



Security Policy Working Paper, No. 28/2016

# Brexit and British Defence Policy Not Business As Usual

*by James de Waal*

**Although defence was not a major factor in the UK's decision to leave the EU, Brexit will nevertheless have a major impact on UK defence policy. UK economic performance, the internal politics of the ruling Conservative Party, and the disconnect between elite and popular views of Britain's international role all suggest that Britain's future approach to defence is less certain than Theresa May's government now argues.**

Following Britain's shock decision to leave the European Union there is now enormous uncertainty over much of its future policy. Its economic, trading and social relationships will clearly all be affected, though quite how and how far will only become apparent as the process of Brexit negotiations gets under way. In contrast, British defence policy seems comparatively unchanged, at least at first sight, and is taken by some to present a degree of comforting security in an otherwise unsettled policy environment – now also including the disconcerting prospect of a radical Trump administration

The new British government is certainly keen to give this impression, sending out a series of signals immediately following the referendum that, at least as far as defence is concerned, it is “business as usual”. Michael Fallon continues as defence secretary under Theresa May, one of the few cabinet ministers to keep his job after the departure of David Cameron. At the Warsaw NATO Summit, just two weeks after the Brexit vote, the government declared its readiness to be one of the four framework nations for the new battle-groups to be deployed in NATO's eastern territory (and also made the long-awaited announcement that women would henceforth be allowed to serve in the British armour and infantry forces). A few days later, at the Farnborough Air Show, the government confirmed a number of major procurement plans, including the emblematic (and hugely expensive) acquisition of P8 maritime patrol aircraft.

Furthermore, the government seems keen to use defence as a means to reassure its international partners that Brexit will not mean a retreat into isolationism or xenophobia. The defence secretary has used a series of meetings with European opposite numbers to reinforce established military links, and to plan further cooperation on operations and capability development. This emphasis on continuity fits with the way much of the British government and the public think about defence. For many in Britain the EU is at best irrelevant, and at worst a threat, to British defence policy and therefore Brexit is likely to change little. Much of Britain's defence is still conducted on a national basis, including the operation of its nuclear force. The country's key defence relationships are outside EU frameworks, being based on NATO and on bilateral relationships, in particular with the US, the Commonwealth and in the Middle East. The EU as an organisation has not been a

principal actor in any of Britain's recent wars, including in Iraq, Afghanistan, Libya and against ISIS. The EU's ability to act in any effective way in preventing or resolving conflict is hampered by bureaucracy, inefficiency and parochial national and institutional politics.

In line with this picture, defence was largely absent from the British referendum debate, being mentioned only by those passionate Brexiters who saw the (in reality unlikely) prospect of a future European army as a threat to Britain's sovereignty and security. However, while this view of British defence policy may have been useful in the past, such considerations will not be the key drivers for the future. Although Britain's membership of the European Union has in fact had little impact on its defence hitherto, its departure from the EU will bring some major consequences for defence. Britain's NATO membership, its "special" relationships with the US and others and its nuclear status will not become irrelevant. But other issues, related to the economic, political and social aspects of Brexit, are likely to be more important in shaping defence policy over the next few years. There will be no "Brexit immunity" for defence, and the picture is likely to be much more unsettled than the government may expect and Britain's allies may wish. Three issues in particular are likely to affect matters: economics, politics and the public mind.

### **Economic Dimension**

The economy will be key. In 2015 when the British government completed its last Strategic Defence and Security Review it argued that, as far as defence was concerned, the era of austerity was over. The Review confirmed Britain's commitment to spend at least 2% of GDP on defence and to provide a real terms increase of spending on defence equipment. It backed this up with concrete announcements on future procurement, infrastructure and personnel plans. The 2015 Review was presented as a recovery from the cuts seen in the previous Review in 2010. However, although the 2015 Review did provide some real increases in spending, the picture was not as rosy as the government suggested. Around half of the proposed new commitments were not to be funded by an increase in the budget, but by efficiency savings in existing defence activity. Although the management of defence has improved significantly in Britain in recent years, this efficiency target is still very demanding, and may prove unachievable. Similarly, the emphasis on acquisition of new pieces of equipment may have led to helpful headlines for the government. But it also exacerbated an existing structural imbalance between equipment and personnel spending, leading to UK forces having insufficient trained personnel to man the "exquisite" equipment it has on order. The Royal Navy is in a particularly difficult position, and is struggling to find enough qualified and trained sailors to man its new and technologically advanced carriers, submarines and destroyers. Although this spending picture had been helped by some other short term factors, notably to drop in international oil and commodity prices, overall the budgetary position of UK defence in the run up to the EU referendum was not as strong as the government suggested, and included a significant level of risk. This risk has worsened substantially since then, because of the impact of the Brexit decision on the British economy, to the extent that the UK's spending plans in all areas of public policy may be changed.

