

DOBRO UPRAVLJANJE OBRAMBNIH SISTEMOV V ČASU GLOBALIZACIJE

GOOD GOVERNANCE OF DEFENCE SYSTEMS IN GLOBALIZATION ERA

Povzetek Globalizacija, gospodarska soodvisnost, informatizacija in telekomunikacije so pospešile gospodarsko rast držav v razvoju. Pomemben dejavnik gospodarske rasti je tudi dobro upravljanje in poslovanje, povezano s politično stabilnostjo. Globalno upravljanje se namreč začne pri nas, našem delovanju in ravnanju v mikro okolju. Dobro delovanje na mikro ravni je nato popotnica za uspešno vključevanje v procese na makro in globalni ravni. To velja tako za vsakogar izmed nas kot tudi za državo. Dobro delovanje oziroma upravljanje na mikro ravni – intraupravljanje – je pogoj za uspešno zunanje upravljanje, in sicer ekstraupravljanje na makro oziroma globalni ravni. Zmožnost lastnega intra- in ekstraupravljanja je odvisna od zmožnosti sprejemanja odločitev. Ta se zmanjšuje s povečevanjem zadolženosti države in njeno zunanjo nekredibilnostjo zaradi nenavadnih ravnanj njenih upravljalcev.

Posebno področje razprave predstavlja dobro upravljanje obrambnega sistema, kajti v procesih nadaljne optimizacije in racionalizacije se je treba dotakniti tudi vseh vprašanj, povezanih z okoljem, v katerem deluje obrambni sistem. Izhajati je treba iz tega, da je integracija znotraj obrambnega resorja nujna in čimprejšnja, prav tako tudi znotraj resorja za notranje zadeve. Tako integrirane obrambne strukture na eni strani in notranjevarnostne na drugi strani je nato treba optimalno in racionalno povezati. Integracija teh dveh struktur ni mogoča zaradi številnih strokovnih razlogov.

Ključne besede *Evropska unija, globalizacija, Nato, obrambni sistemi, Slovenija, vojaški izdatki, dobro upravljanje.*

Abstract Globalization, economic interdependence, informatisation and telecommunications have accelerated economic growth in developing countries. An important factor of the economic growth is also good governance and operations in relation to political stability. Namely, global governance starts with us, with our operation and performance in a micro-environment. Good governance on a micro-level can then serve

as a good companion on the path towards inclusion in the processes on a macro and global level. This is true for each and everyone of us as well as for the country. Good governance, that is governance on a micro level, *intra-governance*, is a pre-condition for successful external, *extra-governance* on a macro, global level, whereas an ability of our own intra- and extra-governance depends on the ability to take decisions. However, this ability decreases with increasing indebtedness of the country and its external unreliability resulting from unusual actions of its managers.

Good governance of the defence system represents a special topic of the discussion, as the processes of further optimization and rationalization need to address also the issues relating to the environment in which the defence system operates. Our reasoning must therefore stem from the fact that integration is urgent within both, the defence and interior structure. The integrated defence structure on one side and the internal security structure on the other should then be optimally and rationally integrated. However, integration of these two structures is impossible for numerous expert-level reasons.

Key words *European Union, globalization, NATO, defence systems, Slovenia, military expenditure, good governance.*

Introduction Governance and good governance are two concepts that are not very well known in a general context, let alone in a more specific defence or military field. Nevertheless, worth mentioning is the importance of good governance in the defence field as something that is not only desired or recommended, but urgent. In the time when financial resources are declining and when rationalization and optimization are on the move, good governance can act as a unique shock absorber trying to reduce the damage suffered by the defence system. The optimal ratio between the financial resources allocated for the costs of the personnel, operational activities and new acquisitions, which is 50:30:20, represents, in the case of Slovenia, a distant history and even more uncertain future.

Slovenia has found itself in a worse economic crisis than the majority of the European Union or Euro zone. It forms part of the environment where developing countries have not known the meaning of the economic crisis for a decade or two. Therefore, the ambition and the main purpose of this article is, in addition to explain the basic terminology, to demonstrate and analyze the actual economic crisis from the global and European point of view, to determine how, if at all, the economic crisis influences the global defence expenditure, and to analyze the placement of Slovenia in this context both, from the economic and defence point of view. A logical question that arises at this point refers to the relation between good governance and economic crisis.

I dare to say that countries with a stable political structure, aspiring-to-the-statehood tradition and due understanding of the meaning of the governance, training,

education and appointment of the right people to the right positions at the right time can ensure better governance of the state and, consequently, of its (defence) systems. The lack of these traditions coupled by frequent replacements of governments in the crisis period has caused a lot of economic damage and, indirectly, damage in the defence field. Once the economic crisis broke out in the country, Slovenia first cut the defence expenditure, which, unfortunately, has not diminished the crisis. The dilemma of whether to have butter or guns in Slovenia has not increased the amount of butter once the financial resources allocated for guns decreased.

The figures presented in the continuation of the article speak for themselves. A mixed methodological approach and a combination of a descriptive method, a method of direct observation with participation and, in particular, a secondary analysis of statistical data allow the complex problems, such as governance of defence systems in the globalization era, to be addressed in a thorough way. At this point, at least in the case of Slovenia, we must open a discussion on the need to ensure good governance of the defence and internal security sub-system within the national security system, i.e. between the Slovenian Armed Forces and Police¹ in the narrow sense.

