



The relation between the 2008 economic crisis and military reorganization in France and the United Kingdom

A neoclassical realist study

Master's Thesis

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Abstract

In the years after the 2008 economic crisis, both France and the United Kingdom presented plans for the reorganization of their armed forces. In this thesis, it is studied how the economic crisis can explain these military reorganizations from a neoclassical realist perspective, which says that domestic constraints influence the path that state leaders are likely to pursue, while they also want to maintain and even increase their relative power position with regard to other states. These domestic constraints are determined by financial resources and immaterial resources. Immaterial resources consist of the shared ideology between the civil society and the national government. The presence of such shared ideology is considered a resource. The expectation was that the crisis caused a decline in both financial and immaterial resources, which then made the military organization unsustainable, making reorganization necessary to maintain power and capabilities. Content analysis and analysis of data from several databases was used to check these expectations. Evidence was found for a causal relation between the economic crisis in and the military reorganizations and that the reorganizations were seen as a measure to maintain and increase power and capabilities. However, only financial resources seem to have played a role, while the studied data gave absolutely no reason to believe that immaterial resources have influenced the development of the reorganization plans. The analysed trends and developments appeared to be very similar in both cases. Another finding was that the economic crisis only partly explains the military reorganizations. Other factors that appeared to very likely have played a role are the changing nature of modern warfare and the changing strategic landscape on a global level. Further research is required to determine the degree of importance these factors had for the military reorganizations.

Keywords: *military reorganization, economic crisis, neoclassical realism*

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List of abbreviations

EU	European Union
EDA	European Defence Agency
GDP	Gross Domestic Product
NATO	North Atlantic Treaty Organization
OECD	Organization for Economic Cooperation and Development
SGP	Stability and Growth Pact
UAV	Unmanned Aerial Vehicle
USA	United States of America

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1. Introduction

With the collapse of Lehman Brothers in 2008, the fourth largest investment bank of the United States of America (USA) at that time, it was undeniable that the USA was in a major economic crisis. It did not take long before Europe followed in this economic downfall. The logical result of this economic malaise was that European countries were forced to carry out major budget cuts in different policy areas. One of the policy areas that were hit hard in several countries was the policy area of defence and national security, not the least because from a political perspective, this is one of the easiest areas to implement budget cuts for national governments (Croft, 2013; Erlanger, 2014).

In this study, the relation between the economic crisis and the reorganization of the armed forces will be further examined in order to empirically prove a causal relationship between those two variables. In order to achieve this, two countries are selected for a comparative case study. The two cases to be examined in this study are France and the United Kingdom. To limit the scope of this research paper for a more in depth analysis, the central perspective will be the neoclassical realist perspective. This does however not mean that other approaches are not taken into consideration at all. Even without conducting a proper research from other theoretical perspectives, these perspectives can still help to put the neoclassical realist explanation in perspective. It could for example help to provide a tentative explanation for the successfulness or failure of neoclassical realism to explain the military reorganizations by the 2008 economic crisis.

For both France and the United Kingdom, budget cuts and reorganizations were announced in the period after the start of the economic crisis. In 2013, France published a policy document, the *White Paper on Defence and National Security*, in which the French Ministry of Defence sets out '*the principles, priorities, action frameworks and resources needed to ensure France's security for the long term*'.

In 2010, a similar document was published by the government of the United Kingdom, namely *the Strategic Defence and Security Review*. The reason for the publication of this Strategic Defence and Security Review is that the United Kingdom has to '*be more thoughtful, more strategic and more coordinated in the way we advance our interests and protect our national security*'. It laid out the commitments expected from the Armed Forces of the United Kingdom. In a response to this the Army of the United Kingdom presented a design for a more adaptable and flexible organization of the Armed Forces that has the capabilities to undertake a broader range of military tasks both on national and international level. This design was presented in 2012 in a report called *Army 2020*, with an updated version presented one year later.

These documents form the preamble to this thesis. The aim of this study is to examine how the crisis is actually related to these reorganizations. These two cases are selected because they are comparable to a certain extent with regard to size, power, economy and military power. The choice for these cases will later be explained in a more detailed way.

Concerning the theoretical foundation for this research paper, the neoclassical realist theory will be used to find and explain the causal relationship between the economic crisis and military reorganization. Due to the limited time available for this research paper, only one theoretical perspective is chosen to include. This makes it possible to go more into depth. The choice for neoclassical realism can be explained by its strong connections with state security and power, something that is highly relevant with regard to the central topic of this thesis.

1.1. Problem definition

The following research goal is formulated in order to provide a clear indication of what is aimed to achieve with this study.

The goal of this thesis is to explain the relation between the economic state of a country and military reorganization by analyzing and comparing the military reorganizations in France and the United Kingdom from a neoclassical realist perspective.

Following this research goal, the following central research question is formulated for this study:

Can the reorganizations of the armed forces in France and the United Kingdom be explained by the global economic crisis that started in 2008?

The aim is to identify and explain the effect of change in economic situation on military reorganization. Following this research question, the dependent variable in this thesis is military reorganization. The independent variable in this case is the economic situation of a country.

In order to get a clear answer on this research question, several sub-questions are formulated. These questions help to narrow down the focus on specific aspects of the subject. The sub-questions are not going to be individually addressed in the analysis, but they are formulated in order to give a general outline of what information the analysis aims to provide. The answers to these sub-questions are expected to make it possible to provide a complete and well-founded answer to the central research question of this study.

- 1. How are the military reorganizations going to change the armed forces of France and the United Kingdom?*
- 2. How did the economic crisis influence the material and immaterial resources in France and the United Kingdom*
- 3. How are these resources related to the military reorganizations?*
- 4. Which other factors might have played a role?*
- 5. What are the differences and similarities between France and the United Kingdom and how can these differences be explained?*

The answers to these five questions will be researched in the empirical analysis in order to be able to provide an answer to the central research questions.

1.2. Case selection

As mentioned before, the two cases that will be analysed in this thesis are France and the United Kingdom. In this paragraph, it will be explained why these two countries are selected for this research.

The reason that for this study only two cases are examined is mainly a practical consideration. Given the limited period of time available to complete this thesis, an examination of a larger amount of cases would endanger the quality of the study. If for example all the European Union (EU) member states would be included in this study, it would be nearly impossible to conduct a profound analysis for every single case within the constraints of this thesis. The selection of only two cases gives the opportunity to really go into depth in both cases. More cases would lead to a more superficial analysis.

The practical reasons do explain the number of cases chosen, but not why France and the United Kingdom are chosen. First of all it was important that both cases had planned large-scale reorganizations of their armed forces, since that is one of the variables from the central research question of this study. France introduced a white paper on their defence and national security in 2013, in which they present major plans for change of the French Armed Forces, making it a suitable case for this study. A similar policy document was presented in the United Kingdom in 2010. Like in France, major reorganizations were introduced within a few years after the start of the economic crisis, making the United Kingdom another interesting case to examine.

The choice of cases for this study was not only made on the basis of the existence of major reorganization plans in particular state. Another argument for the choice of these two specific cases was that France and the United Kingdom are two of the major military powers in Europe. Based on

over fifty indicators to determine military strength, France is positioned sixth on the global ranking of military strength and the United Kingdom is even ranked fifth on this list (Global Firepower, 2014). The first four places of the ranking are occupied by respectively the USA, Russia, China and India, making France and the United Kingdom the two most powerful military forces in Europe. This means that those two cases also have a broader importance for other Europe in general than just their own national interest. Other countries are to a certain extent dependable on their military power. This gives extra value to examining these cases and therefore these cases are chosen over for example two minor military powers.

Another important requirement of the case selection was that they had to be comparable to a certain extent. For this research, random selection of cases is not desirable. Because the aim is to prove causal mechanisms, it is important that there is a cross-case relationship to a certain extent (Seawright & Gerring, 2008: p. 297). Substituting one of the cases for a less similar case, the Netherlands for example, would be far less relevant. France and the United Kingdom are much more comparable with regard to size, power, and military capabilities. These considerations have led to France and the United Kingdom as cases for this thesis.

1.3. Relevance

A very important condition of academic research is that it has to be relevant. In this paragraph the relevance will be further elaborated by looking at both the societal relevance and the academic relevance of this research.

1.3.1. Societal relevance

Security and defence are issues of major importance for European countries. It is part of the fundament on which the welfare and prosperity of Europe rests and this makes maintaining security an important issue for countries and its inhabitants.

The global economic crisis caused changes in several areas and has already caused changes budget for defence policies in different European states. Austerity measures following the 2008 economic crisis has led to steeper decreasing numbers with regard to defence spending in Europe (Ben-Ari et al., 2012: p. 47). This situation makes it relevant to look at how the economic crisis has affected security of European states, especially in the light of changing balance in the global strategic landscape, for example with the BRIC countries (Brazil, Russia, India and China) gaining more and more economic power. The importance of these changes is also mentioned in the French White paper (2013: p. 9). *'In a rapidly changing world, France needs to be able to react swiftly, whilst ensuring that its response is part of a strategic vision.'* These changes show the importance of having

a clear view on the state of the armed forces of the European countries and whether this is still sufficient after the economic crisis.

Furthermore, the current 70 year period without war on the European continent, with the exception of the war in former Yugoslavia, is an exceptional period in the history of the continent. Therefore, the European states should not assume that this situation will always be like this. Even though the possibility of war on European soil seems to be minimal, the possibility of a war can never be excluded. Therefore, military readiness is still of vital importance for the survival of states and a stable defensive force will make it less likely for enemies to attack a state.

Another important aspect that makes this study relevant is that the military reorganizations in France and the United Kingdom are not only important for the countries themselves, but also for other European countries because of the high military dependency of the smaller states in Europe.

Based on the results of this research thesis, one might have a better view on how the economic crisis affects the armed forces of two major European powers and whether this causes extra security risk for these countries themselves and Europe in general.

1.3.2. Academic relevance

Van Thiel (2010, p. 21) argues that a study is academically relevant when the knowledge to be acquired with the study contributes to the already existing literature on the topic that the research aims to examine.

Until now, the academic research on the topic of the link between crises and military reorganization within states of states is limited. This is mainly because before the economic crisis started in 2008, this topic was only of limited relevance because the last global economic crisis dates from the 70's. It is plausible that this absence of a global economic crisis caused only limited attention to this subject. However, the situation dramatically changed in 2008, making this subject very relevant for academic research. This thesis tries to contribute to filling the gap of the absence of literature on the effect of a crisis on the armed forces of nations. Also, it can help to confirm and validate other studies that have been done on this subject by creating a broader empirical basis, even though the amount of existing literature is limited.

2. Literature review

In this paragraph the literature that is published by other scholars and researchers on the topic of the relation between economic situation and reorganization of the armed forces. An overview will be given of the knowledge and ideas that already exist on this specific topic. Hereby the focus will not be limited to the specific topic of this thesis, but literature on the topics of economic crises and military reorganization will be examined in a broader sense. For example other theoretical explanations for military reorganization can be very relevant, as well as literature on other crises and their effect on the military. Also, contradictory arguments on certain issues will be elaborated in order to get a clear view on the existing literature with regard to economic crises and military reorganization.

2.1. Economy and military expenditure

In general, it can be said that there is a vast amount of literature on the relation between economy and military spending. However, the majority of this literature looks at the causal relationship between military spending and the economic growth of a state. These academic articles mainly focus on the peace dividend. The peace dividend is a term that refers to a decrease in military spending in a state in times of peace. This money that is saved is then used for other policy areas which results in economic growth (Knight et al., 1996: p. 1; Mintz & Huang, 1990: 1283). Next to the fact that conventional wisdom has it that military spending increases economic growth, there is also empirical research that supports the concept of peace dividend, for example a working paper from the IMF on the peace dividend (Davoodi et al., 1999: p. 27). However, there is also evidence showing the opposite. Gupta, Clements, Bhattacharya and Chakravarty (2002) argue that decreasing military spending leads to an increase in armed conflict and terrorism. These scholars call the peace dividend 'elusive' because in their case-studies, decreasing military spending led to decreasing economic growth on short and medium term as a result of these increasing armed conflicts and terrorism.

Regarding the effect of the crisis on military budget, Keller (2011) argues that the efforts of the European governments to keep up the financial sector have resulted in major budget cuts in different policy areas, among which the area of defence. This is agreed on by Mölling and Brune (2011: p. 11) in a report on the effects of the financial crisis on European defence for the European Parliament. Cuts in the budget then led to decreasing military capabilities. Sharing and cooperation is necessary, but most countries have not enough resources for that (Keller, 2011: p. 7). That is why the leading military powers of Europe should convince their public of the importance of a capable military in order to maintain and defend the international order that Europe benefits from. Different previous research shows that defence budgets are harmed as a result of the crisis. Interesting is that Keller

(2011) stresses the necessity of making the public aware of the importance of a capable military to defend the current international order that is beneficial for European countries.

In this thesis, economic drivers of military reform are examined. Other scholars have examined several other drivers and causes for such reforms. Bruneau and Trinkunas (2008: p. 5) argued that globalization and democratization are much more important factors in explaining defence reforms than the economic situation of a state. Globalization causes a diffusion of norms, ideas, practices, legal understandings and knowledge, which they argue changes the perception on the way state defence should be organized. Democratization makes rapid changes possible because it gives civilians control on defence policy to a certain extent (Ibid. p. 6).

De Wijk (2003: p. 198) argues that European countries lack hard power and therefore should focus on military reforms. Stronger military forces require a different organization of these forces, he argues. Although he wrote his article before the economic crisis of 2008, he does stress the importance of the economic situation of a state for the possibility of military reforms. As an example he mentions Poland (Ibid.: p. 199). To contribute to NATO missions, reforms of the armed forces are necessary. However, the poor state of their economy prevents them from implementing such reforms because there is simply no budget available. This means that his argument is that economic situation does influence reorganizations of the armed forces in a certain way. However it is not an incentive for reorganization from his point of view, but a bad economic situation such as the current economic crisis, prevents states from implementing military reforms.

In an analysis on David Hume's work on public debt in the 18th century, István Hont (2005: p. 326) states that Hume argued that increasing public debts were the result of war. A high public debt would make a state more vulnerable to external foes because it restrains the freedom of a state. This means that the dangers of public debt can only be fully avoided by durable peace, something Hume considered realistically impossible for he remarked that *'even the best of republics were as liable to possessed by ambitions of individuals'* and therefore he *'ridiculed the idea of any state forever escaping the dangers of the international regime'* (Ibid. : p. 326). Although Hume could see some benefits of public indebtedness from an economic perspective for it could provide ways to increase competitiveness for example, he did not believe that public debt could provide any benefit for the national security of a state. It could only lead to decreasing capabilities concerning transactions during wars and negotiations in the arena of international politics. This implies that a when a state invests in their military this does not necessarily result in an improvement of national security. If the money used for these investments is a loan and therefore also results in an increasing public debt, it may harm national security more than the improvements of the army can compensate. Applying this

approach to the current economic crisis, it appears that increasing public debt for the defence investments does help to maintain or improve the military capabilities of a state, but the growing public debt then harms national security by constraining a state's freedom to act in the international political arena.

2.2. The 1930 crisis

Since this thesis is examining particular effects of the economic crisis from 2008, it is also interesting to look at literature regarding other earlier financial crises. The crisis in the early 1930's caused severe budget cuts in France and the United Kingdom, as well as in other European states. On a moment where it was most needed, there was not enough money for arms in France (Shamir, 1989: p. 44). This called for more alliance support from the United Kingdom on a moment that the British army degraded quickly (Ibid.). In France, a modernisation was suggested by General Weygand. The crisis played a significant role in this case, but also three threats are argued by Alexander (2003: p. 243) to be incentives for these modernisation plans. *'These threats were, first, the growing evidence of clandestine German military stockpiling in contravention of Versailles; second, the accession of power of National Socialism in Germany, with its aggressively revisionist foreign ambitions; and, finally, the diminishing prospect of a verifiable arms control agreement issuing the Geneva disarmament conference, where deadlock was resulting from German insistence on 'equality of rights'* (Ibid.) This suggests that the reason for modernisation is to be found in several components that play a role. Not only economic situation can be an incentive, but external threats are important as well. In this particular case that is Germany, but this can be translated to current situations. Brawley (2009: p. 92) stresses the economic gap that was growing in the 1930s between Germany and the other European superpowers. Inability to balance the German power led to the necessity of cooperation with each other. Also, France started to focus mainly on their defensive fortifications, leading to a different way of training the troops for mobile warfare. This shows that a combination of the economic situation and the German threat led to a change in the military organization. However, Brawley (2009) argues that France and the United Kingdom were unable to organize their armies in a way to balance the German power. Germany itself on the other hand was able to increase and modernize the armed forces. It seems that economic crisis here led to some changes in military organization, but not necessarily to improvements. Economic prosperity in Germany did lead to changes to improve the quality of the army.