While the shock of the Brexit decision to the UK's economy has not been as large as some warned, nevertheless, there have been some important economic consequences with particular relevance to defence. It is obvious for example that the spending target of 2% of GDP will deliver less cash if, as seems likely, GDP growth is lower than was expected in 2015, underlining the weaknesses of defence targets based on macroeconomic benchmarks rather than deployable military capability. Moreover the money which is available

will not go as far as hoped. Much of the planned new expenditure on equipment is allocated to purchases from abroad, particularly from the US, including high-profile multi-billion-pound programmes for the procurement of F35 and P8 aircraft and elements of the replacement nuclear ballistic missile submarines.

The drop in the value of the pound against the dollar and the euro seems likely to increase the cost to the UK of perhaps 4%. This financial penalty will continue, and will continue to fluctuate, as long as the confusion over the detail of Brexit continues, meaning that future UK defence spending will depend at least as much on the various parties negotiating in Brussels as on the British government itself. Finally, inflation is also likely to be a factor. Brexit has led some analysts to revise forecasts of British inflation rates up, perhaps around 2.3%, up from both the previous forecast of 1.6% and the current rate of 0.9%. This is not a huge level by historical standards, but is a considerable change from the 2015 Review planning assumptions. Increased UK inflation rates may not only hit procurement of equipment sourced in the UK and paid for in pounds, but will make it more difficult to balance the increased cost of foreign-sourced equipment through savings in personnel costs. The government has already weakened its ability to keep defence personnel costs under control through its politically-inspired commitment to increase military pay rates and maintain military personnel numbers while cutting cheaper but less popular civilian defence staff. Overall, then, the economic impact of Brexit in defence will be to weaken a financial position which was already more fragile than the government had suggested.

### **Political Dimension**

At the same time a second factor, politics, means that any further increase in the defence budget is unlikely. Although the 2015 Strategic Defence and Security Review was presented as a quasi-objective assessment of the threats to British security and the practical responses required, UK domestic politics played a leading role, in particular the internal politics of the governing Conservative Party. A key aim of David Cameron's administration was to avoid criticism of its defence policy from more hawkish voices in the conservative press and within the Conservative Party. This reflected a general approach to defence dating from Cameron's time in opposition and his first months in government. He had seen how Gordon Brown's previous Labour administration had been severely damaged by criticism of its defence policy, and Cameron had himself been surprised on taking office by the strong hostility from within his own party to the austerity-driven defence cuts in the 2010 defence and security review. This general desire to avoid political controversy over defence was given a particular focus by the impending EU referendum. Many of those most critical of previous defence cuts were on the Right of the political spectrum, who were also those most in favour of leaving the EU and most hostile to the government's campaign to remain. Cameron seems therefore to have used the defence and security review and the associated increase in spending as a means to neutralise defence as a source of criticism of his government from the Right.

Notably, the 2015 defence and security review was designed and presented as a counter to some very specific public criticisms directed at its 2010 predecessor, including by reversing cuts to Britain's maritime patrol and aircraft carrier fleets. Cameron does seem to have been genuinely concerned by security threats from the jihadism and Putin; but he was at least equally concerned by threats to his government and its EU policy from within his party. Increased defence spending would not itself persuade Conservative Eurosceptics to change their position on the EU, but it meant that Cameron would not be distract-

ed by defence controversies as he focused on the key issue of Europe. Cameron won this particular battle over defence policy: the 2015 Review was received very warmly in Parliament and the press, particularly on the Right, and defence largely disappeared as a subject of political controversy. But despite winning the battle he lost the war, with the collapse of his European policy, his government and his political career.

