



NATIONAL DEFENSE UNIVERSITY

STRATEGIC FORUM

INSTITUTE FOR NATIONAL STRATEGIC STUDIES

Number 108, April 1997

20011018 129

Elections in Great Britain

Could a Change of Government Affect Security Policy?

The British electorate will be going to the polls in May 1997 to elect a new government for the next five years. The result could change the status quo in a profound way. At stake is Britain's relationship with Europe as well as the weight of its defense contribution to the Alliance. A change of government could also alter Britain's constitutional arrangements and lead to devolution of power among the regions of the United Kingdom.

A change of government seems likely because polls indicate the electorate is disenchanted with the Conservative (Tory) party that has been in power for 18 years. Despite a fairly solid economic performance it is 25 points behind in the polls as of March 16th. Labor's young and dynamic leader, Mr. Tony Blair, is trying to create a new Labor Party which is not controlled by the unions. But, despite some useful party reforms, some shadow cabinet members, MPs and union backers still express strong socialist views.

The Electorate

The British people are not feeling confident as they approach this election. The nation is working harder, but blue collar unions claim that their workers have lost too much financially. Polls show that the middle class is concerned by rising violent crime and British social commentators such as Will Hutton have drawn attention to the growth of an undereducated and unemployable underclass. The divorce rate has risen to the top of the European Union (EU). And, the burden of welfare on the public purse is becoming unbearable exceeding the next four budget items (including defense) combined. The Confederation of British Industry fears that all the hard won advantages for the economy could be at risk, and there is a genuine public dilemma as to whether further European integration will be good for Britain. There is a public mood of self-doubt which has been reinforced by the recent embarrassments of mad cow disease, the collapse of Barings Bank, and the crisis in the Monarchy. Many things that the older generation regards as key components of its culture and self-respect seem to be weakening, and no sure way of improving things seems in prospect.

This introspective mood is encouraged by a media which has become much more aggressive since the 1980s when parliamentary opposition to the Conservatives was weak. Britain is still a very stable democracy, but public opinion is more volatile now, making government more difficult. Similarly, crime, and complaint-however minor or regional-are immediately national news in Britain, which is only as big as Wyoming in area, yet has a population of 58 million. This tends to encourage Britons to be pessimistic, even though Britain is still a remarkably safe country, with an average homicide rate which is third lowest in the world according to the U.S. Violence Research Group. Thus, the electorate seems

rather doubtful of Britain's economic achievements, half expecting a new recession, even though the United Kingdom now attracts 40% of all Japanese and U.S. investments in the EU and the pound appears to be reversing its steady post-WWII decline.

The Election Issues

Relations with Europe

Europe is the key election issue. Disagreement as to how far Britain should give up sovereignty to European institutions has caused a wide split in the present Government. Skeptics in both main parties do not want Britain to join the European Monetary Union (EMU) because the country's monetary policy would be decided in Frankfurt, not London. The Tories do not want to see the social chapter of the Maastricht Treaty applied in Britain, since it could become the means through which the kind of restrictive regulations which are making European labor so uncompetitive would be decided by majority vote in the EU Council. The cost of each employee in Britain is much less than on the Continent because of lower pension, social security contributions and other benefits. Unemployment in Britain has dropped steadily since 1993 and now stands at 6.7%. This is half the figure in France and Germany, where unemployment is still rising, particularly among the young.

Decisions have to be made on EMU at the start of 1998, if the Maastricht timetable is to be met. British business wants to join a stable currency union, but is worried by French attempts to establish political control over the European Central Bank's (ECB) decisions. It would prefer to trust a Bundes-bank-style of ECB which would be independent of political control. Although polls indicate a majority of Britons wish to stay in Europe, they doubt that Europe is ready for the EMU yet. They would much prefer to see the EU widened before it is deepened because the introduction of the EMU could make it more difficult for the newly independent nations in Eastern Europe to raise their standard of living and become trading partners. This would also force the reform of the wasteful Common Agricultural Policy and spread stability eastwards to the only region of Europe where significant economic growth can be expected in the next century. A new Labor government might be more inclined to support greater European integration, including EMU and the social provisions of the Maastricht Treaty. However, neither party is likely to take a firm position on EMU until the end of the year, by which time it is possible that a delay will be announced.

One thing is certain, however. Whichever party wins the election will have to raise taxes or cut expenditures. The Conservatives want lower taxes, but have found it very difficult to reduce spending, indeed huge pre-1992 election concessions have since raised the national debt to 51% of GDP. Labor's shadow chancellor, Mr. Gordon Brown, has pledged not to raise taxes or spending. He, therefore, has little option but to cut government spending. Since the welfare budget has been protected under previous Labor administrations however, the impact is likely to be felt in other areas such as defense.