Slovenia is also part of the globalization as a process and concept which we have lived for more than a half of the century and which has, particularly in the framework of the international relations studies, opened the door for a new study area relating to global governance. The contents relating to global governance are addressed by numerous scientific disciplines and subjects, such as geostrategic studies, diplomatic studies, trade relations, military and defence studies, peace studies, governance, etc. The acceleration experienced by the globalization and its transition to the third level, Globalization 3.0 as termed by Friedman (2007), further increase the importance of global governance in a *flat world*. In the near future the issues relating to global governance and operations will most probably outgrow the conceptual framework and become a new scientific discipline.

Is the world in a global crisis? Are the reasons for the crisis clear and known to everybody? Do we know how and are we able to eliminate them? What can be done about it on the level of a two million country which is the EU and NATO member state? What can be done about it on the level of an individual, an active citizen? The time in which we live is characterized by this and numerous other issues, as we have been dealing with them for some years now. How to explain to workers who have lost their jobs in a factory or the service sector this is a result of Slovenia being exposed to globalization influences as well? The loss of ten thousands of jobs in Slovenia in the past few years partially results from globalization and our inability to adapt to global trends, while partially the cause and fault also lie in us. But not

¹ *The media discussions in the summer of 2013 about the Slovenian Police were both, comical and worrying. Discussing that the Police have no financial resources for basic maintenance of their car park or for acquisition of new tyres for police vehicles demonstrates that something is clearly very wrong in the governance of the Slovenian national security system.*

in factory workers who do their job professionally and always within the deadline, but in the managing personnel who is responsible for running and managing the company's operations. Do they know, do they have the ability and do they understand what is going on around them?

In the past few decades the media have daily bombarded us with the words such as global, globalization, globalized world, etc. For five or six years we have also constantly used the phrase economic (global) crisis, a crisis as a result or consequence of the global governance which has obviously not been very adequate. And the outcome is a crisis. The things are, of course, not that simple; poor governance equals the crisis; the links between cause and effect undoubtedly exist. To be able to understand these links, we must explain and define what exactly globalization is, what global governance is and how to add operations to global governance. We can also generally discuss governance and operations on a global level, i.e. global operations.

However, this discussion is more of a fundamental than substantive character. A substantive discussion is necessary and urgent, the same as the search for answers to numerous questions asked in the introduction. A limited room for discussion does not enable a thorough and in-depth analysis. Nevertheless, it allows and requires a clear definition of the meaning of the phenomena presented as well as a demonstration of their interdependence. All this makes a good framework and starting-point to seek and understand various offered answers to the questions asked in the introduction. Mathematically speaking, the common denominator is something that is urgently needed when discussing global governance and operations, as only the common denominator in the semantic field can enable and offer an adequate basis for an analytical as well as scientifically and methodically correct discussion on global governance and operations.

1 ON GLOBALIZATION

According to the Dictionary of Standard Slovene Language², an adjective *global* has three meanings. The first two are directly associated with the understanding of the **globalization** concept. The first meaning is defined as »comprehensive, total - addressing a problem in a general manner, without details«. The second meaning of the word is defined as »pertaining to the entire globe, the whole world«. The third meaning »vague, general« is, however, less useful for our discussion. The noun globalization has yet to find its place in the SSKJ; therefore, when writing in Slovene, the adjective *global* offers us the necessary help.

It must be understood that globalization cannot be simply and universally defined. Its concept for the first time appeared in Webster Dictionary in 1961. In their study Al-Rodhan and Stoudmann (2006) listed 114 various definitions of the globalization,

² Hereinafter referred to as "SSKJ" (digital edition, 2000. Ljubljana: Slovenian Academy of Sciences and Arts).

and as a result of their analysis offered their own definition: »Globalization is a process that encompasses the causes, course, and consequences of transnational and transcultural integration of human and non-human activities (ibid.) «. To simplify the understanding of globalization I will give some more definitions which, in my opinion, describe this phenomenon very well.

»Globalization as a historical process denotes the intensification of worldwide social relations and interactions such that distant events acquire very much localized impacts and vice versa. It involves a rescaling of social relations, from the economic sphere to the security sphere, beyond the national to the transnational, transcontinental and transworld (Held and McGrew, 2007, p. 2). “The first definition of the World Bank from 2001 states that »globalization is the growing integration of economies and societies around the world”.³ Its second definition argues that »globalization refers to the growing interdependence of countries resulting from the increasing integration of trade, finance, people, and ideas in one global marketplace ... Globalization started after World War II but has accelerated considerably since the mid-1980s, driven by two main factors, technological advances, including computation, and the increasing liberalization of trade and capital markets.«⁴

For the purposes of this article, let me explain that *globalization is understood as a constant ongoing process which encompasses the entire world in all spheres of life of an individual and a country. Its key characteristic is that actions performed on a micro level in remote places can have implications on a macro, global level, and the other way around.* Globalization is thus something that lives today, with us and by our side. It is a process that has lasted for decades and whose end is not on the horizon. On the contrary, new technical innovations have a direct effect on relations on all levels of a social life even in the most remote places of the world. Additional economic liberalizations are a constant in the world trade. For example, the year 2013 will remain marked by the beginning of negotiations between the EU and US on signing the Transatlantic Trade and Investment Partnership Agreement⁵ which will, of course, have direct implications and consequences also for Slovenia as an EU member.