Ripsman & Levy (2008: p. 159) argue it took the United Kingdom until 1935 to be able to start the process of rearmament, because before that period a military rearmament program was perceived as an unnecessary luxury. The reason that this rearmament and modernization of the army took so long to start after World War I, can firstly be found in a strong public demand for disarmament to

prevent another war like the one that started in 1914. In the early 1930's, the crisis made rearmament an ever lower priority (Ibid.). However, it was in the end the German threat that made the government of the United Kingdom realize that rearmament was really necessary. Looking at it this way, the reorganization was not caused by the crisis in the early 1930s, but it more likely counteracted the process of rearmament. The biggest incentive to finally start the rearmament process was the external threat from Germany.

An important difference with the current situation for France and the United Kingdom is that there is currently no enemy comparable to Germany in the 1930s. Farrell (2008: p. 780) argues that the post-Cold War conflicts that the United Kingdom was involved in, were all 'wars of choice', in contrast to earlier wars like both world wars. These can be classified as 'wars of necessity'. However, these wars of choice are still argued to be drivers for military innovation. Another driver for military innovation that Farrell (2008: p. 781) identifies is the emulation of other states' military power. In this case it is not fear that is the driver for changes in the army, but simply copying approaches to defence that have proven to be successful by other states. Furthermore, the effect of resource constraints on military reorganization and innovation is mentioned in this article. However, the author states that the effects of resource constraints are still unclear, which emphasizes the relevance of the topic of this thesis.

2.3. The Asian crisis

Previous research on several Asian states shows that the economic crisis in Asia in the late nineties seems to have affected the policy area of defence of these states.

Huxley and Willet (1999) examined how the Asian crisis in the end of the 1990's affected the military in Asian states. Especially in the South-East Asian countries the crisis caused many projects to be postponed or cancelled and the budgets decreased drastically (Ibid: p. 15-18). Before the crisis, there was actually a process of modernization and military development visible in several South-East Asian countries. Huxley (2008: p. 2) states that *'the regional financial crisis a decade ago severely undermined the ability of major Southeast Asian states – Indonesia, Malaysia and Thailand – to fund the military procurement seen as necessary to modernise their armed forces. For the first half of the current decade, this left Singapore as the only Southeast Asian state allocating substantial resources for purchasing new equipment and developing new capabilities.'* These studies show that the Asian crisis caused at first a decline in resources concerning the military, but also bigger investments in the period after the crisis to develop their capabilities again.

This is also in line with a study by Bitzinger (2010), where he explains how the Asian crisis caused several Asian countries to carry out severe cutbacks on defence. Thailand for example had to cut its

defence budget by 30% as a result of the crisis which led to the incapability to purchase new modern equipment. An interesting development in the 2000s was that these Asian countries started to raise their defence budgets again. Indonesia for example *'has in recent years begun to emerge from the economic constraints of the Asian financial crisis of the late 1990s in order to start investing additional resources into recapitalizing its armed forces'* (Ibid.: p. 52). This indicates that the crisis caused a decline in strength of the army, but after emerging from the financial constraints the budget was raised in order to buy more modern equipment to increase their capabilities again.

To conclude this section, the Asian crisis seems to clearly have caused significant changes in the armies of these nations. However, there appears no reason to assume that it led to a real military reorganization. The studies that were examined showed clearly a decline in expenditure, but not really a transformation of the armed forces that is supposed to take place in France and the United Kingdom.

2.4. Overview

From this literature review it seems that the relation between the economic situation of a state and its military spending has been studied by various scholars. However, military spending does not specifically say something about a reorganization of the armed forces. Since the aim of this thesis is to find a causal relationship between economic crises and military reorganization, this literature is only relevant to a certain extent. The relation between other crises, such as the 1930 crisis and the Asian crisis, and military reorganization has been studied. However, it has become clear that the circumstances in these situations differed from the current situation, which makes it impossible to generalize the findings of these studies to the subject of this thesis. The specific topic of the current economic crisis and reorganization of the armed forces on the other hand, is a topic on which academic literature is only limited. This makes it more relevant to examine this phenomenon in this thesis and to contribute to filling this gap in academic literature.

3. Theoretical framework

In this section of this study, a theoretical framework will be constructed as a foundation for the empirical analysis. As mentioned in the problem statement, the central theory that will form the basis for the analysis of this research paper is neoclassical realism. From this theoretical perspective it will be examined how the economic crisis is related to the military reorganizations in France and the United Kingdom. A theoretical explanation for this this causal relationship will be constructed in this chapter.

Firstly, the main concepts of neoclassical realism will be elaborated to get a clear view on the general ideas of this theoretical approach on international relations. After these main concepts and ideas are presented, a possible theoretical argument will be constructed that could explain how the economic crisis had an effect on the reorganization of the armed forces in France and the United Kingdom. This will finally be presented in a conceptual model.

3.1. Neoclassical realism

As in realism, neoclassical realist theory identifies states as the most important actors in international politics (Taliaferro et al.: p. 24). However, next to the importance of the state in an international context, neoclassical realism also acknowledges the importance of domestic society (Ibid.: p. 19).

It is the relative power of a state with respect to other states in the international arena that decides a state's position in the world and therefore its foreign policy. This relative power of a state is more specifically decided by its material power. In other words, power that is decided by resources, of which the military is an important component (Rose, 1998: p. 146). Although states are identified as the most important actors in international politics, neoclassical realism does not define every other actor as irrelevant, as structural realism for example does (Keohane, 1986: p. 163). From the neoclassical realist perspective, national state interest is determined by the leaders of a state. However, in this process of defining national interests, these leaders are bounded by domestic constraints, implying that also subnational actors can play a significant role (Taliaferro et al., 2009: p. 26).

Looking more specifically at military expenditure, the neoclassical realist perspective on military spending is that *'it is based on the notion of a state, reflecting some form of democratic consensus, recognizing some well-defined national interest, and threatened by some real or apparent potential enemy.'* (Dunne, 1990: p. 398). In other words, this suggests that the basis for military spending is decided by a common belief that it is necessary to defend national interest and protect it against possible threats. This approach emphasizes relative power by material resources. It is those material

resources that determine a state's place in international politics and therefore the national armed forces plays an important role in this. This means that it is of utmost importance for powerful states to maintain or even increase their military power. From this perspective, reorganizations of the armed forces can be an instrument to do this in a situation where the resources are decreasing, like an economic crisis. Research has shown that the global economic crisis has caused significant wealth transfers that especially harmed the positions of the USA and European countries (Purdon, 2013: p.15). The relative power of these states is decreasing and Taliaferro (2008: p. 220) argues that in these situations, political leaders to use nationalism for example as an instrument to increase societal support in order to justify use of resources for military purposes.

The importance of resources also comes back in the resource-extraction model of the state in neoclassical realism, as argued by Taliaferro (2006: p. 467). His main argument is that the international system is characterized by competition, which incentivizes states to improve their military. This can be done by copying successful models of other states, but also by innovating individually as a state (Ibid.). Although states are confronted with similar circumstances and incentives, their responses are often different. The neoclassical realist explanation for this phenomenon is that there are other domestic variables that influence the actions of a state. It is the ability of a state to extract or mobilize resources that determines the strategy that a state is likely to pursue. The resource-extraction model gives insight in which circumstances determine the ability of states to adapt to changes in the strategic environment (Ibid.: p. 469). Three domestic constraints influence strategies of states: national institutions, nationalism and ideology. Together they determine state power. This means that in order for the economic situation of a state to influence the defence strategy and reorganization, it has to influence one or more of those three domestic variables. As mentioned before, three components determine the strategy a state is likely to pursue because they affect the ability of the state government to extract and mobilize resources. With regard to national institutions, there is a distinction between extraction and mobilization. Mobilization can happen by directly influencing economic activity by reallocating resources or indirectly through facilitating an increase in social wealth that results in increasing tax revenues. Extraction means a direct investment of social wealth in military power, for example by increasing taxes (Ibid.: p. 487). Ideology and nationalism work differently. *'Ideational factors such as ideology and nationalism can play an instrumental role in helping a state's leadership extract, mobilize and direct societal resources and cultivate support among its power base'* (Lobell et al.: p. 229). Another determinant is nationalism. When a state is threatened, governments often have to take measures that do not directly benefit the people and it can be difficult to mobilize public support. However, nationalism can enhance social cohesion among the people and this makes them more willing to

sacrifice their individual interests for the national interest of the state (Ibid.: p. 491). This gives leaders the support that is necessary in times of external vulnerability to increase their military expenses for example. Although ideology is to a certain extent similar to nationalism, it is considered a different determinant. Taliaferro (2006: p. 492-493) describes ideology as '*a series of widely held beliefs, causal relationships, and assertions about the proper relationship of the state to domestic society and the role of the state in the international system across a range of issues – political, economic, social, and military*'. Instead of sacrificing own interest and ideas for the sake of national interest as in nationalism, the determinant 'ideology' is based on shared interest, ideas and beliefs between the government and the people of a state. In times of crisis, this indicator is likely to decline because national governments often have to take unpopular measures, implying that the people do not share the ideology of their national government. This means that popularity of the government and confidence in the national government among the people of a state can help determine the presence of this indicator within a country.

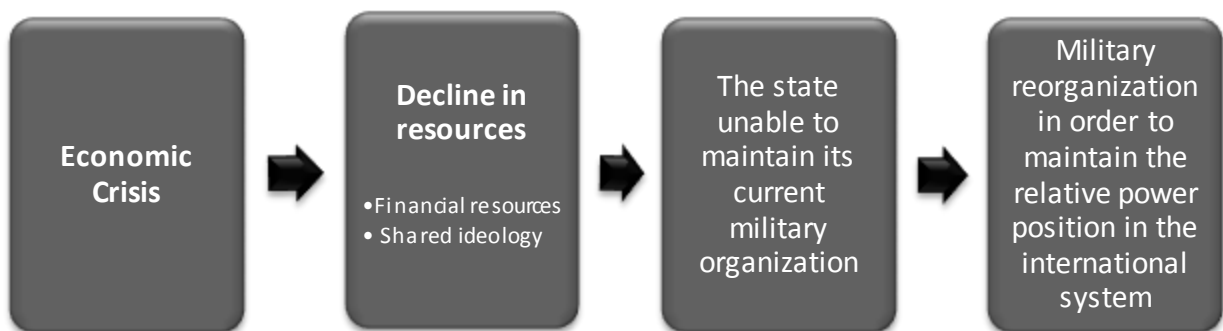
The main concepts of neoclassical realism have shown that different kinds of resources are important for states to maintain or increase their relative position in international politics. Resources can be material, as for example government revenue that can be extracted or mobilized, but then there are also important immaterial resources like public support that play an important role. The economic crisis certainly causes a decline in resources for the national governments. With regard to material resources, this mainly concerns financial constraints as a result from an economic crisis. There is not one single explanation for this decline in financial resources in an economic crisis, but this has a variety of reasons. One of the main reasons is the necessity for national governments to invest billions in rescue plans in order to prevent a complete collapse of the financial sector (Busch, 2010: p. 4). These investments cause significant holes in the state budget that have to be taken from somewhere else in the years after, meaning that budget cuts are inevitable and a part of the financial resources has to be used to fill these holes in the budget. Another explanation for the lack of financial resources resulting from an economic crisis is the rise of unemployment. A crisis results in higher unemployment rates, which causes the state to spend more on unemployment subsidies. On the other hand, the state income via tax revenue is decreasing because less people are employed and pay taxes (Ibid.: p. 3). The expenses of the state increase significantly while the tax incomes decline, leading to less financial resources. As mentioned before, immaterial resources can be as important for a national government as material resources. Public support is from great value to the governments when they have to implement certain policies. This is a resource of the state that logically declines as a result of the crisis, since the national government has to implement unpopular measures, which usually negatively affect the situation of different groups within society, resulting in

a negative view on the way the government acts. In short, an economic crisis may cause these ideologies to drift apart because the government has to take unpopular but necessary measures. Although from a state perspective these measures seem appropriate, for the state wants to maintain or even increase its relative power in the international system, this is only an indirect interest for the people, for whom the direct influence of the negative measures taken is perceived more important.

3.2. Conceptual model

In this paragraph, a conceptual model will be presented to visualize the argument made in the previous section. In the conceptual model below, the above described theoretical assumptions with regard to economic crises and military organization are applied to the specific case of this research paper. It visualizes the causal relations that are expected from a neoclassical realist perspective. These supposed causal relations will be empirically tested in this thesis.

Figure 1: Conceptual model



The conceptual model shows the expected relation between the economic crisis and military reorganization from a neoclassical realist perspective. The economic crisis influences the resources of a state, both material and immaterial. According to neoclassical realist theory, three domestic constraints influence state behavior. Firstly, national institutions determine the extraction of material resources because these institutions influence the allocation of state budget. Because the domestic constraint 'national institutions' is determined by extraction and mobilization of financial resources, this variable is translated to 'financial resources' of a state available spending on defence. As mentioned before, immaterial resources are determined by the presence of nationalism among civilians and shared ideology between the people of a state and its government. In this study, the factor 'nationalism' will not be taken into account because it did not appear to be feasible to measure this variable due to complex operationalization within a short time frame. Furthermore, it is

up to a certain extent comparable to the 'shared ideology' variable, a variable that appeared to be more operable and therefore will be taken into account.

The decline in these resources as a result of an economic crisis is then assumed to cause that the military organization of a state in its current form is no longer sustainable. On the one hand because the financial resources decline as a result of the crisis and on the other hand because but also because the crisis causes a decline in immaterial resources in the form of the shared ideology between this civil society and the national governments. Neoclassical realist theory showed in this chapter that financial resources and shared ideology are domestic constraint that influence the way the government of a state acts. While those variables are decreasing, the national government's main priority remains to maintain or even increase its relative power in the international system. In the end it is always the state's own interest of increasing their own power that drives their preferences and actions. In order to achieve this increase in power while the resources are declining, military reorganization is necessary to maintain the relative power position in the international system. This way, a state aims to organize their army in a way that is more efficient and less costly, but still has the capabilities to maintain or even improve the relative power position of the state with regard to other states in the international system.

4. Methodology

In this chapter, a systematic overview will be given of the steps that will be taken in this research paper in order to be able to answer the central research question. Firstly, the research method that is used for this thesis will be discussed and explained after which the sources that will provide the necessary data are presented. Furthermore, this chapter will give a clear operationalization of the central concepts to clarify them and make it possible to measure these concepts.

4.1. Research design: qualitative case study

The goal of this study is to get insight in the relation between the global economic crisis and military reorganization by looking at the specific cases of the military reorganization plans in France and the United Kingdom. The research method that is used in this study is a qualitative case study in which two cases will be analysed and compared. This research method *'facilitates exploration of a phenomenon within its context using a variety of data sources. This ensures that the issue is not explored through one lens, but rather a variety of lenses which allows for multiple facets of the phenomenon to be revealed and understood'* (Baxter & Jack, 2008: p. 544). This study can be considered an explanatory case study, because it aims to explain presumed causal links between variables that are too complex to measure through quantitative methods (Yin, 2003: p. 5). Because two cases are studied and compared in this study, it is also a multiple-case study (Ibid.).

Although it will be a qualitative case study, quantitative data will also be used to substantiate the answer to the central research question. In order to get an answer to the research question, a time series design will be used to identify trend breaks in the independent variable that might have had an effect on the dependent variables. On the basis of existing literature, databases and other documents, this study tries to answer its central research question. Hereby, both primary and secondary sources will be used to obtain the necessary and relevant information.

4.2. Research steps

The empirical research of this study will be executed in a few steps. In this paragraph these steps will be presented and explained to get a clear idea of how this study aims to answer its central research question.

First of all, it is important to get insight in the background of the two central cases of this thesis. Hereby, the actual changes in the armed forces as a result of the military reorganizations in France and the United Kingdom will be examined. What is actually going to change for the armed forces of those states as a result of the reorganizations? Also, the development of both armies to its current state will be touched upon. Finally, this part will focus on planned policy with regard to the armed

forces in the decade before the economic crisis to help determine the link between the economic crisis and the reorganizations.

In order to examine the relation between the crisis and the reorganizations, it is necessary to make the variables measurable with indicators. The first independent variable is the economic crisis. With regard to the military reorganizations, the variables 'national institutions', 'nationalism' and 'shared ideology' are independent variables. However, with regard to the economic crisis, these variables are dependent. As presented in the conceptual model, the economic crisis is assumed to affect financial resources and shared ideology between the national government and the people of the country. Then, the effect of those two variables on the military reorganization will be examined, making them independent variables. In Table 1, the variables are presented and defined with their indicators.