Foreign and Security Policy

There is little difference between the statements of the two main parties on fundamentals. However, Mr. Blair has sought to build up his international contacts, particularly with left-of-center governments, including the United States, where his staff has forged strong links with the Democratic Leadership Council. This suggests that if Labor were to win an election, some shifts in policy emphasis might ensue. Britain has the presidency of the Commonwealth in 1997, and the 1999 Conference of Heads of Government will be in London. The Conservatives have played a low-key role in this forum, sensitive to Britain's declining aid budget. However, Labor has traditionally taken a more active Commonwealth role and may again seek to strengthen relations with the developing world. In areas where Britain, under the Conservatives, has appeared to favor a particular side in regional disputes, a Labor government could

introduce a shift of policy, even a distancing of the UK position from that of America in some areas, such as in the Middle East or South Asia.

British media have recently criticized the Government for too readily following the U.S. lead on NATO enlargement, and so have a few Labor voices. But any changes in British foreign and security policy are likely to be gradual, with few surprises.

Following the 1996 NATO Berlin summit, Europe must show that there is substance to the European Security and Defense Initiative. But Britain disagrees with France and Germany over security policy, rejecting their plan to subordinate the WEU under the EU. Britain does not wish to turn the EU into a collective security organization as well as an economic union because it would raise difficult questions. For instance, would the four neutral nations in the EU have a say in European security policy? Could they maintain their neutrality? How could sovereign nations accept a majority decision to engage in warlike or costly peacekeeping operations, especially if individual nations were able to opt out of sending troops themselves? What hope have the Baltic nations of EU accession if Russia perceived the EU as a Western military alliance? In a much criticized speech in 1995, the present British Defense Minister, Mr. Michael Portillo, said that British soldiers should not be asked to "die for Brussels." However, it is this issue which will now be debated at the June inter-governmental conference in Amsterdam as a result of a new Franco-German proposal to achieve amalgamation of the EU and the WEU within 10 years.

The election comes at a critical time for the WEU, when the priority is to develop an operational capability. If this goal is to be achieved, significant political will and budgetary effort will have to be applied. It is not yet clear whether either party commands the resources to devote itself wholeheartedly to this task. What is clear, however, is that all parties are committed to support NATO adaptation and enlargement and are resistant to any French moves to create parallel security structures. However, Britain's share of the cost of NATO enlargement could be \$2.3 billion over 13 years, if a recent Pentagon study is near the mark, and this will place further pressure on the Defense budget.

Defense Considerations

A strategic review of defense has been promised by the Labor Party, which may have "painful consequences," notwithstanding the recent publication of the first tri-service British Defense Doctrine, which announces a shift in defense strategy towards the protection of Britain's interests overseas. Mr. David Clark, Labor's defense spokesman, has said that the Armed Forces have too many commitments and has criticized the Conservatives for "incoherent, random cost-cutting." Although Mr. Blair has pledged not to change current defense spending plans for two years, previous Labor Governments have given the defense budget a low priority, especially in service pay. Labor has already announced that it will not implement the 1997 Top Salaries Review Body's recommendations for pay raises for senior public servants if it is elected. Failure to implement the recommendations is likely to affect the retention of the better officers and senior enlisted men over time. Service manpower-at 225,000 overall-is already under strain. Industry has jobs for skilled people and recruitment has suffered since 1993. Current high levels of operation have also made service life more arduous. So, further budget cuts will present a distinct challenge to maintaining authorized strength levels. Furthermore, Labor's declared policy of removing the Services' ban on homosexuals, despite surveys showing 70% opposition among servicemen, is bound to impact discipline and morale, at least initially.

Comparisons of Selected Conservative and Labor's Shadow* Cabinet Positions

Conservative Government

Prime Minister	John Major
Deputy Prime Minister	Michael Heseltine
Defense, Disarmament and Arms Control	Michael Portillo
Education and Employment	Gillian Shephard
Environment	John Gummer
Food, Agriculture and Fisheries	Douglas Hogg
Foreign and Commonwealth Affairs	Malcolm Rifkind
Health	Stephen Dorrell
Home Affairs	Michael Howard
Northern Ireland	Patrick Mayhew
Scotland	Michael Forsyth
Social Security	Peter Lilley
Trade and Industry	Ian Lang
Transport	Sir George Young
Treasury and Economic Affairs	Kenneth Clarke & William Waldegrave
Wales	William Hague

Labor Shadow Cabinet

Prime Minister	Tony Blair
Deputy Prime Minister	John Prescott
Defense, Disarmament and Arms Control	David Clark
Education and Employment	John Reid
Environment	David Blunk
Food, Agriculture and Fisheries	Frank Dobson
Foreign and Commonwealth Affairs	Gavin Strang
Health	Robin Cook
Home Affairs	Harriet Harman
Northern Ireland	Jack Straw
Scotland	Mo Mowlam
Social Security	George Rob
Trade and Industry	Chris Smith
Transport	Margaret Be
Treasury and Economic Affairs	Clare Short
Wales	Gordon Brown Andrew Smith Ron Davies