Signing and implementing such agreements is part of measures relating to neoliberalism which is, as one of the four policy development types, the most in favour of globalization. Some aspects of globalization enjoy support of both, reformists and transformists, while the rejection approach defends a return to the society without globalization infrastructure. The neoliberal approach is based on four pillars of globalization policy: deregulation of markets, liberalization of cross-border trade, privatization of ownership and services, and strict reduction in public expenditure. As

³ See <http://www1.worldbank.org/economicpolicy/globalization>.

⁴ See www.worldbank.org/depweb/beyond/beyondco/beg_12.pdf.

⁵ See remarks by the President in the State of the Union Address, www.whitehouse.gov/the-press-office/2013/2012/remarks-president-state-union-address, 23.4.2013.

mentioned before, the rejection approach entirely refuses to accept globalization, while reformism, the same as the rejection approach, opposes the neoliberal market-oriented concept of globalization, but does not reject globalization as such. It suggests state interventions in the form of public policies designed to regulate globalization processes, and defends transnational mechanisms of public policy development. Transformists would like to transform globalization trends in a similar way as reformists, with a final aim to transform the current social structures so that they would outgrow capitalist institutions (Ferfila, 2007, p. 301-302).

In two of the four policy development types we can recognize a wish for radical changes to the existing neoliberal political paradigm. A complete rejection of globalization or a demand to outgrow capitalist institutions sound rather *neosocialist*. It has been seen in practice that neoliberal globalization brings not only numerous opportunities, but also traps. Each individual, country and society has a possibility to take advantage of the available opportunities. If they fail to do so, the traps can be very painful. A combination of neoliberalism and reformism may be a good option for the future. This is true also for Slovenia which, of course, cannot afford autarky; however, a *combined approach* may allow it to retain some positive systemic structures from the previous political system. Health care services and pension benefits must remain available to the widest population. On the other hand, we must support education in a spirit that we must take care of ourselves and demand from the state equal opportunities and not a comprehensive care for individuals. The outcome could be a genuine Slovenian model which would take into consideration national characteristics, size, (political) history, geographic position, etc. Establishment of a conceptual framework is therefore a very important task; however, of at least similar importance is implementation of this concept in practice which requires a high-quality execution of the pre-set tasks. In order to attain this goal, we need a wide range of people with various skills among which, I dare to say, the most important is governance.

2 ON GOVERNANCE

Each organization or an organized group of people needs to be managed and governed. Organizational theories dedicate a lot of attention to this issue. »Each organization needs a few different organizational structures for various tasks (Drucker, 2001, p. 22). « Managing an organization and its various structures is the responsibility of management. »Management is a precisely defined body that is specific for each organization and at the same time common to all organizations.... The main point of the management existence is that institutions achieve results that are visible also outside these institutions (ibid.). « Management can therefore be bodies or the people that manage. **Governance** is a verbal noun of the verb “to govern” and describes two types of activities: »An activity that deals with governing, directing life in a social community, and activity that deals with taking decisions on life and with performing basic tasks in a working community (SSKJ, 2000). «

In relation to governance the term **leading**, a verbal noun of the verb lead, is often used. The verb lead has several meanings of which the following are crucial for our discussion:

- To make sure that something works, or that is performed in a certain manner;
- To be in first position when directing activities of a) a group, community, organization, b) a working unit;
- To be in first position when taking decisions on a course of something;
- To cause, with example or advice, that somebody acts in a certain manner;
- To make sure or cause that something is achieved (ibid.).

The difference between a traditional leader and manager lies also in the fact that the power of a traditional manager derives from the organizational structure. Management therefore strives for stability, order and resolution of problems within the existing structures, while the power of a leader comes from their personality and knowledge. Moreover, leading defends a vision, creativity and changes within an organization (Hočevar et al. 2003, p. 148). It is obvious, without any analysis of the expert technical literature, that leading is closely associated with governance. We can claim that governance is a wider activity on a macro, global and strategic level, while leading takes place on a direct, meso- and micro level and is, as such, an operational-tactical activity. Leading essentially encompasses interactions among the people and envisages a certain form of hierarchy, while governance does not necessarily require direct interactions among the people that are governed.

A specific form of leadership or an independent activity, primarily on a micro-meso, tactical-operational level, is called **commanding**. This term is most often used by uniformed professionals (armed forces, fire-fighters) and also by various groups. SSKJ defines the verb command as »to perform leading, leadership functions in a military unit or an adequate institution ... to perform leading, leadership functions in a unit, group or to give orders«. The military dictionary defines commanding as the »act of leading«, and does not give any special attention to personnel management (Vojaški slovar, Korošec T. et al, 2002 p. 343). Contemporary military terminology defines command as »authority of an individual in armed forces to direct and coordinate military forces or control over them« (ASVTS⁶, Furlan T. et al., 2006, p. 54). At this point I would like to add that this can be applicable on all levels of command. Most often commanding is manifested through **giving orders**, where a demand to do a certain action is expressed; to order means »to express a will that someone must do a certain action (SSKJ)«. A synonym of the order can also be a **command** as a »written, oral or signal communication which transfers instructions from superiors to their subordinates« (ASVTS, Furlan T. et al., 2006, p. 177).