Table 1: Variables and indicators

<i>Variable</i>	<i>Definition</i>	<i>Indicators</i>
Economic crisis	<i>A long term economic state characterized by negative trends in economic indicators</i>	<ul style="list-style-type: none"> • GDP growth (annual %) • Debt (as % of GDP) • Unemployment rate
Military reorganization	<i>The act or process of changing the organization of the armed forces substantially from the established organization</i>	<ul style="list-style-type: none"> • Resources (financial & equipment) • Structure • Strategy
Financial resources	<i>The extraction and mobilization of resources by the national government in favour of the defence budget</i>	<ul style="list-style-type: none"> • Defence budget • Defence budget as % of GDP
Shared ideology	<i>The shared belief and ideas of the national domestic society with the national government on a range of issues, including economic, political and military</i>	<ul style="list-style-type: none"> • Confidence in the national government

Table 1 shows that the economic crisis in a country will be measured by the indicators Gross Domestic Product (GDP) growth, reserves and unemployment rates. Although it is in general

undeniable that both France and the United Kingdom are in an economic crisis since the year 2008, these indicators are still used in this thesis to visualize and found this argument empirically.

Obviously, there are many crisis-related indicators. However, on the basis of availability of data and other academic research, these three indicators are selected for this study. Several studies have shown that the GDP drops abruptly when a country is hit by an economic crisis, which is why the annual GDP growth rate is a suitable indicator for this study (Frankel & Saravelos, 2011; Reinhart & Rogoff, 2009). Under normal circumstances without a crisis, the GDP of a state shows in general positive numbers. A negative growth rate of the GDP could indicate a crisis. The second indicator, debt as a percentage of the GDP is also an indicator for the economic situation for national governments have to take more loans when in case of an economic crisis as a result of lower tax revenues and higher costs to prevent total collapse of the national economy (Reinhart & Rogoff, 2009). Furthermore, several studies have shown that a rise of unemployment is also an indicator for an economic crisis (Reinhart & Rogoff, 2009; Shiller, 2008; Foster & Magdoff, 2009).

After the economic situation in France and the United Kingdom has been measured, the actual presence of a military reorganization in France and the United Kingdom will be examined by looking at a number of indicators. By analysing changes in resources, structure and strategy, it is expected to empirically proof that both states indeed are reorganizing their armed forces for the years to come.

The indicators for the variables 'financial resources' and 'shared ideology' are based on the theoretical assumptions as described in the theoretical framework. The financial resources will logically be measured by looking at the budget that is made available for defence, both in absolute terms and in relation to the GDP. The measurement of the shared ideology between a state and its people will be measured by examining the confidence in the government

By measuring the variables with the indicators as presented in Table 1, the relation between the dependent and independent variables can be demonstrated. This way, it will be possible to point out and explain the causal relation between the economic crisis and the reorganization of the armed forces for both cases. The final step of the analysis is then to see what differences and similarities have come up between the cases and to see what possibly can explain this.

After the analysis, the findings of this research paper will be critically discussed. Furthermore, it will be pointed out how these findings are related to the already existing literature on this specific issue. The main questions in this chapter are whether these findings do reinforce what is already known in this area and whether they maybe add something new to the existing literature in this area? The answers to these questions will be given and then discussed and explained.

In the final chapter of this thesis, an answer will be given to the central research question of this study on the basis of the findings resulting from the analysis. Furthermore, other important findings that do not directly relate to the central research question will be briefly addressed. This chapter will be concluded with ideas for further research and by pointing out the limitations of this study.

4.3. Data collection

For this thesis, existing literature will function as the main source for information in the analysis. Existing literature can be divided in two different types, namely primary sources and secondary sources (Van Thiel, 2010: p. 25). Primary data sources are non-academic sources like for example newspaper articles, policy documents and annual reports of organizations. Secondary literature refers to academic articles that are produced by other scholars. These secondary sources will in this research paper for example be used for the theoretical framework.

Most important sources to derive data from will be policy documents with regard to their army from the governments of both France and the United Kingdom. It is a fact that both countries have presented major documents with regard to the reorganization of their armed forces. For France this is the *White Paper on Defence and National Security* that was presented in 2013. The United Kingdom presented a similar document in the form of the *Army 2020 Report* in the same year, as a reaction of the army to the *Strategic Defence and Security Review*, presented by the British Government in 2010. Furthermore, in order to get insight in to what extent the economic crisis did drive these army reorganization plans, it is important to take into account earlier programmatic documents of both countries. The United Kingdom for example presented the *Strategic Defence Review* in 1998 and the *Defence White Paper* in 2003 which contained ideas for reorganization of the armed forces in a changing world. The French Ministry of Defence previously presented a *White Paper on Defence and National Security* in 1994 and 2008. Finally, databases and newspaper articles also form important sources for the empirical data that is required to carry out this study.

5. Analysis

In the previous chapters of this thesis, an overview is given on the existing literature on the topic of this thesis and in the theoretical framework a theory-based explanation is given for the central research question. Furthermore, the methodology of this research paper is described and explained. The following step is now to analyse the variables and possible causal relations between those variables.

Firstly, the variables 'economic crisis' and 'military reorganization' will be examined in order to see if there is indeed empirical proof that both cases of this study are dealing with both of these phenomenon. As explained in the theoretical framework, the crisis is assumed to influence three domestic constraints that can influence the policy that a state is likely to pursue. Two of these three variables, financial resources and shared ideology, will be analysed to see if the crisis actually caused a change in the indicators for these variables. The final step of the analysis is to interpret the results of this examination and to see whether or not there is a causal relationship between the financial crisis and the reorganizations of the armed forces in France and the United Kingdom.

5.1. The economic crisis

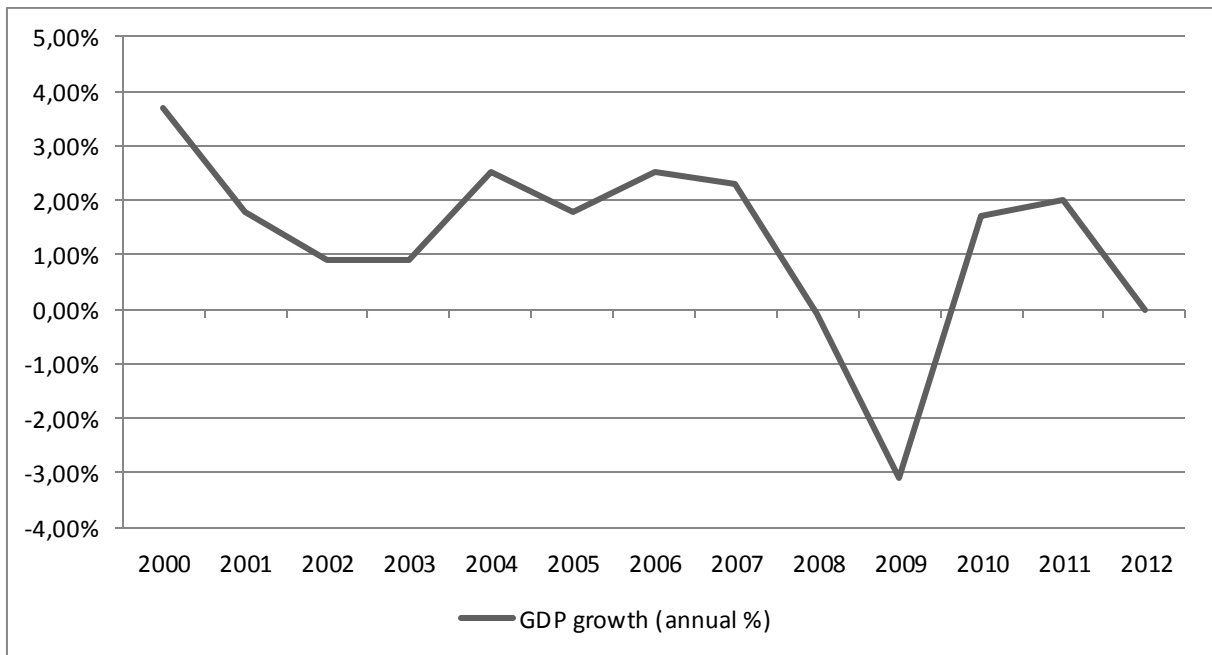
The central aim of this study is to see to what extent the global economic crisis caused the reorganizations of the armed forces in France and the United Kingdom. In this section, the assumption that those two countries are experiencing an economic crisis since 2008 will be checked by analysing their annual GDP growth, reserves, and unemployment rates. Although it might seem rather obvious that both cases of this study were struck by an economic crisis in 2008, this paragraph provides empirical evidence for this assumption.

5.1.1. France

In Figure 2, the development of the annual growth rate of the GDP of France is presented. The GDP is the total market value of all services and goods produced in a state within a year. An economic crisis causes exports in a country to drop, which results in a decline in GDP.

Figure 2 shows that until the year 2007, the GDP has been growing every year with growth rates varying roughly between 0,9 and 3,7 percent. After 2007, there is a clear downfall visible in 2008, with for the first time in years a decrease in GDP. 2009 shows an even bigger decline of more than 3% after which the growth rates return to positive numbers. However, the economy of France still seems to be rather unstable for in 2012 the growth rate drops again to 0 percent.

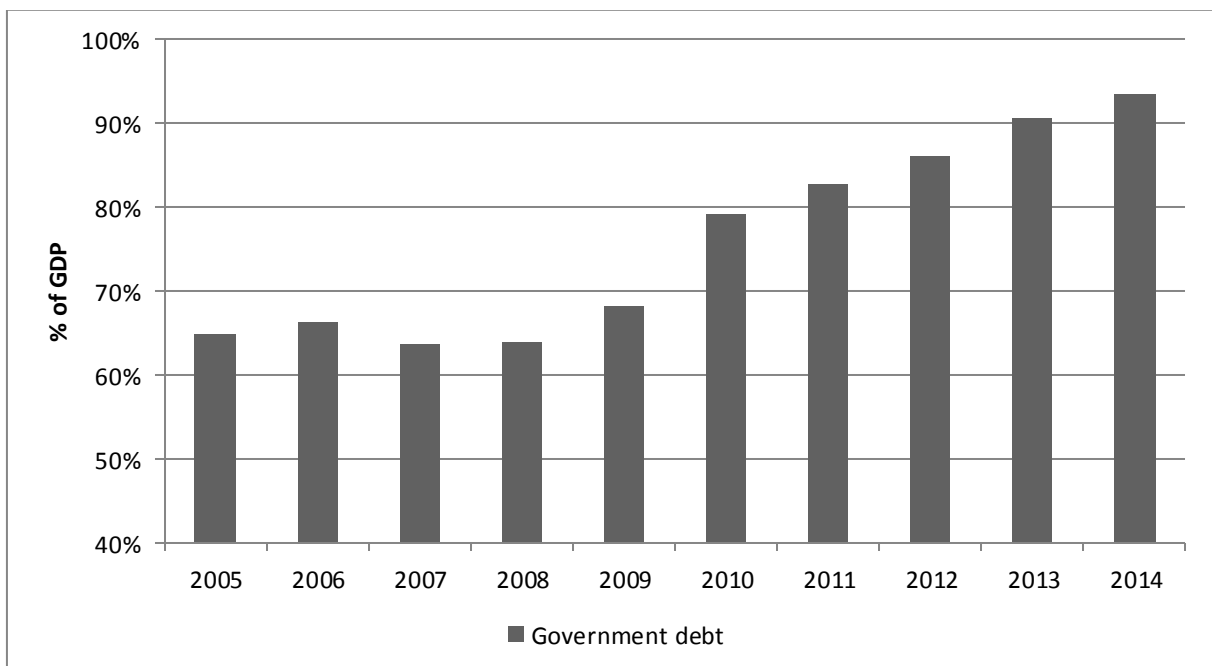
Figure 2: France – GDP growth (annual %)



Source: The World Bank (2014)

The second indicator for an economic crisis is the debt of a state in percentage of the GDP. Reinhart and Rogoff (2009: p. 471) that *'huge build-ups in government debts are driven mainly by sharp fall-offs in tax revenue and, in many cases, big surges in government spending to fight the recession'*. Government spending rises while tax revenue declines, which results in a growing debt for the national governments.

Figure 3: France – Government debt (as % of GDP)

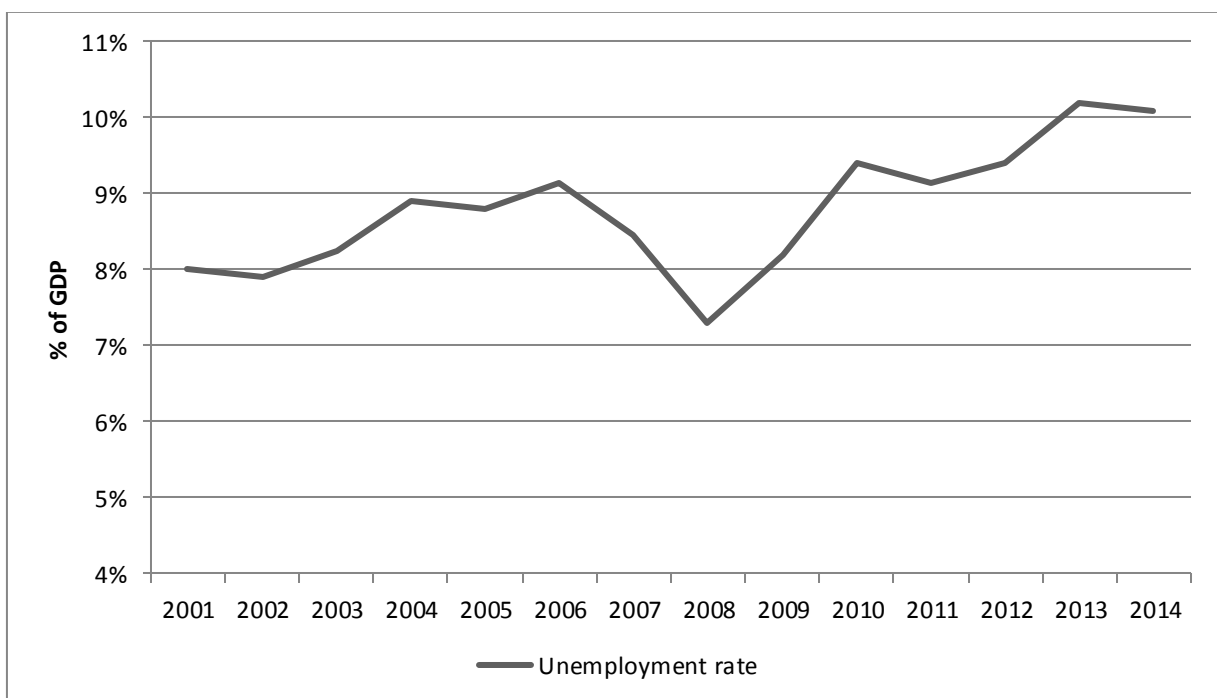


Source: Trading Economics (2014a)

As visible in Figure 3, in the years until 2008 the debt of France was relatively stable even though it was more than the maximum of 60% government debt that was agreed on by the EU Member States under the Stability and Growth Pact (SGP) (European Commission, 2014). However, after 2008, the numbers increase substantially to reach a record value of 93.5% in 2014, far above the desirable 60% or lower. The growing expenditure and declining tax revenue resulting from the crisis caused the debt of France to grow.

Another indicator for an economic crisis in a country is the unemployment rate as a percentage of the total labour force. Economic downfall causes employers to be more economical which results in an increase in people losing their jobs and on the other hand less demand for new employees to cut costs, causing the unemployment rates to increase (Busch, 2010; Reinhart & Rogoff, 2009). Furthermore, a crisis causes a substantial increase in companies going bankrupt, which leaves more people unemployed while less jobs are available. All together this means that fewer jobs are available for a growing group of people looking for a job, resulting in an increasing unemployment rate. The unemployment rates of France, in the period from 2001 until 2014, are presented in Figure 4.

Figure 4: France – Unemployment rate



Source: Trading Economics (2014b)

The graph shows the employment rates of France over the past fourteen years. This data shows that in the period before 2008 the unemployment rates fluctuated considerably, with a substantial decrease of the unemployment rate in the two years before 2008. From 2008 onwards, the year that the economic crisis hit Europe, there is a significant increase visible in the unemployment rates.

Apart from a small decline in 2011, the unemployment rates have been growing over the past six years. This means that this indicator indeed supports the assumption that France has been experiencing an economic crisis since the year 2008.