*The shadow cabinet is the opposition's likely cabinet in a change

The British defense budget has benefited from a series of efficiency drives over the past 15 years. These have closed redundant bases, trimmed manpower and streamlined the support arms. Over 41% of the \$36 billion budget is now spent on new equipment, making combat forces remarkably modern. The overall defense budget reduces spending from 3.1% of GDP in 1995 to 2.7% in 1999, which is still above the NATO average of 2.3%. However, further savings are increasingly hard to find and in later budget years there are assumed savings which have yet to be identified. Thus a cut in funding is likely to have immediate and noticeable effects.

Labor has also criticized procurement policy as being too pro-American, especially since the trade ratio is 2:1 in favor of the United States. Since 1990, 190,000 jobs have been lost in the defense sector, so more attention to UK job-content rather than pure competitive value for money is likely under a Labor government.

On nuclear issues, Labor has committed itself to the fourth Trident SSBN since it is already under contract, but says it will seek a multilateral "no first use" accord. This could undermine its deterrent effect-if such an accord could be agreed. Since the Franco-British Summit in October 1996, there has been joint consultation on policy and technical matters with France. If a further round of START negotiations occurs in the wake of NATO enlargement, then Franco-British coordination of policy is probable. However, it is unlikely that either nation will be ready to compromise the viability of its independent deterrent. In Britain, however, both leading political parties understand the overriding priority of the U.S. relationship in nuclear policy. Britain is phasing out its air-dropped nuclear weapons now that the new generation of Trident missiles is in service, because of their sub-strategic role. Each submarine is limited to 96 warheads.

Welfare, Health, Education and Constitutional Change

Welfare assistance consumes a major portion of the budget due to an aging population and increased demands for more expensive medical treatments. However, Britain's fertility rate is expected to rise over the next decade from 1.6 to 1.8 and it possesses twice the private pension provision of all its neighbors put together. Europe's unfunded future public pension requirements already exceed 120% of GNP in

some cases. By the end of the decade, the International Monetary Fund calculates that this will cost European governments 3% of GDP, shattering hopes of meeting the Maastricht criteria and removing any hopes of increased military spending. With three-quarters of its working population already on private pension schemes, Britain will be much less burdened.

The National Health Service is still among the world's most efficient health systems despite increasingly expensive treatments and rising demand.

State education has suffered since the introduction of comprehensive schools and fashionable methods of education in the 1970s. Some improvements are being made, but, unless serious attention is given to raising standards, Britain may not have sufficient human resources for twenty-first century industrial, economic, or military survival against increasing world competition.

If Labor is elected, constitutional change may become a serious issue again. The upper house of Parliament (the House of Lords) could be abolished or the membership changed; there could be devolution of power to the regions, especially Scotland; and there could even be a written Constitution. This could absorb much government and parliamentary attention and raise internal tensions. It could thus distract the nation from major European issues, which will require clear and far-sighted thinking.

Conclusion

Elections are usually decided by emotion as much as by traditional allegiances to political parties. There is no doubt that public emotion is against the Conservatives and a change of government in May 1997 seems very likely. If a Labor government is elected it would be inexperienced, yet keen to assert itself. Mr. Blair's leadership would be crucial to holding the government together in the early stages.

Britain's European partners would expect a more cooperative approach from a new government. They would be likely to get it with Labor, but if there were no progress on issues of substance during the important EU meetings in the summer, then real problems could arise. There have already been warnings from Japan that industrial investment policies would be reviewed if Britain stayed out of a successful EMU. Yet every move that Britain makes towards Europe seems to become irrevocable, and the British electorate is mistrustful of Franco-German protectionism and dominance. However, the most difficult and immediate question for the next government will be how it is to balance the budget in the face of severe welfare pressure. Noting precedent and Labor's already declared intentions, it seems that defense could be one of the eventual casualties.

This analysis was prepared by members of the European Team of INSS.

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INTERNET DOCUMENT INFORMATION FORM

A. Report Title: Elections in Great Britain

B. DATE Report Downloaded From the Internet: 10/18/01

**C. Report's Point of Contact: (Name, Organization, Address, Office
Symbol, & Ph #): National Defense University Press
Institute for National Strategic Studies
Washington, DC 20001**

D. Currently Applicable Classification Level: Unclassified

E. Distribution Statement A: Approved for Public Release

**F. The foregoing information was compiled and provided by:
DTIC-OCA, Initials: __VM__ Preparation Date 10/18/01**

The foregoing information should exactly correspond to the Title, Report Number, and the Date on the accompanying report document. If there are mismatches, or other questions, contact the above OCA Representative for resolution.