All the above mentioned definitions reveal that the concepts, such as governance, leading, and commanding, are closely correlated and have one common characteristic; decision, decision-taking, which means expressing a will, demand, opinion, wish

⁶ *Angleško-slovensko vojaški terminološki slovar (English-Slovene Military Terminology Dictionary)*, Furlan B., et al., 2006. Ljubljana: PDRU.

how something should be or will be. This context includes also giving and determining directions. After the demonstration of the ratio between the concepts, which are many times used as synonyms in everyday life but not always in expert literature, the attention will be focused on a more accurate definition of governance as the most important form of expressing will on a strategic level.

The founder of the contemporary management theory Henry Fayol argues there are five functions and 14 principles of management.⁷ The functions are the following:

- Forecasting and planning,
- Organizing,
- Commanding or directing,
- Coordinating,
- Controlling (obtaining feedback information).

Taking decisions on needs and ways to satisfy those needs is called management. To manage means to direct or to give sense to something. Moreover, management must encompass also implementation of certain actions or activities. Management thus consists of two essential elements: an element to determine the course of action in order to achieve the pre-set goal, and an element to execute actions which enable the pre-set goal to be attained (Brezovšek, 2001, pp. 49 – 60).

A special form of management on a strategic level both, in a public and private sector is called ***governance***.⁸ The public sector often calls it just governance, while the private sector uses the term corporate governance. The World Bank defines governance as »the way... power is exercised through a country's economic, political, and social institutions«. ⁹ The Organization for Economic Cooperation and Development (OECD) defines it as »the exercise of political, economic and administrative authority necessary to manage a nation's affairs ... Good governance is characterized by participation, transparency, accountability, rule of law, effectiveness, equity, etc«. It refers to management of government issues without abuse and corruption and on the basis of the rule of law¹⁰. As mentioned before, the private sector uses the term *corporate governance*, which refers to »procedures and processes according to which an organisation is directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among the different participants in the organisation – such as the board, managers, shareholders and other stakeholders – and lays down the rules and procedures for decision-making« (OECD).

All of the above considerations clearly state that governance, management and leadership have numerous common characteristics. It is common to all that they have

⁷ Fayol, in V. K. Narayanan and R. Nath, *Organization theory: a strategic approach*, Homewood, Il. Irwin 1993.

⁸ The principles are the following: division of work, authority, discipline, unity of command, unity of direction, subordination of individual interests to the general interest, (honest) remuneration, centralisation, scalar chain, order, equity, stability of tenure or personnel, initiative, esprit de corps.

⁹ Governance is a verbal noun of the verb govern which means to: »decide, give orders, particularly in an organized social society, especially in a country, and give guidance and directions« (SSKJ, 2000).

⁹ World Bank's PRSP Handbook, *What is governance?* <http://web.worldbank.org>, 21.4.2013.

¹⁰ Glossary of statistical terms, OECD, <http://stats.oecd.org/glossary>, 22.4.2013.

authority as a right to influence on, decide on and order to either individuals or organized social communities regardless of their size or placement into the public or private sector. If they were put in the hierarchical relation, governance would be at the top and commanding on the bottom. This can be seen also in Table 1.

At this point we need to place stress on global governance as a special hierarchical form of leading and governance. Global governance is »management of global processes in the absence of a global government (Najam in Riazati, 2006)«. The definition offered by the United Nations is much more evident: »Global governance can thus be defined as the sum of laws, norms, policies, and institutions that define, constitute, and mediate trans-border relations between states, cultures, citizens, intergovernmental and nongovernmental organizations, and the market. It embraces the humanity as a whole, trying to bring more predictability, stability when facing with transnational challenges—such as climate change and environmental degradation, nuclear proliferation, and terrorism.«¹¹

The areas that can be placed in the context of the global governance are the following:

- Environmental issues and governance of the planet,
- Economy and globalization,
- Reform of political institutions,
- Resolution of conflicts, security and peace,
- Science, education, information science and communications.

Table 1:
Governance in
the private and
public sector,
and in the
defence-military
area

	PRIVATE SECTOR	PUBLIC SECTOR	DEFENCE/MILITARY
Global level	Global governance	Global governance	Global governance
Strategic (macro) level	Corporate governance	Governance/ management	Governance, leading
Operational (meso) level	Leading	Leading	Leading, commanding (also)
Tactical (micro) level	Deciding	Deciding, ordering	Ordering, commanding

Source: Author's own work.