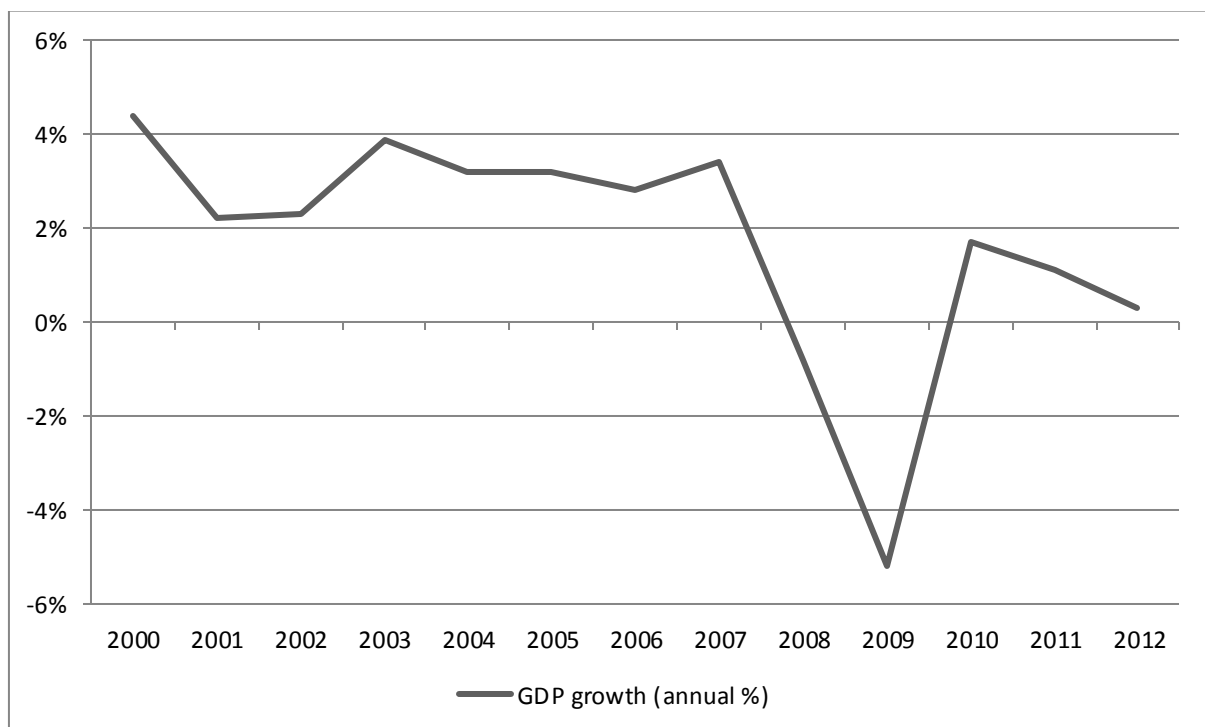
All together, the different indicators have endorsed the assumption that France has been experiencing an economic crisis since 2008. All three indicators showed a clear trend break in 2008 from in general improving numbers to numbers that clearly indicate a significantly worsening economic situation in France.

5.1.2. The United Kingdom

The previous section showed that all three indicators indeed indicate an economic crisis in France. In this section the same indicators will be analysed for the United Kingdom in order to find out whether the economic situation in the United Kingdom has developed in a similar way.

Figure 5 shows the development of the annual GDP growth rate in percentages of the United Kingdom.

Figure 5: United Kingdom – GDP growth (annual %)

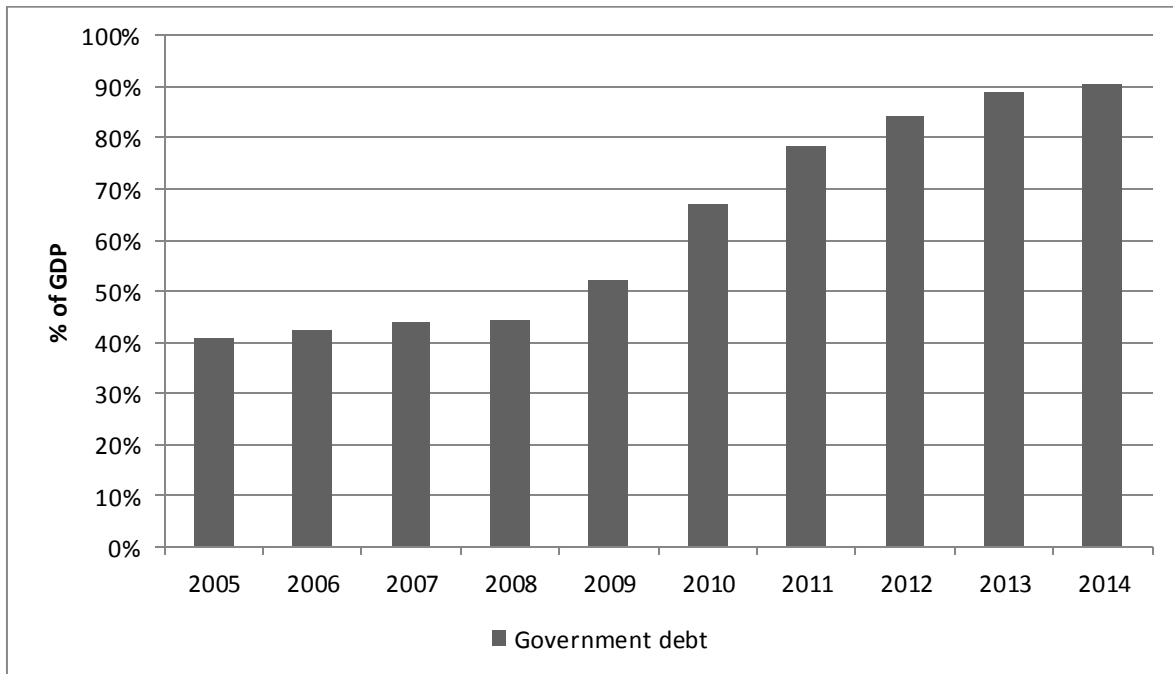


Source: *The World Bank (2014)*

Similar to the French situation, the GDP of the United Kingdom shows a steady annual growth rate until 2007. Hereafter, a radical decline follows with negative growth rates in both 2008 and 2009. In the years that follow, the annual GDP growth rate is positive again, but still clearly lower than in the years before the big drop starting in 2008, indicating that the economic stability of that period has

not returned yet. With regard to the government debt as a percentage of the GDP, Figure 6 shows that numbers of the United Kingdom used to be very healthy, taking into account the 60% aim that was presented in the SGP by the EU.

Figure 6: United Kingdom – Government debt (as % of GDP)

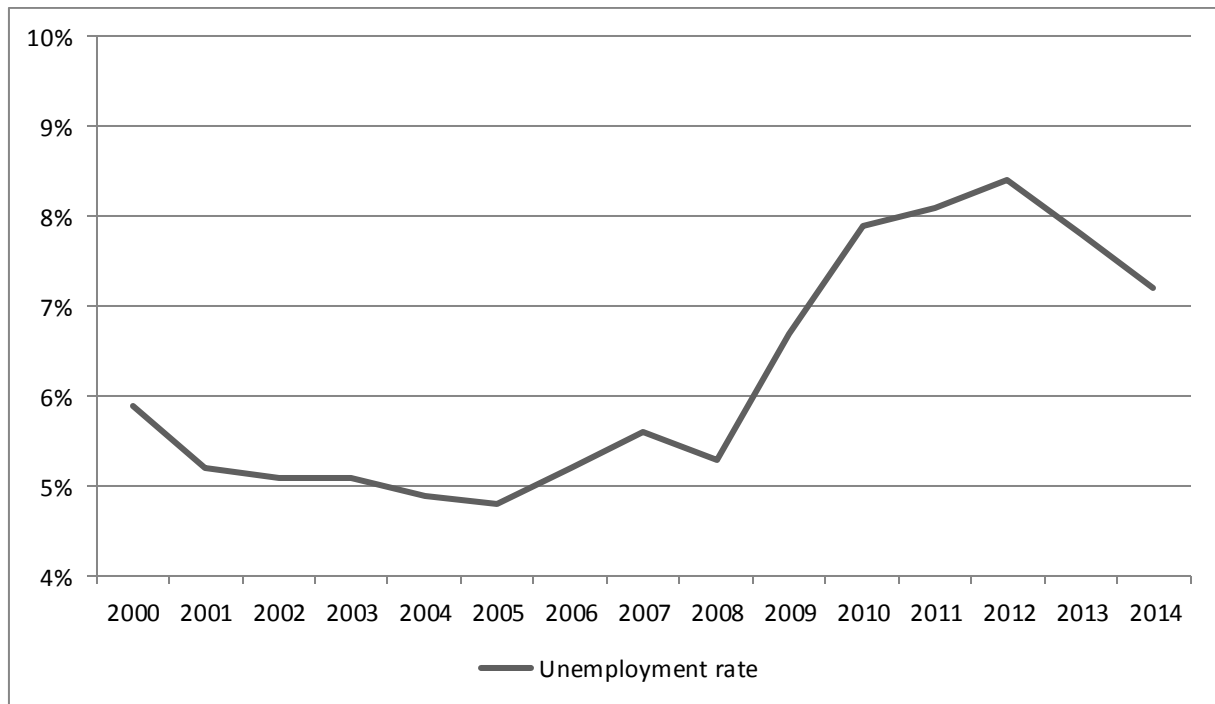


Source: Trading Economic (2014c)

After the year 2008, the debt ratio increases radically and already in 2010 the 60% limit is exceeded. This ratio kept growing until this very year where it reached a maximum of over 90%, roughly similar to the data for the same indicator in France. This data clearly indicates the presence of an economic crisis where incomes decreased while the spending of the United Kingdom Government inevitably had to increase to prevent a complete economic collapse.

The third indicator, the unemployment rate, is presented in the Figure 7.

Figure 7: United Kingdom – Unemployment rate



Source: Trading Economics (2014d)

The unemployment rate clearly shows a sudden trend break with the sudden increase after 2008, where unemployment rates almost double in the time span of one single year. From this moment on the unemployment rate seemed to be stable but high for a few years. This trend of a sudden rise in unemployment and relatively high values for a period of several years after the sudden rise indicates the presence of an economic crisis. After the year 2012, a trend of declining unemployment rates has set in again, indicating that the economy might be slowly recovering.

5.1.3. Comparison

After examining three different economic indicators for both France and the United Kingdom, it can be said the assumption that both countries have been experiencing an economic crisis since 2008 is valid. All indicators showed massive trend breaks in the same period, clearly indicating a huge deterioration of the economic situation in both countries.

France and the United Kingdom showed rather similar trends for all three of the indicators that were measured with regard to this variable. Both countries demonstrated negative values concerning GDP growth rates for the two first years after the financial breakdown, after which the growth rates returned to being positive again. However, the relatively low growth rates and their decline in 2012 again, indicate that both countries have not yet returned to a situation of economic stability like in the period before the economic crisis.

The trends with regard to the debt of the national government also showed similar changes in both countries. Both cases showed a substantial increase of government debt up to over 90% of their GDP. An important difference is that in the United Kingdom, the values before the crisis were usually just over 40%, while the debt of the French government was already over 60% in the years before 2008. This means that the British government was forced to increase their debt with around 20% percent more in relation to France.

An interesting difference concerning the unemployment rates is that the data for France already showed rather high rates in several the years before 2008. The unemployment rate for 2013, the highest recorded rate over the last decade, is only around one percent higher than the unemployment rate in the year 2006. However, it cannot be denied that there is a clear trend break visible that can be linked to the financial crisis. The United Kingdom showed a substantial increase of around 3% over three years. Nevertheless, after 2012, the rates are clearly declining again, a positive trend that is not yet visible for France.

Altogether, the indicators have shown similar trends in both countries, despite some minor differences. Every indicator, for both countries, showed a clear trend break in the period that was expected.

5.2. Military reorganization

The previous paragraph it became clear that the GDP, national debt and unemployment rates of France and the United Kingdom indeed indicated that these countries have been in an economic crisis since 2008. Now this variable has been measured, the dependent variable 'military reorganization' will be examined. Like with measuring the economic crisis, a selection of indicators will be measured in order to empirically prove the assumption of a forthcoming military reorganization to be true.

In order to measure this variable, a number of indicators are selected. The first indicator concerns the resources of the armed forces of France and the United Kingdom. This can indicate reorganization because a major change in resources means that the armed forces of a nation cannot longer function in the same way. Hereby, financial resources as well as military personnel and equipment will be examined. The second way to see if we can really speak of reorganization is by looking at the structure of the army and how this will change according to the policy documents on the military organization published by the national governments of France and the United Kingdom. Finally, the strategy of the armed forces is taken into account because it is likely that a different strategy requires a different organization of the armed forces.

5.2.1. France

In this section, the three indicators for military reorganization will be analysed in order to see to what extent we can speak of a military reorganization in France. The French Ministry of Defence published a white paper on defence in 2013 in which the drastic changes in organisation and composition of their armed forces were presented and explained. This strategy *'aims to set out the principles, priorities, action frameworks and resources needed to ensure France's security for the long term'* (Ministère de la Défense, 2013: p. 9). Even though France does not face direct military threats on its own territory, it does consider its destiny closely linked to changes in the international global context on which the prosperity and welfare of the country are dependent. Therefore the importance of the French defence is not underestimated.

5.2.1.1. Resources

With regard to the actual budget allocated to defence, French defence spending will amount 179 billion euros for the period from 2014 till 2019, making it almost 30 billion euros a year, a few billions less than the years before (Ministère de la Défense, 2013: p. 139). Also, looking at the military expenditure as a % of the total GDP, there is a clear decline visible. Where 2.3% of the GDP was spent on the military in 2012, it is planned that only 1.5% of the GDP will be spent on the military in the next years (Sipri Database, 2014). This is unique, since the military expenses as a percentage of the GDP have not been under 2% in the last decade.

Table 2 shows the estimated numbers with regard to manpower of the French army in 2010.

Table 2: France – Armed Forces personnel

Total Armed Forces	
Army	112,800
Navy	42,100
Air Force	57,000
Medical Service	8,500
Central Staff	5,000
Gendarmerie	101,000

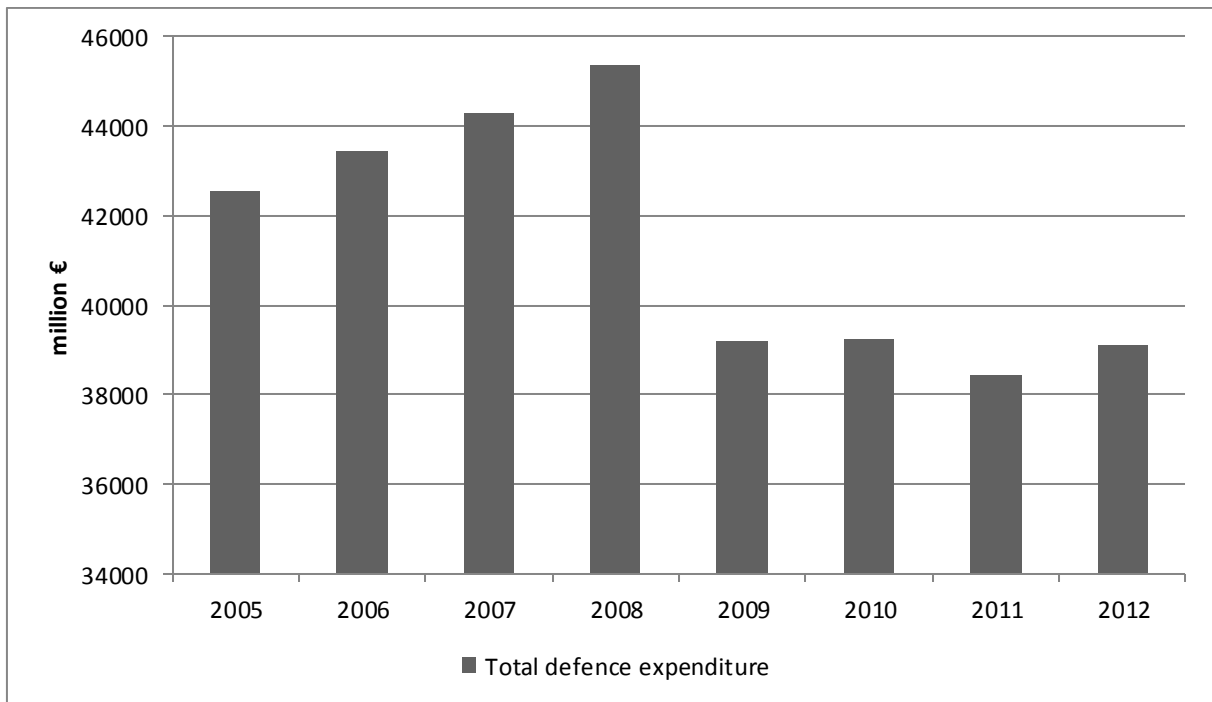
Source: Defence Suppliers Directory (2014a)

As a result of this decreasing budget available for the military, the personnel and equipment are also reduced. Concerning the land forces, the current number of troops will be reduced to an operational capacity of 66,000 troops (Ministère de la Défense, 2013: p. 130). Also, the amount of military vehicles of the French army will be reduced substantially. For example, the operational force of tanks will be reduced with 50 units to a number of 200 units. With regard to the French Navy, the projects for a new mothership and an assault ship are officially abandoned (Ibid.: p. 131).

Although the French military is facing a serious decline of equipment, there is still room for the purchase and development of new equipment. These purchases and developments mainly focus on areas of defence that have shown increasing importance for modern warfare. The most important developments regarding this are the development of drones and enhancement of the cyber security capabilities. These subjects will be analysed more detailed in the paragraph that focusses on the changes in strategy of the French army.

