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Preliminary report on the results of the ISMS Working Group 8, Defence Management and Economics, ISMS Conference 2019 in Vienna, November 18-20, 2019, and the way forward (draft to be published on the ISMS homepage and in the conference proceedings)

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Four presentations were delivered in this working group (WG), all of them with a strong focus on defence management and economics. George Zombanakis (Greece) analysed the ongoing conflict between Turkey and Greece, both NATO members, and its economic and security policy implications. Marta Gebska (Poland) compared national security strategies of Hungary, Austria and Slovenia. Lauri Kananoja (Finland) examined EU defence market competition theory and policy and finally, Juha-Matti Lehtonen (Finland) elaborated on economic sanctions. While Marta Gebska and Lauri Kananoja did not provide a paper in the context of her presentation, Miha Šlebir (Slovenia) and Ilze Vilka (Latvia), who both joined the Defence Management and Economics WG sessions as spectators, could be won over by the acting chair to provide additional papers for this volume.

Concerning the conflict between Greece and Turkey, the ongoing tensions reflect the existing frictions within NATO. Paradoxically, both countries are making use of this situation since decades. **George Zombanakis**, who drove all the way from Athens to Vienna by car (!) to give a presentation in the conference, stressed the point that by constant violations of Greek airspace, Turkey is following a “push strategy“ that triggers counter-measures by Greece on a regular basis. However, the Greece military is profiting from the protracted conflict as fighter jet pilots receive combat training in real scenarios. The conflict has always pushed financial support for the Greek military high above NATO average, but the procurement efforts are still not sufficient compared to the perceived threat by Turkey. On the other side, Turkey has not contributed to the economic and financial crises of Greece, but is threatening Greece with an additional influx of migrants and refugees.

Marta Gebska analysed the economic implications of the Three Seas Initiative (TSI) with a special focus on Hungary, Austria and Slovenia. She stressed the relevance of maintaining and achieving economic security in the respective countries and beyond. The TSI helps to coordinate investments but is also reflecting the “two speeds“ of eastern and western countries within the EU when it comes to development and progress in economic terms. In any case, a political platform is needed for economic investments amongst others. For Latvia, the interest in good economic relations with Scandinavia and Poland is vital, whereas other relations within the TSI are relevant, but neglectable when it comes to economic security. The different perceptions of how TSI countries see the future is reflecting on their active or re-active approaches to conflict and fragility. For example, in its 2013 security strategy, Austria is trying to “cope with threats“, whereas Slovenia is more positive on its way forward while not dealing with “threats“ but rather with security “challenges“. Her conclusion is that many European countries are focusing too much on external problems and do not see and further analyse internal challenges. One exemption is Hungary, which is aware of the negative implications of its state debt.

Lauri Kananoja examined the EU defence market competition theory and policy. He stated that most of the defence procurement projects fail because material is delivered too late, it is not in the quality that was ordered, or the costs are more than anticipated. He concluded that an EU framework with anti-trust objectives promoting economic efficiency is important, which further highlights the importance of the free capital market in the EU and stressed the importance of fostering competition in the EU defence market. However, he currently cannot identify any dynamics in the EU defence market because competition does not work there

because of national policies. Nation-states are able to minimise or even eliminate competition via the dominating 346 clause TFEU regulation for national safety and security reasons.

Juha-Matti Lehtonen highlighted that only 10% of Russia's GDP drop in the aftermath of the annexation of Crimea in 2014 was a direct result of economic sanctions whereas 90% of the GDP decline was due to the sharp drop of oil prices since 2014. The impact of Western sanctions on Russian GDP was in fact very small, not to say neglectable. It appears that one can only hurt Russia if countries do not buy Russian oil and gas. However, this not the case in 2020 because countries like Austria, Germany and many others still rely on oil and gas from Russia. Furthermore, North Stream 2, a pipeline delivering gas to Germany is in the final stage of construction. Compared to the quite low success rate of international sanctions imposed on countries worldwide between 1918 and 1990 (only 34% according to various studies), the impacts of the ongoing sanctions on Russia show an even smaller footprint. The research on the effectivity of sanctions shows that they are a very tricky and sophisticated instrument in geopolitics without any success guarantee.

Ilze Vilka provided a paper on "Military Service Motivation and Human Resource Development approaches for military environment" for WG 8. **Miha Šlebir** provided a paper on "Insights into the modern understanding of operational art" designed for the WG 1 "War Studies". In addition, **Markus Gauster** provided a paper on "New technologies and their impact on European Peace Support Operations" designed for the WG 3 "Military Technology".

The respective presentations and papers reflect a very broad variety of topics. Although the presenters elaborated, of course, on "military" aspects (war, security, politics, state, justice, etc.) and made use of principles and aspects of "science" (critique, transparency, sharing of knowledge, academic freedom, etc.), a direct connection with the overall theme of the 2019 ISMS conference "Building Military Science for the Benefit of Society" cannot be identified (and was not really intended / promoted indeed).

Three options for presenters, authors and chairs can be identified to provide the overall ISMS topic with greater attention in the Working Groups. The first option is to include the overall ISMS theme into their topic from the very beginning of their research. If one does insist on that, this could hamper the broad variety and diversity of topics that has proven to be an attractive and valuable ISMS trademark. Second, the Working Group chairs could encourage all presenters in advance to include some few bullet points in the context of the overall ISMS theme at the end of their presentation. Third, the chairs could facilitate a short discussion (approx. 5 minutes) after the Q/A session to address the overall topic and forward the findings to the general audience, presidency, council and conference proceedings.

To conclude, military science is inter-disciplinary by nature (according to Christian Stadler) and touches other disciplines in a massive way (e.g. political science). As a consequence, it is a strategic task of scholars to promote the added value of military science to their respective administrations, bureaucracies and whole-of-government activities for threat & risk assessments, crisis response, peace support, conflict management and external engagement policies in general. On the security policy level, decision makers have to be put into the position to understand the potential added value of military science, acknowledge findings and make them work for the benefit of societies.

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