All these areas can be studied from the global or regional perspective. Global governance is not governance in the sense of exerting authority. However, it includes numerous elements of governance and is in itself a concept in the international relations. When naming global governance in Slovene, we can see the urgency of finding a more adequate term which matches the translation and is semantically

¹¹ UN Intellectual History Project, <http://www.unhistory.org/briefing/15GlobalGov.pdf>, 22. 4. 2013.

suitable. Just like the authority is an integral part of governance, management and leading, the essential part of them all is also giving directions, coordination, search for feedback information, forecast and planning. All three concepts can be used as synonyms on a strategic level, but of course not on a tactical level. Due to specific understanding of the term governance in Slovene and on the basis of the analysis I assess as suitable to use the terms *global governance* and *corporate governance*. I can conclude that one of the main pre-conditions for good governance is also appropriate and timely allocation of financial resources, which means that we must dedicate more financial resources to what is high on the priority scale. In the sphere of leading and commanding, more attention is put on a human factor and direct work with people. Only the right combination of both can lead to success of any large system, let alone a system as complex as the defence one.

3 IS GLOBAL ECONOMIC CRISIS REALLY GLOBAL?

International relations are a scientific discipline dealing with a wide range of issues relating to the functioning of states, transnational subjects, international and non-governmental organizations, namely of all bodies that take part in international interactions. Three main theories are traditionally dominant in the field of international relations: realism, liberalism and Marxism. However, in the past few years constructivism has been on the rise (Smith and Baylis, 2007, p. 8). The theoretical framework of international relations encompasses also other theoretical concepts that are either independent or branches of the above mentioned ones. The most well-known are the following: neoliberalism, dependency theories, critical theories, etc. From the viewpoint of global governance we must emphasize the perception of globalization of the key theoretical approaches in international relations. We must first point out that all key theories recognize globalization as a fact. The difference lies in the (non) understanding of its importance and influence on the key social relations and international (capitalist) relations.

Realists do not perceive globalization as a change in the most important characteristic of the global politics – territorial division of the world into national states. Economies are becoming increasingly interdependent as a result of their mutual connections. This, however, is not true for the system of countries which preserve their sovereignty. Moreover, the threat of use of force and the significance of the balance of power do not diminish. *Liberalists* see things differently, namely as an end product of a lengthy transformation of the global politics. In their opinion globalization undermines the essence of the realistic theory, as the countries are no longer the central operators as they used to be. Liberalists are particularly interested in a revolution in technology and communications, as represented by globalization. *Marxists* find globalization exaggerated, as it is only the last level in the development of international capitalism. It does not mean a high-quality shift, but further deepens division lines between the core, periphery and semi-periphery. Constructivists see globalization as an external force which impacts the countries and for which the leaders say it is reality they cannot escape. This is a very political stance, as the leaders can co-shape

globalization and social movements with the help of contemporary forms of communication, such as the Internet (ibid.).

Regardless of various conceptual aspects of globalization, we can conclude that we must be aware of the sole fact of its existence in international relations and act in a pro-active manner, as in this way individuals, social groups and countries can impact globalization, co-shaping globalization processes. At this point there is no need to give in to fate thinking we are too small. With the right level of realism and sobriety, this is true also for small countries such as Slovenia. In this context we must also explain a term which is very closely associated with globalization and which has been around for at least five years. A global economic crisis or, simply, a crisis is »a situation in an economy where favourable development conditions start to rapidly deteriorate« and an «unfavourable, hard-to-solve situation» (SSKJ). The SSKJ descriptive definition undoubtedly makes it clear that the talk is about a situation which is not good. It is therefore good to remember that it is not necessarily so. The Chinese sign for a crisis is a combination of the characters for danger and opportunity.¹² The latter emphasises a positive aspect which is an integral part of any crisis. A crisis is therefore a time of danger, insecurity, lack of clarity and predictability, but also a time which offers opportunities. Many investors say that a crisis is a time when they look for new opportunities to do business and make investments.

Economic indicators do not confirm the economic crisis. The crisis is global from the European/Western point of view. However, the situation is completely different in China, India and other developing countries (Table 2). The West has been in economic decline for some years or even decades; therefore, the theories about the rise of the East and decline of the West are not pure imagination¹³. At this point we can therefore ask the following question: *how global is really the global crisis?*

All the time we have talked about the global economic crisis, the economic growth in Asia has always exceeded six per cent. This has not been true for only the past few years, as this trend has been going on since 1995 and, according to predictions, it will last until the end of the second decade of this century. On the contrary, developed economies have struggled with one or two per cent growth. In 2008, when the GDP fall was the biggest, the Euro zone experienced a -4.4% drop, while Asia registered almost a seven per cent growth. All these above mentioned considerations make it clear that Europe and the West will have to accept the new reality which is associated also with globalization processes – unfortunately in a way that will not benefit us. The crisis has thus mostly affected the Euro zone. What is more, the situation is further deteriorating. Slovenia is among the worst countries in the Euro zone. It is also one of the two Euro zone countries with a negative growth forecast for 2014.

¹² The word crisis is a combination of the signs for danger and opportunity, in traditional Chinese these are: 危機.

¹³ More on this matter in Črnec, Damir, *Izzivi in priložnosti Slovenije v geopolitičnem in geostrateškem okolju 21. Stoletja*, in *Izzivi moderne države* (edited by M. Avbelj), Brdo pri Kranju 2012, pp. 33-66.