Concerning the budget available for the armed forces in the years to come, it is written in the White Paper on National Defence and Security (2013: p. 129) that *'although the financial crisis that has befallen the world could have prompted it to lower its guard, France will continue to devote substantial resources to defence. Defence spending will amount to €364 billion (2013 value) for the 2014-2025 period, including €179 billion (2013 value) for 2014-2019. An annual amount of approximately 30 billion euros is made available for the period from 2014 until 2013'*. The budgets will also not be adjusted to inflation (NOS, 2013). However, even though a 'substantial' amount is made available, it cannot be denied that the budget is lower than the previous years, as can be deduced from the data in Figure 8.

Figure 8: France – Defence expenditure



Source: European Defence Agency, 2014a

By analysing the expenditure numbers, it has become clear that France will continue to spend a substantial amount of their budget to their defence, even though it is declining in comparison with previous years.

An examination of the resources of the French army has showed that the numbers of both financial resources and equipment are supposed to change substantially. However, although it is plausible that this is related to the economic crisis, such change in resources does not automatically indicate a military reorganization. To find more convincing proof it is necessary to look at whether the structure and strategy of the French Armed Forces are supposed to be changed.

5.2.1.2. Structure

Following the change in numbers of personnel, the organization of the deployable troops is also set to be changed. The new land forces are supposed to be divided over seven brigades. *‘Two brigades will be trained for first entry and coercive combat against heavily armed adversaries. Three other multi-purpose brigades will be primarily equipped and trained for crisis management. Lastly, two light brigades will be capable of intervening in specific and difficult environments or at very short notice to assist pre-positioned forces or within dedicated emergency modules’* (Ministère de la Défense, 2013: p. 90). The current organization of the French land forces is more fragmented with twelve different brigades, each with their own specialty. With regard to the Navy and the Air Force, no similar change in structure is planned. However, the numbers with regard to their equipment and personnel are

supposed to decrease and several orders for new equipment are cancelled, especially with regard to the Navy (Ibid.: p. 131).

This means that the structure of the French Armed Forces is changing partially. Some major changes in structure lie ahead for the Land Forces, while structure of the organization of the Navy and the Air Force remain basically the same.

5.2.1.3. Strategy

Concerning the objectives and strategy, the French White Paper on Defence (2013) also presented several changes, even though the general strategy is said to remain the same (NOS, 2013). The reason behind this is that France stresses the importance of their sovereignty, in which their armed forces play a central role. *'Sovereignty is dependent on the State's autonomy to make decisions and take action. In an interdependent world, it can only be genuine if a Nation retains its ability to influence an external environment from which it cannot insulate itself'* (Ministère de la Défense, 2013). Although the general strategy is not changing, the importance of some aspects of defence is stressed because of their ever growing importance in modern warfare (Ibid.: p. 71).

One of these aspects is the new importance of cyber-threats that feeds the urge for the French army to develop their intelligence activity and corresponding technical expertise in this field. After years of neglecting this aspect of warfare, French Minister of Defence Le Drien presented a list of measures to get France's cyber security to a similar level as their NATO partners that are currently more developed when it comes to cybersecurity. For this project, an amount of one billion dollar is made available (Pennetier, 2014). Furthermore, in the French White Paper, the French need for new military techniques and equipment is stressed in order to be able to maintain a leading global position. An example of this is the requirement of a permanent capability of drones for direct intelligence support in crisis areas. For this reason, France is to engage in a partnership with the United Kingdom (The Independent, 2014). The British firm BAE Systems is working together with the French Dassault Aviation for the development of these drones (RT, 2014a). The importance of unmanned aerial vehicles (UAV) in modern warfare has increased drastically over the last decade, which is why France sees the need to develop its own drones in cooperation with the United Kingdom, in order to no longer be dependent on the USA (Ibid.). In 2010, France and the United Kingdom already agreed on increasing cooperation with regard to defence and this planned drone development can be seen as an important aspect of this cooperation. Although France and the United Kingdom will develop the drones together, other EU countries have the option to join the so called *drone users club*, which makes it possible for them to make use of this equipment in the future (RT, 2014b). These countries will cooperate on a number of technical aspects, such as training,

certification, logistics, maintenance and the planning for future projects (Ibid.). The goal of the development and cooperation on this area is made clear by French Minister of Defence Le Drien: *'If Europe hopes to maintain a strategic capability, countries must pool their capacities and actions in a pragmatic way'*. European countries, especially France and the United Kingdom, have been dependent on American and Israeli technology concerning drones and this limits the possibilities in comparison with the possession of own equipment. This is clearly in line with the neoclassical realist argument that states make changes in their military organization or equipment in order to improve their capabilities and to prevent relative loss of power compared to other states. This cooperation is nothing new, but the increasing weight of this cooperation stresses the importance, as stated in the French White Paper (2005: p. 21): *'The Saint Malo (1998) and Le Touquet (2003) summits, followed by the Lancaster House agreements (2010) have gradually led to close cooperation between France and the United Kingdom in defence matters, and required – particularly in highly sensitive areas such as nuclear deterrence, missiles and drones – joint programmes, shared facilities and reciprocal technological transfers. On the operational front, the increase in strength of a combined joint expeditionary force is a sign of the deepening cooperation between our two countries. These agreements confirm the high level of mutual trust that has been established with our British allies'*.

Although the strategy in general remains similar, a set of strategic priorities are set out that will be pursued in the decade to come. These priorities are listed below in order of importance for France.

- *protect the national territory and French nationals abroad, and guarantee the continuity of the Nation's essential functions;*
- *guarantee the security of Europe and the North Atlantic space, with our partners and allies;*
- *stabilise Europe's near environment, with our partners and allies;*
- *contribute to the stability of the Middle East and the Persian Gulf;*
- *contribute to peace in the world.*

source: French White Paper on National Security and Defence (2013)

In order to carry out these strategic priorities, four strategic principles are set out for the period until 2025 is set out in four guiding principles (Ibid.: p. 84). The first is the preservation of the strategic autonomy. This basically means that the state wants to maintain its strategic position in which it is able to take initiative in operations in order to be able to defend its own security interests. Also the ambition to play an important role in the EU and to be able to carry out the responsibilities within the Atlantic Alliance and the North Atlantic Treaty Organization (NATO) are reason for France's preservation of strategic autonomy. The second principle is consistency between the French Armed

Forces model and the predictable scenarios to which it has to respond. The French army is required to have high-quality capabilities to respond to possible threats from foreign states. This does not exclusively apply to direct threats to France itself, but it is also meant to apply to situations where EU and NATO allies are threatened. The third principle concerns the differentiation of forces because they are confronted with crises and conflicts with different military characteristics. The multidimensional capabilities should be preserved and developed. This corresponds with the neoclassical realist assumption that states act in their own interest in order to maintain or increase their power and security. The fourth principle aims to allocate the scarce and critical resources over the different components of the French army, decided on the basis of needs in order to use these resources in the most effective way.

As mentioned earlier, France and the United Kingdom have agreed on intensifying their cooperation with regard to defence. The joint development of a drone programme to increase the independence from the USA is one part of this cooperation agreement. However, this is certainly not the only joint project these countries are entering into. Other measures to enhance military cooperation are the development of missile systems and submarines, the sharing of aircraft carriers, joint expeditionary forces and joint training of the armed forces (The Independent, 2014). These developments show a remarkable increase in cooperation with the United Kingdom compared to the previous years.

After examining the different indicators with regard to military reorganization, it is safe to say that we can indeed speak of a military reorganization of the French Armed Forces. Drastic changes are visible concerning the financial resources and the equipment, which then also appeared to lead to a restructuring of the army brigades. These developments, together with a changing strategy including the acknowledgement and focus on relatively new aspects of modern warfare such as cyber-threats and drones, lead to the conclusion that an analysis of the future plans for the French army indeed indicates a reorganization of the armed forces.

5.2.2. The United Kingdom

It has become clear that the planned changes in France can be considered a military reorganization. In this section, the same indicators will be examined in order to find out whether it is possible to say the same for the United Kingdom.

Like France, the United Kingdom Government released major reorganization plans for their armed forces in recent years. In 2010, the Strategic Defence and Security Review was presented by the Parliament to the Prime Minister. The aim of the strategy laid out in this document is to find balance between economic stability and national security and also the global ambitions and responsibilities should not be forgotten (United Kingdom Government, 2010: p. 3). With the reorganization, the

United Kingdom Government wants to identify risks early in order to be able to deal with the causes instead of the consequences (Ibid.). This document forced the British Armed Forces to present a new design for a more adaptable and flexible organization to carry out tasks both on a national and international level, which came out in 2012 under the title of Army 2020.

5.2.2.1. Resources

With regard the resources available for defence, the United Kingdom shows a similar trend as France. In the Table 3, the estimated number of military personnel of the British Armed Forces in 2012 is presented.

Table 3: United Kingdom – Armed Forces personnel

<i>REGULAR FORCES</i>	
Royal Navy	35,430 (including 7,500 Royal Marines)
Army	101,300
Royal Air Force	40,090
Total Regular Forces	176,810
<i>REGULAR RESERVES</i>	
Volunteer Reserves	37,600
Cadet Forces	133,000
Ministry of Defence Civilians	85,000

Source: Defence Suppliers Directory (2014b)

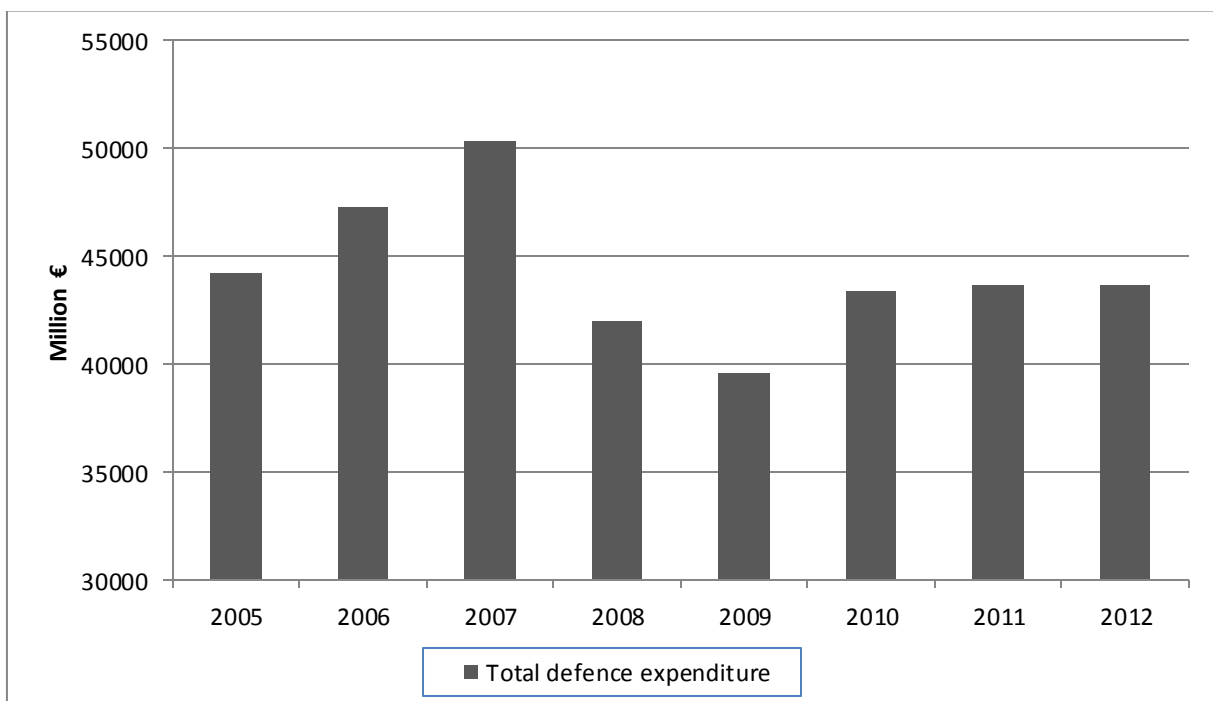
Table 3 shows the number of military personnel in the different divisions of the British Armed Forces before the reorganization. This reorganization will cause the personnel of the British Armed Forces to be reduced to total of 95,500 in 2015 and 82,000 in 2018 (Army 2020, 2012). Furthermore, the equipment of the armed forces will also be reduced. One major change in equipment is the number of Challenger 2 tanks that is to be reduced by 40%, resulting in a total number of around 200 tanks left. The number of AC90 artillery guns will be reduced by 35%, leaving around 87 of them operational (Ibid.).

Concerning the Air Force and the Royal Navy, the personnel will also be cut by 5,000 units, leaving 33,000 Air Force employees and 30,000 Royal Navy employees. Furthermore, several vehicles will be decommissioned in the coming years. For example, one of the helicopter carriers of the Royal Navy is to be decommissioned. Also, 9 fregats and destroyers will be disposed from the fleet.

Although in general there is a trend of reduction of equipment visible, there is still room for adding new vehicles to the Armed Forces. 12 Chinooks will be purchased for example, although this is less than the initially planned 22 units (HM Government, 2010: p. 25). Furthermore, 7 submarine vessels will be purchased despite of the budget cuts. Another important development with regards to new equipment is the already mentioned development of a new drone programme in cooperation with France, meant to increase military capabilities and independence from other states (Viscusi & Penny, 2014).

Although military spending remains substantial, it is also clearly visible that the numbers are declining. Figure 8 shows that defence spending of the United Kingdom increased annually in the years before 2008, the year that the economic crisis started in Europe. However, in 2008 this trend was broken and a negative trend set off. Also the predictions for the years to come show in general that military spending is stabilizing rather than increasing (UK Public Spending, 2014). Although database of the EDA does not yet provide data on the years after 2012, the data of the UK Public Spending Database shows that the expenditure on defence does not show an increase in the years after, including the predictions until 2016. This indicates a structural lower defence budget after 2007 in the United Kingdom.

Figure 9: United Kingdom – Defence expenditure



Source: European Defence Agency, 2014b

The earlier section of this study on the reorganization of the French Armed Forces already showed that the United Kingdom will take part in a joint drone development programme with France in order

to increase the military capabilities in relation to the other military powers in the world. Like France, the United Kingdom government sees the need to develop their own UAV equipment in order to increase their military capabilities and their independence from their allied countries the USA and Israel. Furthermore, with regard to this French-British cooperation, it is said by British Prime Minister David Cameron that *“If we work together, our budgets will go further, and we will have a greater global impact”* (Viscusi & Penny, 2014). This shows that the goal is to improve capabilities and increase their power in the world by using their resources together. The fact that the United Kingdom, together with the USA and France, voted against a resolution concerning the use of drones that was drafted by Pakistan also shows the weight of this aspect of warfare for the United Kingdom. The resolution urges states *‘to comply with their obligations under international law, including the Charter of the United Nations, international human rights law and international humanitarian law, in particular, the principles of precaution, distinction and proportionality’* (Global Research, 2014). The decision to vote against this resolution demonstrates that the United Kingdom values its own interest over for example international law and the Charter of the United Nations, something that corresponds with neoclassical realist theory.

5.2.2.2. Structure

The numbers of both the budget and the personnel of the British Armed Forces have shown that substantial changes are going to be implemented in the period before 2020. Another important indicator to determine a military reorganization is the change in organization and structure of the armed forces. In the Army 2020 report (2012), a new design for the army is presented. Firstly, the purpose of the British Army was redefined, which led to the following core purposes (Ibid.: p. 3).

- Contingent capability for deterrence and defence
- Overseas engagement and capacity building
- Civil engagement and the military contribution to homeland resilience

A first change that will be implemented following this new design is that the role for the reserve troops will increase significantly. Where they were only used under extreme circumstances, they will be used more regularly in the new design, even for operations overseas. The biggest change resulting from the redefinition of the purpose of the British Army is a new integrated structure was designed with a Reaction Force and an Adaptable Force, which will be supported by a third group, the Force Troops. The Adaptable Force will consist of five different brigades and will be these brigades will form the core operatives for future operations. These brigades will provide high readiness to be able to carry out operations on short notice. This high readiness is the reason that the Reserves will only play a limited role in this force. The Reserves play a bigger role in the Adaptable Force, which is

supposed to be more agile and able to carry out a broad range of tasks and will consist of 7 brigades. The Force Troops Command is the biggest group and the eight brigades of this Command will support the Reaction Force and the Adaptable Force with different tasks. The transition to this new structure is supposed to take one year, starting mid-2014 (Ibid.: p. 14).

This paragraph has shown that the structure of the British Army is set to change substantially and that the analysis of this indicator does indeed indicate a military reorganization.

5.2.2.3. Strategy

In the Strategic Defence and Security Review (2010: p. 9), two core objectives are presented that form the basis for the defence strategy of the United Kingdom as a whole. These objectives are *'to ensure a secure and resilient UK by protecting our people, economy, infrastructure, territory and ways of life from all major risks that can affect us directly; and to shape a stable world, by acting to reduce the likelihood of risks affecting the UK or our interests overseas, and applying our instruments of power and influence to shape the global environment and tackle potential risks at source'* (Ibid.). The key concept for the achievement of these objectives is *'adaptability'*. In the document, importance of this concept is stressed repeatedly.