The political situation has now changed. Although some of the same participants are still around in politics, their circumstances and their priorities are now very different. Inevitably this will have consequences for defence. Even without Brexit, Theresa May's defence priorities are different from David Cameron's. Although she is reportedly concerned about Russia, she seems less committed than her predecessor to an active British military posture outside Europe. Cameron spoke of an "existential threat" to the UK from jihadi terrorists and argued that this needed to be met far from the UK's shores, including through military force. May in contrast emphasises the domestic fight against terrorism through the intelligence and law enforcement agencies, in line with her previous focus as Home Secretary (interior minister). But these policy differences over the direction of UK defence policy are not as significant as the changed political situation in the UK and within the Conservative Party. The pro-defence, pro-Brexit Conservative Right is still present, and indeed its position has strengthened as a result of the referendum. It will still be pressing for defence spending to be maintained or increased. But the key debate at the moment and for the next few years will be Brexit itself, and the Prime Minister's future will be decided by this. Her critics on the Right are now determined to get what they want on Brexit, and letting them have their way on secondary issues such as defence will not be enough to appease them. A strong line on defence will therefore bring Theresa May no domestic political advantage, and therefore she has no incentive either to boost spending further, or to make cuts elsewhere to fill in the budget gaps caused by Britain's post-Brexit economic troubles.

## Public Dimension

Finally, Britain's traditional approach to defence may also be threatened by changes in the general public mood. One reason that the referendum decision came as such a shock was because Britain's foreign policy community – its diplomats, academics, serious media and many of its politicians – were overwhelmingly supportive of Britain's continued EU membership and thought the arguments unchallengeable. It was an enormous surprise that so much of the public did not agree with them, and that some of the anti-EU opinion may in fact have been fuelled by popular hostility and distrust towards elites. Britain's foreign policy world may be suffering from a similar syndrome when it comes to defence policy. The elite consensus is still very much that Britain should continue to be active abroad including with military force; that it has global interests and responsibilities which may require intervention far from Britain's borders; that instability in distant regions threatens Britain's security; and that Britain has a special international place because of its past, its permanent membership of the UN Security Council and its democratic and liberal traditions. The US election has forced some rapid reassessment of whether this view of the UK's global role can survive a Trump Presidency. Brexit suggests that a further reassessment is also necessary, considering whether the elite view of Britain's international role really accords with what the majority of the British public wants.

It is difficult to be categorical about British public opinion on defence. Defence is rarely a key factor in national elections or in the popularity rating of any particular government. Opinion polls often produce a paradoxical picture, showing that while the public is in general very supportive of the armed forces as institutions and expressions of national

identity, it is often hostile to the wars they wage. Much of the public is unconvinced that Britain's recent military interventions have in fact made them safer or benefitted international security more generally. This feeling is particularly strong among some ethnic or religious groups, who identify neither with Britain's recent security policies nor with the armed forces. Many in the armed forces are also concerned that the public is increasingly viewing service personnel less as self-confident and determined individuals but as a class of victims, suffering the consequences of unpopular wars and afflicted with PTSD once they return to civilian life. Senior military figures also worry that the small size of the armed forces means that military life and military operations are now very strange to most British people, who have little idea of the reality of either. It is hard to be clear what practical consequences this confused set of public attitudes might bring. But following the Brexit shock, and even more after the election of Donald Trump, elite opinion should be very careful of assuming that the general public sees the world as they do. The traditional consensus that Britain will continue to act as a world power may not in fact be shared widely outside Westminster and Whitehall. Future politicians will also draw the lessons of the falls of Tony Blair and David Cameron, both of whom staked their careers on a view of Britain's place in the world which turned out to be shared neither by their parties nor by the public.

## Conclusion

All this suggests a number of general implications. First, that the domestic political and economic situation will be the major factor driving British defence policy, unless a major unexpected security threat appears. Second, Britain is unlikely to be able to carry out in full the defence expansion plans envisaged under Cameron, still less increase its defence commitments without a major new political effort by the May administration: this is unlikely at the moment. Third, given the dominance of domestic politics, Britain's defence relationships with its European partners will be strongly influenced by the Brexit process: the easier the negotiations, the better the defence relationship is likely to be.

*James de Waal is a former British diplomat and Senior Consulting Fellow at Chatham House, specialising in the politics of Western defence policy. This article reflects the personal opinion of the author.*