Table 2:
Changes in
global and
Slovenian GDP

	Global GDP	Developed economies	Euro zone	Developing countries	Asia	Slovenia
1995–2004	3.6%	2.8%	2.2%	4.9%	7.1%	4.0%
2006	5.3%	3.0%	3.2%	8.3%	10.4%	5.8%
2007	5.4%	2.8%	3.0%	8.8%	11.6%	7.0%
2008	2.8%	0.1%	0.4%	6.1%	7.9%	3.4%
2009	-0.6%	-3.5%	-4.4%	2.7%	6.9%	-7.8%
2010	5.2%	3.0%	2.0%	7.6%	9.9%	1.2%
2011	4.0%	1.6%	1.4%	6.2%	8.1%	0.6%
2012	3.2%	1.2%	-0.6%	5.1%	6.6%	-2.5%
2013*	2.9%	1.2%	-0.4%	4.5%	6.3%	-2.6%
2014*	3.6%	2.0%	1.0%	5.1%	6.5%	-1.4%

*Forecast

Source: IMF World Economic Outlook, October 2013¹⁴

Only a short walk through a theoretical aspect and conceptual apparatus associated with globalization, global governance and operations can enable a discussion and analysis to determine where Slovenia actually is. A young country still struggling with numerous after-birth difficulties and challenges, yet a member of the European Union and NATO. The Slovenian economic crisis is an integral part of the Euro zone crisis, but certainly not of the global crisis, as the latter does actually not exist from the non-Western perspective. Slovenia is, as a result of developments around us and particularly because of us, in a very bad economic situation. When in 2009 the GDP fall in the Euro zone was 4.4%, it was almost about eight per cent in Slovenia. In the following years when the GDP in the Euro zone started to recover, it was about zero in Slovenia. In 2012 it fell by 2.5% with a forecast of a further decrease by 2.6% in 2013 and by 1.4% in 2014¹⁵. If the forecast for 2013 comes true, the Slovenian GDP will fall to the 2007 level, meaning it will decrease by 2.5 billion Euros if compared to the peak in 2008¹⁶. As demonstrated by the figures in Table 2, Slovenia has been doubly affected by the global economic crisis; firstly, as a member of the European Union which, as such, is still struggling with the crisis and, secondly, as one of the European Union members mostly affected by the crisis, the same as Greece, Spain, Portugal, Ireland, Italy and Cyprus. Economic inefficiency of Slovenia as a country has a tragic impact also on the financial resources allocated for defence purposes that are far from two per cent of GDP, which was a political commitment of Slovenia upon its entry into NATO.

¹⁴ Modified for the Table, see <http://www.imf.org/external/pubs/ft/weo/2013/02/pdf/text.pdf>, 24. 10. 2013.

¹⁵ According to the latest information of the IMF, October 2013, www.imf.org.

¹⁶ In 2008 the Slovenian GDP amounted to 37.135 billion euros, www.stat.si. 2008 was also the last year in which the budgetary revenue was 0.2% higher than expenditure.

4 ON DEFENCE SYSTEMS AND EXPENDITURE

At the beginning allow me to explain what the defence system actually is. The 2010 Resolution on the National Security Strategy of the Republic of Slovenia defines the Slovenian defence system in line with the contemporary understanding of defence systems. The defence system encompasses a spectrum of political, normative, organizational, military, personnel, material-technical, intelligence-security, information-communication, development-research, educational and other activities organized by the state with an aim to ensure efficient defence. It consists of two components: the *Slovenian Armed Forces* as the authority responsible for military defence and development of military capabilities, and the *non-military part of the defence system* responsible for development and implementation of defence policy, provision of conditions for operation of the entire defence system, provision of non-military capabilities in support of the Slovenian Armed Forces and allied forces, and preparations and measures for defence purposes of the country and for functioning of the defence system in crisis situations.¹⁷ The defence system as such does not include the field of protection and rescue which is placed within the third sub-system of the National Security System of the Republic of Slovenia called the *System of Protection against Natural and Other Disasters*.¹⁸

Protection and rescue costs do not fall into the category of military expenditure. In the case of Slovenia military expenditure covers the budget of the Defence Ministry and Slovenian Armed Forces, and the costs of military pensions which are, however, a different budgetary item. This definition of the military expenditure is in line with the definition of the Stockholm International Peace Research Institute (SIPRI).

The SIPRI definition includes all expenditure of military forces, and particularly of:

- The armed forces, including peace keeping forces,
- Defence ministries and other government agencies engaged in defence projects,
- Paramilitary forces when judged to be trained, equipped and available for military operations, and
- Military space activities.¹⁹

The contemporary changed global security environment, in addition to transnational threats as defined by the 2010 Resolution on the National Security Strategy²⁰,

¹⁷ *Through the implementation of activities which contribute to the defence of the country, other national authorities, local community bodies and civil society organisations of particular importance for defence are also included in the defence system (Resolution on the National Security Strategy of the Republic of Slovenia, 2010).*

¹⁸ *The third sub-system is called the Internal Security System. Slovenia is one of the few countries whose Defence Ministry includes the protection and relief area. This field is usually either part of the Interior Ministry, or it is an independent ministry or a government office.*

¹⁹ *See www.sipri.org, <http://www.sipri.org/research/armaments/milex/measuring-military-expenditures#defining-military-expenditure>, 20. 8. 2013.*

²⁰ *Resolution on National Security Strategy of the Republic of Slovenia (ReSNV-1), Official Gazette of the RS No. 27/10.*

increases the military-security lack of predictability²¹ as a result of the global multipolarity. Until the end of the 1980s when the world was divided into two blocs, the world of two superpowers was more or less globally balanced. The wars that broke out were under sole »control« of one of the superpowers. However, when this balance fell apart, leading to asymmetry²² of global conflicts, the lack of predictability became one of the risk factors also on the global level.