Another important aspect of the plans for the future British army is the formulation of the five highest security risks that to which the armed forces should be able to respond (Ibid.: p. 10).

- *ensure that our key counter-terrorist capabilities are maintained and in some areas enhanced, while still delivering efficiency gains;*
- *develop a transformative programme for cyber security, which addresses threats from states, criminals and terrorists, and seizes the opportunities which cyber space provides for our future prosperity and for advancing our security interests;*
- *focus cross-government effort on natural hazards, including major flooding and pandemics, and on building corporate and community resilience;*
- *focus and integrate diplomatic, intelligence, defence and other capabilities on preventing international military crises, while retaining the ability to respond should they nevertheless materialise.*

These priorities show that like France, the United Kingdom also acknowledges the importance of cyber security an important aspect of national security. Resulting from the prioritization of this aspect, the defence secretary of the United Kingdom announced the introduction of a new cyber unit (BBC, 2013; Ministry of Defence, 2013). Philip Hammond, the Secretary of the State for Defence, calls cyber the new frontier of defence. The United Kingdom has been working on a cyber-defence for

years already, but just defending from attacks is assumed not to be enough anymore. *'You deter people by having an offensive capability. We will build in Britain a cyber-strike capability so we can strike back in cyber space against enemies who attack us, putting cyber alongside land, sea, air and space as a mainstream military activity. Our commanders can use cyber weapons alongside conventional weapons in future conflicts'*, Hammond explains (Ibid.). These words show that the acknowledgment of the importance of cyber security is nothing new in the United Kingdom. The big change that is coming up is the transition to a defensive cyber security force to a cyber-security force that is also capable of attacking enemies in cyber space.

An analysis of several aspects of the British government plans for the years to come has shown that we can indeed speak of a military organization. Not only the will the resources and personnel numbers decline, but also the complete purpose of the army was redefined, followed up by a new structure for the organization of the British Armed Forces. Other important major changes for the British Armed Forces are the increased focus on cyber warfare and the introduction of the drone development programme in cooperation with France. Also, the importance of the adaptability of the British Armed Forces was stressed several times. Ongoing technological development and changing circumstances in the global political arena can be seen as main drivers behind this concept.

5.2.3. Comparison

The analysis of the indicators concerning the military reorganization in France and the United Kingdom has shown that both countries are indeed reorganizing their Armed Forces.

Both countries have to deal with substantially decreasing budgets, which made their former organization too expensive and unsustainable. A development that is related to these declining budgets is the dismissal of a significant number of personnel and equipment. This then resulted in a different structure of the military organization, by changing the organization and composition of the battalions.

The most important development in both countries concerning the strategy is the increased priority of the use and development of modern technologies in warfare. The joint programme to develop drones shows this growing priority and it also indicates that the similar stance both countries have on this subject. Also cyber warfare is clearly a priority for both countries. However, an important difference is that the United Kingdom wants to expand its already advanced cyber force to increase their attacking capabilities, while France has been lagging behind until now and aims to catch up with other countries on this area. On the subject of cyber warfare, the United Kingdom is clearly ahead.

This examination of indicators has led to the conclusion that the developments with regard to the military reorganization in France and the United Kingdom are rather similar. Both showed substantial changes in budget, personnel, organization and strategy.

5.3. Financial resources

The first variable that comes from the resource-extraction model of the neoclassical realist theory is 'financial resources'. These resources form a domestic influence to the strategy a state is likely to pursue. As described in the theoretical framework, this variable is indicated by the financial resources made available for defence policy in the form of defence budget. In this section, it will be examined how the economic crisis has influenced this variable which ultimately is expected to have played a role in the reorganization of the armed forces in France and the United Kingdom. In the previous chapter on the planned changes with regard to the armed forces, the budget made available for defence in both countries was already analysed to a certain extent. This chapter will examine the financial resources more thoroughly by not only examining the defence budget, but also the budget in relation to the GDP and the total budget of the state will be taken into account.

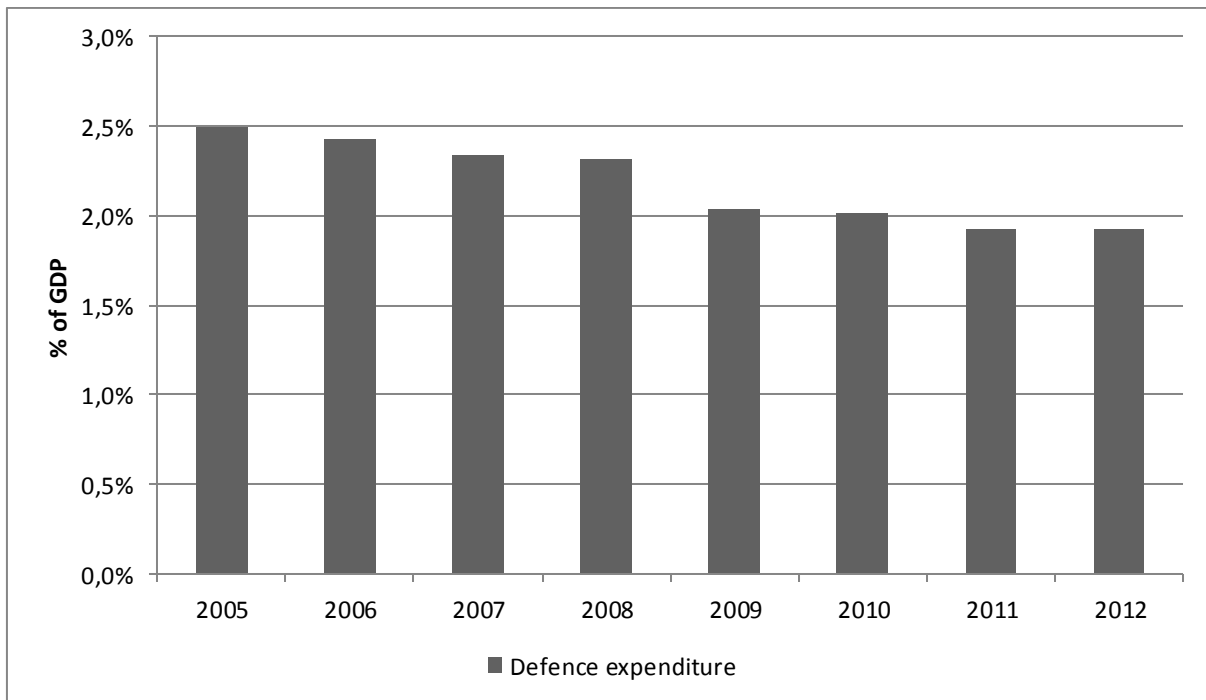
5.3.1. France

'The financial crisis that has befallen the world marks a break with the context described in the previous White Paper, forcing many States to amend their security and defence arrangements. It has highlighted the economic aspect of national security: the Nation's independence is threatened if public deficits make it dependent on its creditors', can be read in the French White Paper on National Security and Defence (2012: p. 9). This certainly implies a relation between the economic crisis and the changes in the Armed Forces in France. In this paragraph, this connection will be further examined by looking at the financial resources available for defence in France.

Figure 8 already showed that the total defence budget of France clearly declined in the years after 2007. However, this is not enough to get a complete picture of the allocation of financial resources to defence. To put the trend of declining defence budget in perspective, this section will focus on how these expenses on defence are related to the GDP of France to be able to see how the decline in defence budget relates to the allocation of budget to other policy areas.

In Figure 10 (p. 44), the expenses of the French government on defence are presented as a percentage of their GDP. It clearly shows a similar trend of declining numbers until the year 2012.

Figure 10: France - Defence expenditure (as % of GDP)



Source: European Defence Agency (2014a)

Compared to the 2,49% that was allocated to defence in 2005, less than a decade ago, the relative budget allocation has declined drastically and is expected to decline even more. The expectation is that the defence expenditure as percentage of GDP will continue to decline in the following years to around 1.5% of the GDP (Sipri Database, 2014). These developments and prognoses are consistent with the expectations that were outlined in the conceptual model. This means that there is indeed correlation between the economic situation of France and the expenditure on defence. After years of increasing defence budget, the economic crisis started shows a sudden decline in financial resources available for defence, indicating a causal relationship. Although correlation does not automatically indicate causation, causation is very plausible in this case because the same trend is visible in almost every other European country that suffered an economic crisis (Savkovic, 2012; Stewart, 2014).

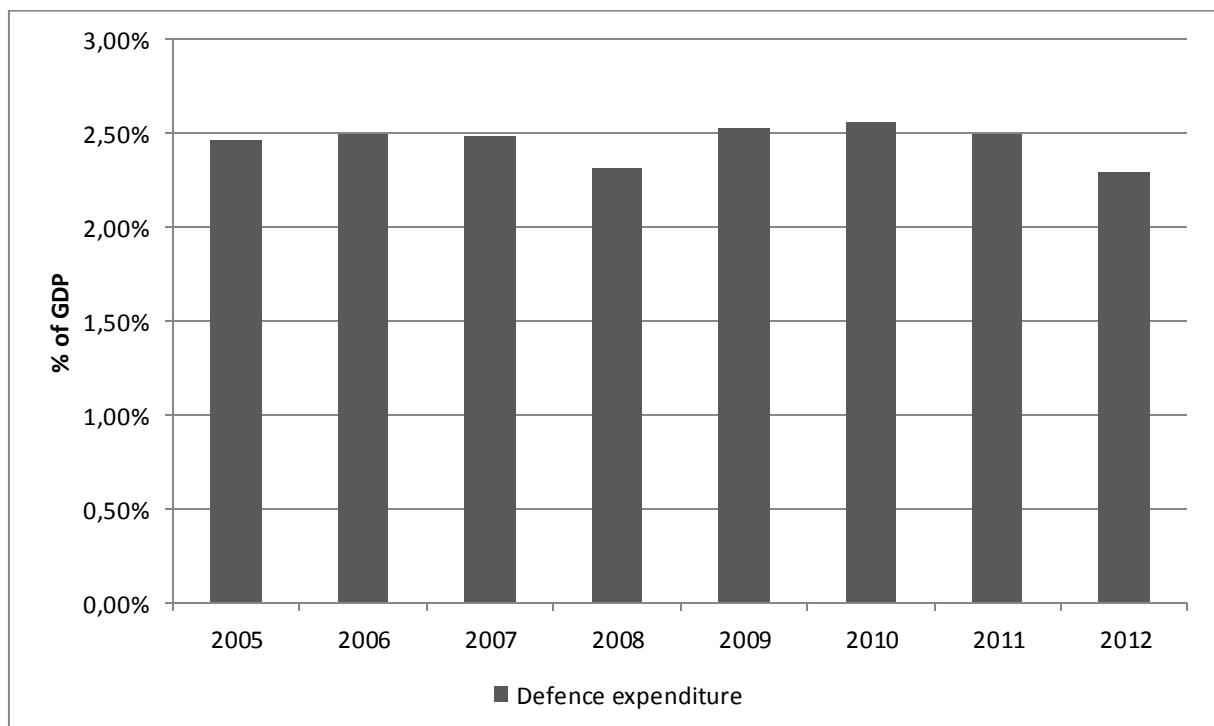
An examination of the defence expenditure as a percentage of the GDP has shown a clear decline. In the period after 2005, every year showed a lower value than the year before, which is expected to continue to an annual 1.5 percent of the GDP budget allocation for defence (Irish & Vignal, 2013). Important to mention is that this is under the informal 2% norm of the NATO, which France always respected in the previous years. What is striking is that the GDP of France has been declining or growing very slightly in the years after 2007. Both the percentage and the amount that the percentage is taken from are declining, indicating again drastic budget cuts. It also indicates that percentage wise, lower budget is allocated to defence, indicating that other policy areas are regarded more important. An explanation for this development is that defence is a policy area that is

easiest to cut because from a political perspective resistance is relatively low (Croft, 2013; Erlanger, 2014). Furthermore, because it does not directly influence the situation of the people, it makes opposition from their side unlikely. Cuts in several other policy areas, like social policy areas for example, do usually provoke serious opposition from the people because they feel the direct effects of these cuts.

5.3.2. The United Kingdom

In the chapter where the indicators on the military reorganization were analysed, Figure 9 already showed a decline in financial resources for the British Armed Forces. Where the budget available for defence in 2007 was almost 50 billion, the budget for 2009 was much lower, falling even under 40 billion. In this section, this trend will be further examined by also looking at the spending in relation to the GDP of the United Kingdom. Figure 11 shows the percentage of the GDP that is spent on defence in the United Kingdom.

Figure 11: United Kingdom – Defence expenditure (as% of GDP)



Source: European Defence Agency (2014b)

Where this indicator for France showed a clear declining trend for both the absolute defence budget and the defence budget as a percentage of the GDP, this does not seem the case for the United Kingdom. Figure 10 shows that in the three years before the economic crisis in 2008, the numbers were relatively stable just below 2.5 percent. After a drop to 2.32 percent in 2008, the year the economic crisis started, the values return to what they used to be in the years before. This indicates that although the total budget for defence declined, the allocation of budget in percent of the GDP

did in general not decline. The years 2009, 2010 and 2011 even show higher values than the three years before the economic crisis started, indicating that other policy areas were not considered more important than the policy area of defence in these years. The planned cuts for the period until 2015 will cause a decline in this indicator, although it will still be higher than the informal NATO norm of a budget for defence higher than 2% of the GDP (New Statesman, 2012). Despite these declines in defence budget, *'defence and security budgets will contribute to deficit reduction on a lower scale than some other departments'* (United Kingdom Government, 2010: p. 3). This way the United Kingdom also hopes to maintain its position as the fourth largest military budget in the world (Ibid.).

That the decline in defence budget in both absolute and relative terms can be seen as a link between the economic crisis and the military organization is apparent from the Strategic Defence and Security Review (2010: p. 4). *'The difficult legacy we have inherited has necessitated tough decisions to get our economy back on track. Our national security depends on our economic security and vice versa. So bringing the defence budget back to balance is a vital part of how we tackle the deficit and protect this country's national security'*, is written in the foreword by Prime Minister David Cameron and Deputy Prime Minister David Clegg (Ibid.). This indicates that the economic downfall has caused the need for defence budget cuts to bring back the economic balance, which is connected with national security. The defence cuts caused a major reduction of military personnel which is part of the Army 2020 concept for the reorganization of the British Armed Forces.

Altogether, an examination of the financial resources and budget allocation concerning the British Armed Forces has shown that the budget is clearly decreasing. Nevertheless, the British Government still stresses the importance of defence spending and is determined to prevent the budget from falling under 2% of the GDP. Furthermore, it has become clear that the defence cuts were a result from the economic crisis for Prime Minister David Cameron clearly pointed out that these cuts were necessary for restoring economic balance. The military reorganization can be seen as the instrument for the realization of these budget cuts on defence.

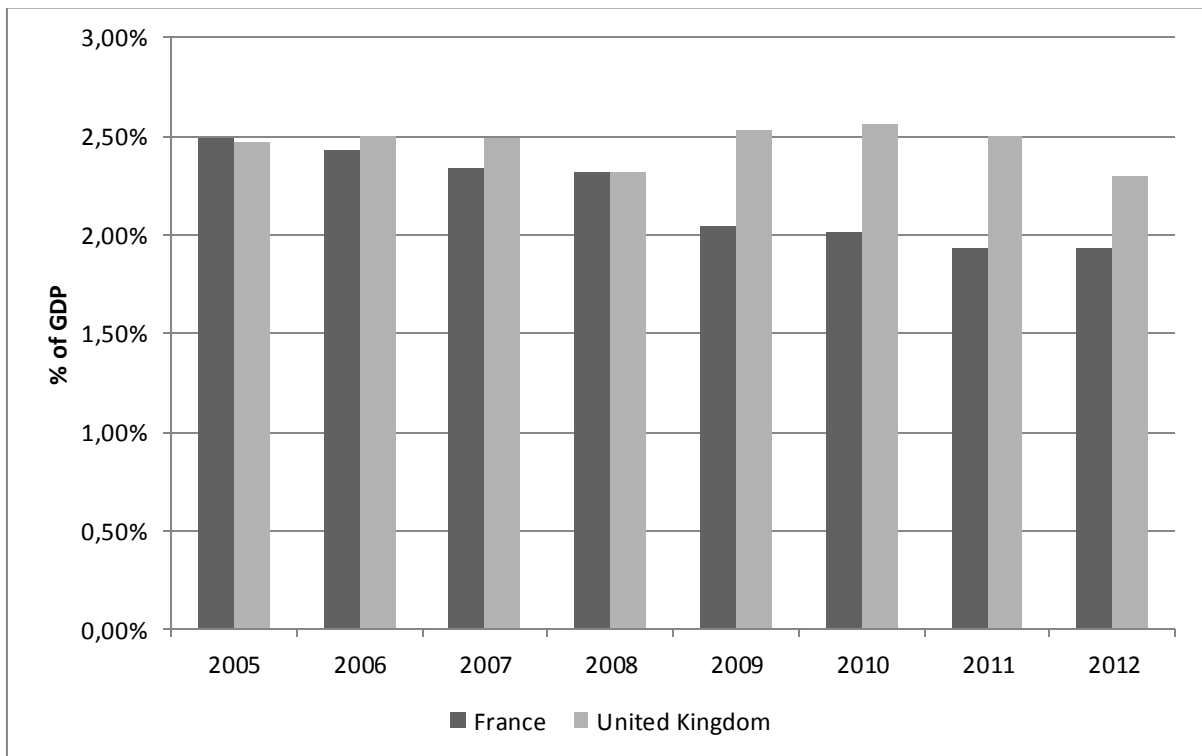
5.3.3. Comparison

After examining both cases on financial indicators, it can be concluded that for both France and the United Kingdom the defence budgets are declining drastically, both in absolute terms and as a percentage of the GDP. Nevertheless, there are still some differences visible between the two countries. Figure 11 (p. 46) shows that after the economic crisis the differences started to increase. France immediately dropped its defence expenditure as percentage of GDP, the United Kingdom stuck to a higher percentage of the budget to be allocated to defence. This means that in the first

years after the start of the crisis, the United Kingdom refused to decrease its defence budget in relative terms.

