities to discharge; we are in a sense our brother’s keeper globally. Sometimes it requires us to say: ‘yes, we will make the ultimate sacrifice.’<sup>42</sup>

In the final instance, the “ultimate sacrifice” means that the UK should not become unwilling to go to war to defend the principles the nation believes in, not least to defend its allies. However, Britain should never allow itself to be put in such a predicament: as one of the world’s most geopolitically secure and capable countries, failure – when the UK is forced to make the “ultimate sacrifice” – can only occur when the nation has lacked political leadership and strategic foresight. The reason for this is simple: enemies do not materialise from nowhere. When they do emerge, it is only because we have failed to dissuade, and then to deter them.

## 5. CONCLUSION

Like his predecessors, President Trump has a point on European military spending, even if he articulates it in a way that is brash or undiplomatic. While the UK does

better than most of its European allies in meeting its NATO obligations, given the state of the geopolitical environment and the need to dissuade and deter a growing number of opponents, the British government would do well to arrest the decline of the British Armed Forces. Moreover, if “Global Britain” is to mean anything – if the UK is to have global reach economically and militarily – the country needs the instruments to maintain and even boost its influence. The Henry Jackson Society and the House of Commons Defence Committee – along with many others – have all argued that military spending should not be seen as a “price to pay”, but rather as a vital national investment.<sup>43</sup> Sufficient military spending provides the armed forces with the means to dissuade and deter geopolitical revisionists from destabilising the international order, with all the associated bloodshed.

Therefore, regardless of President Trump’s threats to withdraw, or at the very least reduce the US commitment to NATO, the rest of the alliance should be looking to increase its military spending to not only reach the 2% target, but to go beyond it to maintain the alliance’s credibility. In this context, the British government would do well to continue to press its NATO European allies to meet their commitment to spend 2% of GDP by 2024. Simultaneously, it would do well by providing the necessary leadership by “normalising” the British military budget towards the average spending during the past forty-year period (1977-2017) – almost 3% of GDP. Although other monetarily cheaper options exist, they would come with their own costs: the UK would likely suffer additional insecurity and lose geopolitical influence. “Normalising” to this level of military spending would allow the country to modernise its armed forces and strategic posture, and ensure security and prosperity for itself and its allies and partners in the uncertain twenty-first century.

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## NOTES:

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“NORMALISATION” OF MILITARY EXPENDITURE  
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Policy Briefing No. 2018/1