Table 3: The 15 countries with the highest military expenditure in 2012. Spending figures are in US\$, at actual prices and exchange rates. The figures of changes are calculated from spending at permanent prices in 2011.

Rank		Country	Spending in 2012 (\$ billions)	Changes (%)		Share of GDP (%) x	
2012	2011			2011-12	2003-12	2012	2013
1	1	USA	682	- 6.0	32	4.4	3.7
2	2	China	(166)	7.8	175	(2.0)	(2.1)
3	3	Russia	(90.7)	16	113	(4.4)	(4.3)
4	4	UK	60.8	- 0.8	4.9	2.5	2.5
5	5	Japan	59.3	- 0.6	- 3.6	1.0	1.0
6	5	France	58.9	- 0.3	- 3.3	2.3	2.6
7	8	Saudi Arabia	56.7	12	111	8.9	8.7
8	7	India	46.1	- 0.8	65	2.5	2.8
9	9	Germany	(45.8)	0.9	- 1.5	(1.4)	1.4
10	11	Italy	(34.0)	- 5.2	- 19	1.7	2.0
11	10	Brazil	33.1	- 0.5	56	(1.5)	1.5
12	12	South Korea	31.7	1.9	44	2.7	2.5
13	13	Australia	26.2	- 4.0	29	1.7	1.9
14	14	Canada	(22.5)	- 3.9	36	(1.3)	1.1
15	15	Turkey xx	(18.2)	1.2	- 2.1	2.3	3.4
World			1 753	- 0.5	35	2.5	2.4

() = SIPRI assessment

x Military spending figures in percentage of GDP are based on the International Monetary Fund (IMF) data of October 2012.

xx the United Arab Emirates may have been ranked the fifteenth; however, there is no available data for the UAE in 2012.

Source: SIPRI <http://www.sipri.org/research/armaments/milex/Top%2015%20table%202012.pdf>, 25.4.13

²¹ More on defence-military aspects in D. Črnčec, *Izzivi in priložnosti Slovenije v geopolitičnem in geostrateškem okolju 21. stoletja*, in *Izzivi moderne države* (edited by M. Avbelj), FDŠ, Brdo pri Kranju 2012, pp. 33–66.

²² More thoroughly on asymmetry and conflicts in D. Črnčec, D. Guštin and U. Svete, *Asimetrija in nacionalna varnost: od zgodovinskih izkušenj do sodobnih izzivov*, Defensor, Ljubljana 2011.

At this point I would like to, with regard to defence-military issues, emphasize a unique asymmetry we can witness in today's world. The costs of military expenditure as defined by SIPRI²³ are 2.5% of the global GDP. In 2003 this figure amounted to 2.4% of the global GDP. Particularly striking are the following data from Table 3: China increased its military spending by 175%, Russia by 113%, Saudi Arabia by 111%, India by 65% and Brazil by 56%. On the other hand, the Western statistics are as follows: Canada and the United States increased their military spending by 36%, Australia by 29% and the United Kingdom by 4.5%. Italy decreased its military spending by 19%, France by 3.3%, Germany by 1.5% and Japan by 3.6%.²⁴ A short analysis of these data shows that in the past ten years the costs of military expenditure have increased by 0.1% of the global GDP. If speaking of military spending as equivalent to 2.5% of the global GDP, the expenditure has increased most in non-Western countries and the least (or they even decreased) in western European countries, including Slovenia. Nevertheless, 58% of the expenditure is spent by the United States, western and central Europe, which means a decrease from 60% in the peak years of 2008 and 2009. China is increasing its defence expenditure and developing global-range capabilities. In April 2013 the media reported that after launching its first aircraft carrier in 2011, China started to construct a new one.²⁵ Aircraft carriers are ships that are not intended for coastal defence. They are deep waters ships and represent global military resources. The highest number, ten, is possessed by the United States.

After the end of the Cold War, Europe started to gradually reduce the size of armed forces. This process was accelerated by the beginning of the global economic crisis which is most evident exactly in Europe. At this point the term disarmament would not be the most appropriate to use; however, if this trend continues, this is exactly what will happen. Although cumulative figures are still quite high, the percentage of GDP allocated for defence purposes is decreasing. For some time this fact can still be justified with an excuse that Europe perceives the military threat as reduced, which is stated also by the Slovenian National Security Strategy. However, it is not necessarily so. Numerous armed conflicts in the past two decades at the EU borders have proved quite the opposite. The Balkans area is still a powder keg although not to the extent it used to be, the Mediterranean is in either a latent or open (Syria) conflict, while the Caucasus Mountains continue to require careful monitoring. International interventions in Iraq and Afghanistan were conceptual experiments how to solve a conflict starting from its roots. The success of this concept will be discussed for quite some time.