The prospects for the years to come showed differences with France dropping to 1.5% and the United Kingdom determined to keep it above 2%, indicating that the United Kingdom's budget will remain higher than France's budget, but also that the military budget of the United Kingdom will now also decrease in relative terms. Furthermore, the economic crisis appeared to be a driving force behind the budget cuts on defence in both countries. The declines in equipment and personnel can be considered a direct effect of these cuts, although this does not exclude other variables to have played an important role in the realization of the military reorganization in both countries.

Figure 12: Comparison defence expenditure



Source: European Defence Agency, 2014.

To conclude this section, the budget cuts with regard to the military seem to be a bit more radical in France. However, although the United Kingdom postponed a decline in budget as a percentage of their GDP, it became apparent that a decline in this indicator was also inevitable for them.

5.4. Shared Ideology

The final variable to be measured is the shared ideology among the people of a state and their national government. As mentioned earlier, this will be measured by looking at the confidence that the people have in their national government in France and the United Kingdom. Confidence in the government can be used as indicator for this variable because when people have confidence in their government, it implies that they share ideas over what is good for the country. If the people would not share this thought of what is good with the government, it is likely that they would have no confidence the national government. Furthermore, it will be analysed whether these possible trends of declining confidence can also be related to the military reorganization by examining policy documents and other secondary data sources.

The expectation is that the economic crisis has caused a trend of decline in the confidence in the national government, as explained before in the theoretical framework. The main reason behind this assumption is that the economic crisis forces national governments to take unpopular measures that are not in line with the ideas of the people, resulting in declining confidence in the government. This could then lead to declining support for defence, influencing the decision making of the national government with regard to a military reorganization.

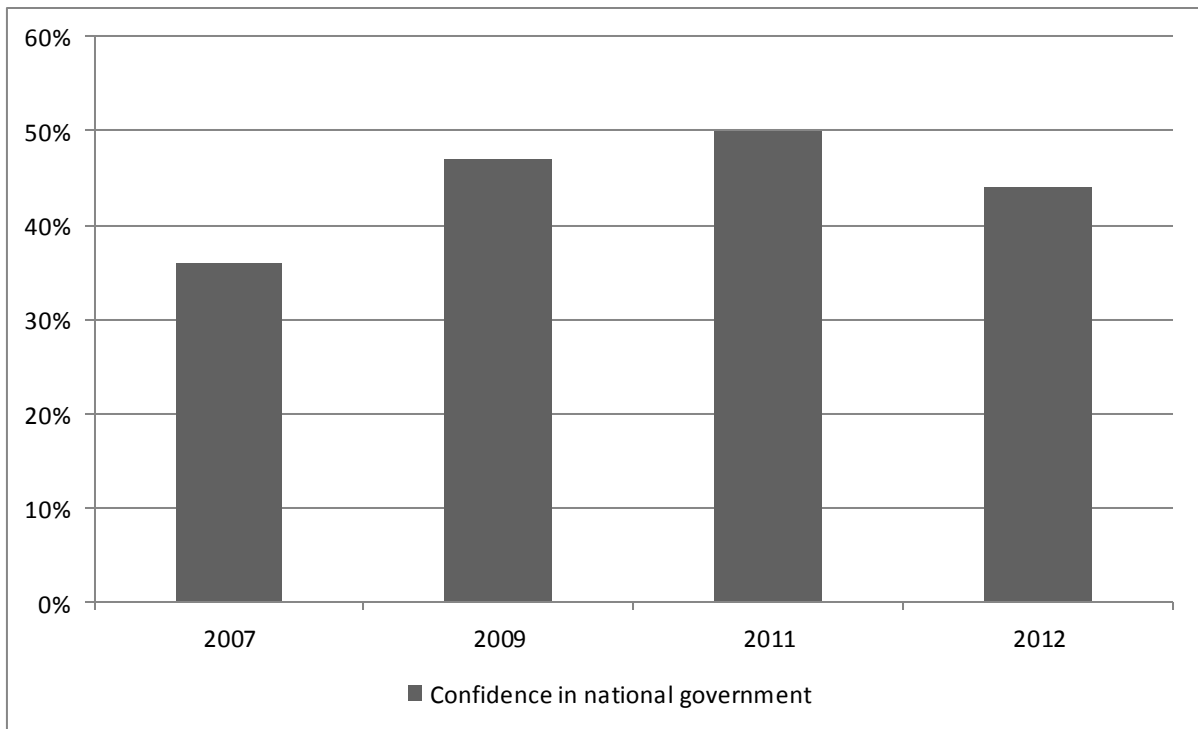
Due to unavailability of data for some years, the figures in this chapter do not show annual values for the indicator. Nevertheless, with the data that was available it is still possible to distinguish trends and developments, which makes it possible to analyse this indicator despite the gaps in the data.

5.4.1. France

In 2012, the confidence of the people in the national government in France was 44 percent (OECD, 2013: p. 25). Although this means that more than half of the French population said to have no confidence in their national government, the level of confidence is still above the average of the 32 countries of the Organisation for Economic Cooperation and Development (OECD), which lies at 40 percent. The expectation on the basis of the theoretical framework would be that the confidence in the government was higher in 2007, before the crisis started. However, an examination of several databases by the OECD shows that this is not the case. The confidence in the national government of the French population in 2007 was 36 percent, which is 8 percent less than it was in 2012 (Ibid.). These numbers indicate that the confidence in the government actually increased instead of declined, contrary the theoretical expectations. These numbers, together with the data of the period in between are presented in Figure 13 (p. 48). The data is derived from the Government at a Glance series, which is biannually presented by the OECD. Figure 12 shows the percentage of people in France that answered positive to the question, 'in this country, do you have confidence in the government or not?'. Unfortunately the data is not available for every year. Nevertheless, the

available data still gives a good idea of the development of confidence in the national government after the economic crisis.

Figure 13: France - Confidence in national government



Source: *Government at a Glance (2009; 2011; 2013)*.

While it was expected that the crisis would have caused a downfall in confidence of the French people in their national government, Figure 13 clearly shows the opposite trend. From 2007, the year before the economic crisis started in Europe, until 2011, there is a steady increase visible. After 2011, the confidence in the national government in France drops by 6%. Nevertheless, this decline comes too late to have influenced the decision making with regard to the military reorganization for the plans for this reorganization were also presented in that year.

The data regarding confidence in the national government did not provide a reason to believe that this indicator has had a causal effect on the military organization in France. Even though the general confidence of the people in the national government did increase, this indicator could still have played a causal role if the French civil society would have had a negative view on the French defence organization, which could have led to pressure on the former military organization and reason for the government to implement reorganization. However, an examination of several policy documents, among which the White Paper on National Security and Defence (2012), did also not provide a reason to believe that such pressure from the people due to different ideology has played a role in the development of the plans for a military reorganization.

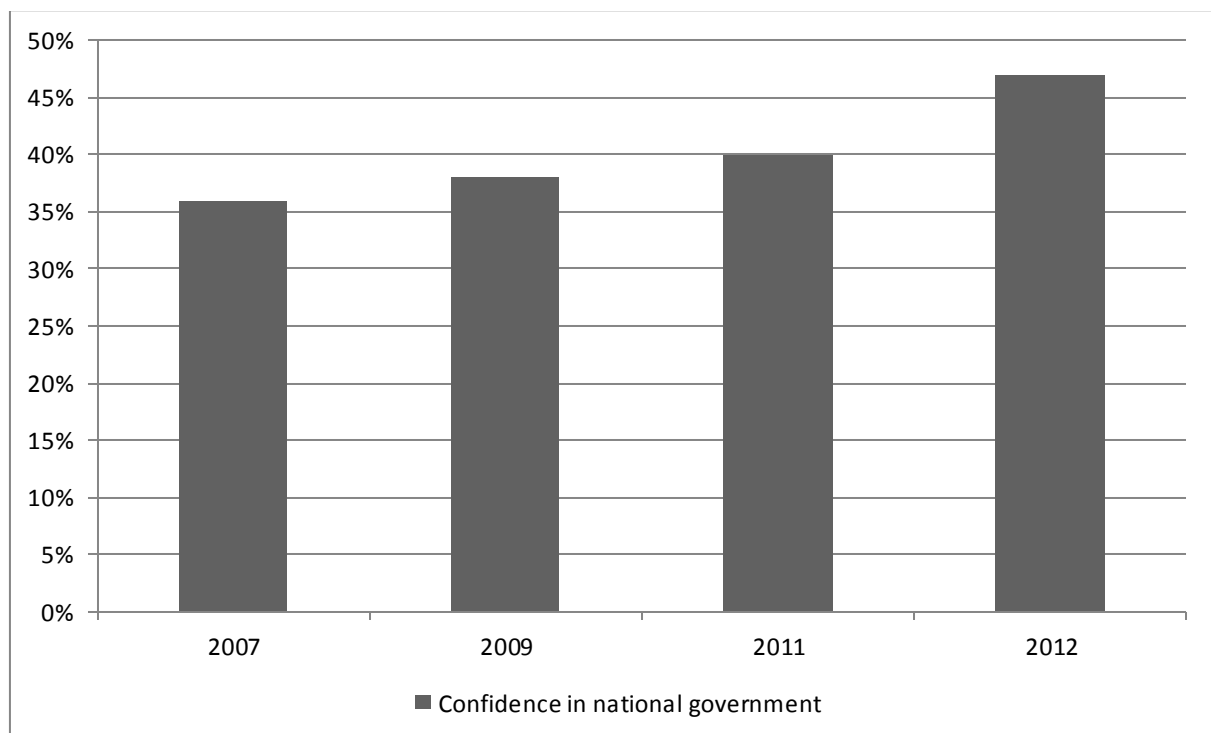
Altogether, this leads to the conclusion that the variable 'shared ideology' did not play a causal role with regard to the military reorganization in France, which goes against the expectations that were presented in the theoretical framework.

5.4.2. The United Kingdom

The examination of this variable for France showed no causal relation between shared ideology and military reorganization. In this section, the same variable will be examined for the United Kingdom.

In 2007, the percentage of people from the United Kingdom that answered positive to the question whether or not they had confidence in the national government was 36%. Five years later, with the United Kingdom still in an economic crisis, this value has surprisingly risen to no less than 47%. This trend of increasing values of confidence is similar to the developments in France in the same period. The developments with regard to confidence in the national government for the United Kingdom are presented in Figure 14.

Figure 14: United Kingdom - Confidence in national government



Source: Government at a Glance (2009; 2011; 2013).

Against the expectations that were presented in the conceptual model, confidence in the national government in the United Kingdom shows an increasing trend instead of a decreasing trend. The economic crisis clearly did not have a negative effect on the confidence that the British people have in their national government. Five years of economic crisis did not even prevent an increase of 11% in that period. This means that based on this indicator, 'shared ideology' can be excluded as a possible factor to explain the military reorganization in the United Kingdom.

Even though the examination of confidence in the national government provided no reason to believe that this affected decision making in the United Kingdom with regard to the military reorganization, it would still be possible that it in fact did. However, an examination of several policy documents with regard to this reorganization did also provide no reason to assume it has played a role. Although several factors and reasons behind the military reorganization were mentioned and addressed in these documents, public pressure as a result of a decline in shared ideology was never one of them, making it unlikely that this factor played a significant role in this case.

Altogether, the analysis of this indicator for the United Kingdom makes it possible to assume that it is very unlikely that this variable played a role, both because of the findings with regard to confidence in the national government and the lack of connections between shared ideology and military reorganization in a variety of policy documents that address this reorganization.

5.4.3. Comparison

The analysis of the variable 'shared ideology' in both France and the United Kingdom has provided different results than expected. Instead of the expected decline in confidence in the national government, the data for both countries showed opposite trends. One difference between the cases was that the confidence in the national government in France did show a decline after 2011, while the same indicator for the United Kingdom showed only increasing numbers in the period from 2007 until 2012. The general upward trend in France and the United Kingdom is remarkable because on average, the OECD countries showed a decline in that period and also the average level of confidence in the national government in 2012 was lower than the levels of confidence in France and the United Kingdom (OECD, 2013: p. 25).

Altogether, the analysis of this variable has provided absolutely no motive to belief that this variable played a role. Both countries showed similar trends that were the complete opposite of what was expected from the conceptual model that was presented in the theoretical framework. Both an analysis of quantitative trends and an examination of policy documents and media sources in France and the United Kingdom, have led to the conclusion that the variable 'shared ideology' did not play a role in the military reorganizations in both of these countries.

5.5. Comparison of the cases

While the cases are already compared to a certain extent per individual variable, this section will give an overview of the important differences and similarities that have become clear after the analysis of these variables.

In general it can be said that the France and the United Kingdom showed rather more similarities than differences. The general trends were strikingly similar and although differences were surely not absent, these differences mainly concerned relatively minor aspects of the variables that were examined in the analysis. This is somewhat remarkable, but it cannot be said that this is totally unexpected for both states are rather similar in their size, economic power and military power. Furthermore they are in a rather comparable position as they are struggling to hold on to their leading position in a world where circumstances are changing as new economic and military powers are rising and trying to increase their power and influence in the global political arena.

Regarding the indicators used to identify an economic crisis, the trends were very similar in general. Both countries showed comparable developments for all three indicators that were examined and the only real differences were the specific values of the increases or declines of these indicators. Apart from this, no notable differences were identified concerning this variable.

The reorganization plans for the military in both states were also showing general similarities. Severe budget and personnel cuts are the case were the case for both and the joint programme for the development and purchase of UAV's between France and the United Kingdom also indicates similar priorities. Differences can be found in the area of cyber warfare. Although they both stress the importance of this aspect, the United Kingdom appeared to be already way more advanced than France, for which the focus on cyber warfare is something new.

The financial resources in both countries declined drastically, being a major factor for explaining the military reorganizations in both countries. However, it also became clear that the United Kingdom is planning to allocate more of their total budget to defence as they will not drop the budget under 2% of their GDP whereas France will see a decline in years to come to around 1,5%. Also in absolute terms the British defence expenditure will remain higher than the French.

The last variable, shared ideology, demonstrated increasing trends for both states, contradicting the expectations from the theoretical framework. Also a content analysis of several documents led to the same conclusion for both cases, namely that this variable was not playing a role in relation with the military reorganizations.

Altogether this leads to the conclusion that this case study has shown that the cases were rather similar with regard to several aspects. The general idea behind the military reorganizations was much alike and in both states the decline of financial resources can be seen as a major explaining factor. Furthermore, a number of other explaining factors were discovered in the analysis, even though they were not specifically measured. In general these factors were also generally similar for both cases of this study.

6. Discussion of findings

In the previous chapter, the different variables of this study are examined. In this chapter, the results of this analysis will be discussed. Next to the two variables that were tested based on the theoretical framework, the analysis also led to possible other factors that might have played a role. Within the constraints of this study it is not possible to analyse these factors as thoroughly as the other variables in this thesis. However, it is important that these issues will at least be addressed to a certain extent.

Now the analysis is completed, it can be said that the variable 'financial resources' has played an important role in the emergence of the military reorganization in both France and the United Kingdom. In the literature review it became clear that different scholars argued before that economic crises have major effects on national defence budgets (Keller, 2011; Möller & Brune, 2011; De Wijk, 2003). This study has shown results that are consistent with these assumptions. The analysis of this variable showed that in both France and the United Kingdom the budget for defence was seriously affected by the economic crisis, enforcing the assumption of a causal relation between those two variables. Keller (2011: p. 7) also argued that this would lead to declining capabilities of the military and an increasing necessity for cooperation with other states. The findings of this thesis do fall in line with this argument made by Keller. The findings have shown that budget declined as well as equipment and personnel in both cases. Also cooperation with each other and other states is planned to maintain power and prevent loss of capabilities. The cooperation between France and the United Kingdom in the development and production of UAV's is a good example of a development that is consistent with the argument made by Keller.