Upon their entry into NATO in 2004, Slovenia and six other new member states undertook to increase their defence expenditure to two per cent of GDP. However, Slovenia did not increase them. What is more, it drastically decreased them so that

²³ *Stockholm International Peace Research Institute, the Swedish independent research institution which, among other things, is engaged also in global security issues.*

²⁴ *The 15 countries with the highest military expenditure in 2012, www.sipri.org, 25. 4. 2013.*

²⁵ *China building new aircraft carrier (Kitajska gradi novo letalonosilko, Večer, 25. 4. 2013).*

in 2012 they amounted to only a good percent of GDP²⁶. The forecast for 2013 and 2014 predicts a further decrease to between 0.8 and 0.9% of GDP. The ratio between the costs of the personnel, operational activities and acquisition of new equipment is dramatic. Almost 85% of the resources are allocated for the personnel and less than five per cent for acquisition of new equipment. At this point a question arises whether the defence system allowing such unprofessional anomalies is well governed. However, the things are, of course, not as they seem. Under the existing financial circumstances the defence system is a vegetating system. It is a system in need of an efficient shock therapy and establishment of a professionally sustainable situation and ratio between the financial resources allocated for the personnel, operational activities and equipment.

The proposal how to tackle defence priorities with available resources focuses on the following four main points: a new review of ambitions and priorities; continuation of reforms in the Slovenian Armed Forces; development of new starting-points for negotiations with NATO on new capability goals; and regulation of the crisis management system and civilian capabilities provision (Garb, 2012, p. 72). The proposal aims to find a solution to defence issues, starting with good governance of the defence system. In the process of further optimization and rationalization we must also address the issues relating to the environment in which the defence system operates. Our reasoning must therefore stem from the fact that integration is urgent within both, the defence and interior structures. The integrated defence structure on one side and the internal security structure on the other should then be optimally and rationally integrated. However, integration of these two structures is impossible for numerous expert-level reasons. As the key reason I would like to emphasize the fact that the political system in a still young Slovenian democracy could not handle this, as such organization would overly resemble the organization of security structures in totalitarian countries. Besides, Slovenia has already had such experience. Radical reforms of the defence and security system are, and will be even more, urgent. Their legitimacy must be ensured through a public expert and political discussion, and later on through a wide support when adopting new legislative solutions.

Conclusion This short discussion is an introduction into understanding of a phenomenon that influences an individual operating in the defence-security sphere of a globalized world. Understanding of the basic conceptual apparatus and establishment of a semantic common denominator are of key importance when starting to study complexity of global processes and understanding the role of governance and operations. Regardless of who is big or small, reach of poor, we are all faced with globalization here and now. Understanding of this phenomenon enables individuals to take advantage of available opportunities and, at the same time, to avoid obstacles. The global economic crisis is not a crisis in India, China or most developing world countries. It is a Eurocentric view of the global economic situation in which the West is losing the position it held

²⁶ Detailed information is available in Garb, 2012.

at the beginning of the industrial revolution. Globalization, economic interdependence, informatisation and telecommunications have accelerated economic growth in developing countries. An important factor of the economic growth is also good governance and operations in relation to political stability. China and India can set an example for all the countries to see how important political stability and understanding of the need for good governance are.

Namely, global governance starts with ourselves, with our operation and performance in a micro-environment. Good governance on a micro-level can then serve as a good companion on the path towards inclusion in the processes on a macro and global level. This is true for each and everyone of us as well as for the country. Good governance, that is governance on a micro level, *intra-governance*, is a pre-condition for successful external, *extra-governance* on a macro, global level, whereas an ability of our own intra- and extra-governance depends on the ability to take decisions. However, this ability decreases with increasing indebtedness of the country and its external unreliability resulting from unusual actions of its managers.

Governance of defence systems as a special skill or science is something that needs to be built, upgraded and cherished. *Firstly*, it is an area whose scientific research needs to be expanded and deepened. We must make sure that knowledge and findings do not remain captured in academic classrooms, but that they become available also to key decision-makers and governors. Academics and practical governors must then make sure that their experience and findings are regularly exchanged and upgraded. *Secondly*, the public discussion must stem from the fact that Slovenia is an independent and democratic state governed by the rule of law, which draws its power from the referendum will of its people that opted for an independent country. *Thirdly*, thorough discussions on urgent reforms in the defence and security area are and will continue to be required also in the future. The results must be concrete proposals on how to proceed. We must begin with the fact that integration is urgent within both, the defence and interior structure. The integrated defence structure on one side and the internal security structure on the other should then be optimally and rationally integrated. *Fourthly*, we must start from the wider Euro-Atlantic framework of which we form an integral part. Let us not reinvent the wheel. Let us not discuss how to transform the army into the police or the other way around. Such practices do not exist, as neither democracy nor comparative foreign practice can handle them. Besides, putting the blame on financial optimization is only a cheap excuse. And, *lastly*, the search for a wider social and political consensus on the urgent basic reforms in the defence and security area is the only right and possible way forward. Let us not discuss whether this is necessary. A modest contribution of this article proves we have already outgrown this discussion. We must stop the slow death of the police and army, and find the right solution for at least a decade or two. The debate must begin and end with a thorough discussion on good governance on all levels of defence and internal security structures.

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