Looking at how this study of the relation between the 2008 economic crisis and military reorganization relates to the situation in the early 1930's, it can be said that the situations and important factors differ substantially. Firstly, it is important to mention that the ultimate goal of a possible military reorganization at the time was meant to increase the capabilities and strengthen the armed forces to secure the nation from threats. The current reorganizations on the other hand are meant to maintain power and capabilities while resources have declined. This means that the financial aspect is opposite. In the 1930's, reorganization was costing the government a substantial amount of budget while the current reorganizations are partly implemented in order to save budget. Also looking at the role of public pressure in both crises shows an interesting difference. Public pressure is argued to have worked against military reorganization because of the fear of another World War, shortly after the Great War (Ripsman & Levy, 2009: p. 158). Firstly, such a fear among the people does not exist because most people have never experienced a war. Also, in the theoretical framework of this thesis, the assumption was presented that public pressure would support military reorganization as a result of a decline in shared ideology between the people and their national

governments. Ultimately, the empirical analysis showed did not provide proof at all for this relation, showing once again a major difference between the current situation and the one in the 1930's. A final difference between the two situations is that currently, a threat like Germany was at the time does not exist. With regard to the 1930 crisis it can be said that the circumstances were very different, resulting in different factors that possibly can explain the relation between the economic crisis and military reorganization.

The extent to which the current situation in France and the United Kingdom is comparable to the situation in Asia in the late nineties is quite minimal. The crisis did lead to severe budget cuts concerning defence, but a military reorganization was clearly not the case. The crisis in the Asian countries can even be seen as something that prevented military change because the necessary budget was not available. The military changes that followed after 2000, when the crisis had come to an end, were meant to increase the capabilities of the military by modernizing and expanding. This is different from the current situation in France and the United Kingdom because these countries are trying to maintain capabilities with fewer resources. Another difference between the Asian crisis and the current one is the changing nature of modern warfare that did clearly not play a role at that time. Firstly, cyber warfare for example was not really present then and secondly, the Asian countries were much less developed which made the changes that they made after 2000 also incomparable to changes that are planned in the two cases of this study.

The findings of this research have stressed the important role that financial resources play in a military reorganization. As already argued by other scholars, as presented in the literature review, declining resources appeared to be an important motive for military reorganization to create a more effective military organization without causing a decline in relative power towards other states. Analysing France and the United Kingdom's planned military reorganizations has led to results that are consistent with previous research and therefore enforces this argument. From the neoclassical realist perspective, it was also expected that public opinion would play a role and influence decision making. However, for this argument no empirical proof was found in this thesis. Another thing that became apparent in this study is that unique circumstances of this current era have played an important role, mainly technological advancement with regard to warfare and the changes in the global balance between states as a result of new upcoming powers and the changes in strategic priorities of the USA that are linked to these developments. The completely different circumstances on different aspects are also the reason that comparing the current situation to the situation in the 1930's does not provide many similarities. The aspect of neoclassical realism that appeared to play an important role in the case of both France and the United Kingdom is the focus on maintaining or even enhancing capabilities and power in relation to other states, both enemies and allies.

The approach of this study was the neoclassical realist approach, making it important to look at what the results of this paper mean for this theoretical perspective. Regarding the expectations from a neoclassical realist perspective that were presented in the theoretical framework, the findings of this research have shown to be only partly in line with the theoretical assumptions. The financial resources that were expected to influence decision making concerning the policy area of defence were indeed proven to have played an important role. However, this result does not exclusively correspond with neoclassical realism. The aspect of this research that was more typical neoclassical realist is that domestic influences from the civil society are a determinant for the path that state leaders are likely to pursue. In both cases that were analysed in this study, a relation between this variable and the policy a state pursues with regard to defence appeared to be completely lacking.

These findings firstly imply that in these cases, no proof was found for a causal relation between the variable 'shared ideology' and the variable 'military reorganization'. However, it is important to mention that also the variable 'shared ideology' showed a different development than was expected before the analysis. The economic crisis did not cause a decline in confidence in the national governments of both cases. This made it impossible to prove or disprove whether a shared ideology between the civil society and the national government influences the policies of that national government. It can therefore not be said on the sole basis of this indicator that the neoclassical realist argument is false for a decline in confidence in the national government was not present in either one of the cases of this study. A declining trend of confidence in the national government would have to be present in at least one case to measure the effect of it. Nevertheless, it can now be said that this indicator in the two specific cases of this study did not affect policy making with regard to defence.

It might seem that the use of one single indicator for the variable 'shared ideology' does not provide enough reason to completely exclude a causal relation of this variable with regard to the military reorganization. However, besides the quantitative measurement of this indicator, indications for a causal relationship were also qualitatively researched by analysing several policy documents and newspaper articles with regard to this topic. Several factors to have played a role were mentioned, but this examination of documents did also not provide a single indication to believe that the variable 'shared ideology' did influence decision-making concerning the military reorganizations, strengthening the assumption that this has not played a role at all in both cases of this study.

Another important aspect of neoclassical realism did play an important role for both of the cases of this study. Even though both France and the United Kingdom will have less military resources after the reorganizations because of the declines in personnel and equipment, the importance of

maintaining and even enhancing capabilities through the military organization was stressed by both states. This is for example apparent from the French White Paper on National Security and Defence, where it is stated that *'the large and rapid increase in military spending and conventional arsenals in some regions of the world is a stark reminder that there could be a resurgence of conflict between States and that France and Europe cannot afford to ignore threats related to power'* (Ministère de la Défense, 2012: p. 3). This implies that the relative power position with regard to other states is of vital importance for France, which corresponds with the neoclassical realist theory.

In general, the neoclassical realist theory appears to be rather unsuccessful in explaining causal relationship between the 2008 economic crisis and military reorganization in the two central cases of this study. Looking at why this theory falls short in this case, David Hume's work on this subject could provide a tentative explanation. Neoclassical realism does stress the importance of relative power for states and it would therefore seem logical that in times of declining taxation incomes the state would increase its public debt in order to be able to maintain and improve military capabilities to maintain or improve their national security and relative power. However, Hume provides a far more detailed and comprehensive complex of variables than the neoclassical realist approach presented in the theoretical framework. The part that seems applicable to the case of this study is that Hume argues that increasing public debt does harm national security of a state (Hont, 2005: p. 326). National security is broader than firepower and military capabilities and this might explain why both studied states are not increasing their public debt for the sake of their military spending. Economic security is vital for national security and increasing public debts would therefore harm national security. Concerning the confidence of the people in the national government it also seems that the neoclassical realist reasoning is to one sided. It rather ignores the relation of this concept to finance and the possibility for the civil society to borrow money for reasonable interest rates, which could explain the trends of growing confidence in the government.

Although Hume's approach does correspond in different ways with the situations in both France and the United Kingdom, it is also contradictory to a certain extent. . The words of British Prime Minister David Cameron for example illustrate such a contradiction: *'Our national security depends on our economic security and vice versa'* (United Kingdom Government, 2010: p. 3). Hereby he argues that the use of force is a necessity for economic welfare, which goes against Hume's point of view where durable peace is considered the most important condition for economic prosperity.

In the analysis, 'financial resources' appeared to have played a role where 'shared ideology' appeared to have no role at all. This does however not mean that 'financial resources' is the only factor that played a role in this case. During this study, a few other variables appeared to might have

played a role as well. In this paragraph these factors will be elaborated. Because it is not feasible to fully analyse these variables as well within the constraints of this thesis, these will only shortly be addressed.

A variable that has played a role in both France and the United Kingdom is the changing nature of modern warfare. The examination of policy documents showed that both states acknowledged the necessity of military changes in order to keep up with technological developments that have changed the way that wars are being fought nowadays. The importance of cyber warfare and the use of UAV's have increased dramatically over the last decade and major changes are a necessity for states to keep up with their allies and enemies and to prevent loss of relative power. Especially the French admitted that they are lagging behind with regard to cyber warfare and they therefore plan to invest and put more effort in improving their capabilities in this field to make up for this current disadvantage. The United Kingdom already has a better developed cyber security system. However, they will also implement changes by developing capabilities regarding cyber-attacks instead of just a defensive system. Furthermore the cooperation between France and the United Kingdom in a drone development programme shows that the increasing use of such equipment is a reason for them to change their Armed Forces.

Another factor that appeared to have played a role in the military reorganizations, mainly in France, is the change of the global strategic landscape. The rise of the new global superpowers like China, India and Brazil is just one aspect of this phenomenon. Also the strategic priorities of the USA have changed which affects Europe as well. *'For the United States, Europe remains a zone of prime importance, but it understands the implications of the fact that the continent is no longer at the heart of global strategic confrontation. It has therefore begun to reduce its military and naval presence in Europe, whilst its anti-missile defence system is being set up'* (Ministère de la Défense, 2012: p. 29). This clearly shows a lowering of military importance of Europe for the USA, which European states have to anticipate to.

Another factor to have influenced the decision making concerning the military reorganization in the United Kingdom is the lack of cohesion and proper coordination within the British Armed Forces. In the Strategic Defence and Security Review (2010: p. 4), it is said by Prime Minister David Cameron that *'the Armed Forces – admired across the world – have been overstretched, deployed too often without appropriate planning, with the wrong equipment, in the wrong numbers and without a clear strategy. In the past, unfunded spending pledges created a fundamental mismatch between aspiration and resources'*. This way of organizing the Armed Forces is unsustainable and called for the necessity of major changes.

This discussion of findings has made it clear that financial resources of a national government play a major role in the relation between economic crises and military reorganization, which is consistent with arguments made by several other scholars on this topic. This factor appeared to play an important role in both cases of this study. However, literature concerning other crises and their influence on the military showed only minimal similarities with this study. Specific circumstances per case appeared to play an important role and this shows the importance of studying specific cases individually. The theoretical basis of this study stressed the importance of material and immaterial resources for the development of state policy. The material resources seemed indeed to fulfil an important role where the immaterial resources did not, which means that this approach only partly explained the causality between the economic crisis and military reorganization. The reason why neoclassical realism seems not to be successful in explaining causality in this case, could be that it is too much of a reductionist approach, ignoring certain variables that David Hume for example did include in his approach to the subject of national security.

7. Conclusions

This thesis has featured a study after how the military reorganizations in France and the United Kingdom can be explained by the economic crisis that started in 2008. The neoclassical realist approach was chosen to function as central perspective in order to be able to conduct an in-depth study within the limits of this thesis concerning time and size. Nevertheless, other factors to have played a role have not been neglected. In this final chapter, a final answer to the central research question will be given. Furthermore, this chapter will provide a reflection on this thesis and ideas for further research will be presented.

7.1. Answer to the central research question

Now the analysis of this thesis is completed, this section will provide an answer to the central research question of this study on the basis of the findings presented in the discussion of findings.

Can the reorganizations of the armed forces in France and the United Kingdom be explained by the global economic crisis that started in 2008?

This study has firstly shown that the Armed Forces of France and the United Kingdom are without doubt going through a military reorganization. Firstly, both of these countries show a clear reduction in their material resources. The budget available for defence is declining in both states which thereafter has led to a major reduction of equipment and personnel. Furthermore, the analysis has shown organizational changes are also set to be realized in the military of both cases. The United Kingdom will implement a new design with their Armed Forces divided over a Reaction Force, an Adaptable Force and the Force Troops, each with their own capabilities to handle different situations. A similar change is visible in the French organization of the land forces, which will be brought down to seven brigades. This way the organization will be less fragmented than in the current situation with 12 brigades with their own specialties. The biggest change concerning the strategy that they will pursue is the increased focus on relatively new types of warfare, mainly cyber warfare and the use of UAV's, which has forced France and the United Kingdom to increase and develop capabilities concerning these aspects.

The variables that were specifically analyzed in this study in order to provide an explanation for the causal relation between the economic crisis and the military reorganizations in France and the United Kingdom are 'financial resources' and 'shared ideology', which were derived from the neoclassical realist theoretical assumptions. The first of those variables appeared to have played a significant role in both cases. Cuts in defence budget were inevitable, both in absolute terms and as a percentage of the GDP, which caused a situation in which the military organization became unsustainable, forcing national governments to implement significant changes.

The variable 'shared ideology' was expected to have played a role as well on the basis of the neoclassical realist assumption that this could form a domestic constraint that influences policy. Differences in ideology between the civil society and its government were expected to have caused public pressure that then would influence decision-making. However, the analysis has shown a complete lack of evidence in both cases to support this assumption. Both the analysis of data on confidence in the national government and the examination of various documents did not provide reason to believe that this variable could help to explain the causal relationship between the economic crisis and military reorganization. This variable appeared to not have played a role at all.

These conclusions on the analyzed variables do only correspond with neoclassical realism to a certain extent. The resource-extraction model from this perspective puts high value on immaterial resources in the form of a shared ideology between the civil society and the national government. Proof for this relation was not found in this study. Other aspects of the neoclassical realist theory however, such as material resources and the importance of relative power for states, did indeed appear to have played a major role in the development of the reorganization plans in both central cases of this study. A tentative explanation for the shortcomings of neoclassical realism in this thesis can be found in David Hume's approach. Although not studied thoroughly in this research, it provides a more comprehensive complex of variables to play a role in the interaction between different concepts such as national security, economic situation and international politics. Neoclassical realism seems to be a theoretical approach that is too simple and reduced to make sense of the reality with regard to the studied cases in this thesis.

7.2. Further findings

Apart from the answer to the central research question, this study has led to a number of other interesting findings that are not directly related to this central research question, but that are certainly worth mentioning. These findings are other factors that could possibly explain the military reorganizations of the central cases in this study, next to the economic crisis as explaining factor. It is important to note that these findings are not based on extensive analysis of indicators, but from this study it appeared that it is plausible that played a significant role.

The analysis has led to the conclusion that the economic crisis did indeed explain the military reorganizations in France and the United Kingdom to a certain extent. The content analysis of several documents however, did also lead to a few other factors that most likely have played a role. One factor that was mentioned in several documents to have played a role is the changing nature of modern warfare. This is something that in both France and the United Kingdom seemed to have led to changing priorities and strategies, as well as new military units and equipment with regard to

cyber warfare and the use of drones. A second factor that was identified during the analysis was the changing strategic landscape on a global scale. Especially France acknowledged that it was inevitable to implement major changes to the military in order to respond to these changes in the strategic landscape in order to maintain its power in relation to other states. This factor can also be related to the economic crisis to a certain extent. It has caused rising economies, such as China, Brazil and India, to improve their position in relation to the traditional Western powers. Furthermore, the economic downfall in the USA has caused them to be more selective in their security-related actions, which has consequences for European states. A third factor that was mentioned to have played a role in the United Kingdom, was the ineffective and incoherent organization that already was going on for years in the period before the economic crisis, pointing out that even without an economic crisis there already was an urgent need for change.

7.3. Ideas for further research

This thesis had a focus on the specific causal relationship between the economic crisis and military reorganization. Although, this study surely did find this crisis was a major explaining factor for the military reorganizations in France and the United Kingdom, it also became apparent that these reorganizations were not exclusively the result of the economic crisis. A number of other explaining factors were hit upon during the analysis. However, these factors were not extensively measured because that was not possible within the constraints of this thesis. Therefore these explaining factors remain rather suggestive in terms of academic research. Another specific study with a focus on these other variables would help to clarify the exact role that these factors have played in the development of the military reorganization plans and the form it has taken.

Although it is not possible to study this subject yet, another interesting subject for future study might be the way the reorganization will play out. Will it actually lead to the outcome that the national governments envisioned? This would be a valuable study to find which factors determine success and failure concerning military reorganization.

7.4. Limitations

Although executing this research in this particular way has led to useful outcomes, it also has its limitations which are important to be acknowledged.

Firstly, the results of this thesis are only generalizable to a certain extent. This is mainly because cases that are not taken into account in this thesis are mostly different in many ways. Countries from outside the EU experience very different circumstances and situations and are usually not cooperating with other countries in a way that France and the United Kingdom do within the EU. Also, most countries within the EU are very different in terms of size, economy and power. This

places them in completely different situations with regard to their armed forces. Germany seems to be the only country comparable within the Europe but from a historic perspective considering the past century they are a significantly different case. Despite these limitations, this research is still relevant because France and the United Kingdom are major actors in the International System and the outcomes can be useful even if the results are only applicable to the specific cases of this study.

Secondly, the focus on a neoclassical realist explanation for the link between the economic crisis and military reorganization might lead to missing certain relations between the variables. However, as explained earlier, the limited amount of time available to do this research paper justifies the choice for a focus on one possible theoretical explanation.

The lack of interviews can also be considered a limitation to this study. The choice for a focus on content analysis was based on the idea that this would be more feasible to execute within the limited time frame of this thesis. Furthermore, this choice is based on the belief that without interviews, it is without doubt still possible to conduct valid and reliable research.

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