

Chapter 4

Sectoral Polyarchy: How the Inherent Complexity and Risk of Defence Sector Acquisition Devours Innovation and Choice

Dan Bishop
Ministry of Defence, UK

ABSTRACT

In 1956 Dahl proposed that modern westernised democratic capitalist societies would ultimately evolve into a state of polyarchy, wherein interest groups, compensating for a lack of effective representation would ultimately subsume Government. Whilst Dahl postulated that this would happen at a state level, he was considering the phenomena from the perspective of social groups rather than from Government. Different sectors within a state are subject to different pressures, and consequently it is contended that some are closer to a transition to polyarchy than others. The defence sector is a case in point, and already exhibits many of the characteristics of polyarchy. This chapter will consider the reasons for this, its implications, and potential solution, focussing on issues of competition and risk. Given the UK defence sector unique position in relation to the United States and The European Union it will serve as the barometer for the polyarchic state in this discussion.

INTRODUCTION

Since the end of the 1950s the relative size and diversity of the United Kingdom (UK) defence sector has been gradually reducing. This process of contraction and associated globalisation, consistent with the experience of many First World nations, has continually been accelerated by the increasing complexity of defence capabilities, and the risks associated with bringing products to market. The end of the Cold War has exacerbated this rationalisation still further, with many governments in Europe, elsewhere in NATO and in the former Warsaw Pact, taking the opportunity to harvest a peace dividend by significantly reducing their levels of Defence spending. One obvious casualty of that decision has been that previously held commitments by those governments, to the enduring maintenance of comprehensive national

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defence industrial capabilities, have been replaced by an increasing focus on value for money (VFM) and competitive tendering. This approach has been progressively reinforced in Europe by the growth of the EU and attendant legislation intended to sustain effective cross border Competition.

The unique nature of defence acquisition continues to necessitate a symbiotic relationship between nations and their defence industries. Within the UK this manifests as “the MOD (Ministry of Defence), the armed forces it oversees, and (arguably) the industry that it supports ... all best thought of as a single and complex organic entity” (Dunn, Eggington, Pye, Taylor & Watters 2011a, p. 2). Since the end of the Second World War, this entity has been through a process of continual evolution driven by the emergence of new threats and the need for increasingly sophisticated technology. At the same time, whilst the risk of state on state conflict has diminished, the increasingly globalised security threat has become predicated on an increased likelihood of conflict involving non-state and failed state actors employing asymmetric tactics such as economic, cyber and proxy actions rather than direct military confrontation. Both state and non-state adversaries now seek to maintain an edge over those who overmatch them in conventional military capability.

Dahl (1956) theorised that the neoliberal model of government exhibits a tendency to ultimately transition to a condition where, due to the impossibility of truly effective enduring individual representation, it is interest groups who hold power, rather than individual voters whose voice is principally limited only to those points in the electoral cycle where a vote is cast. Hegel argued that history is a process of evolution, which Fukuyama (1992) considers has culminated in free market capitalist democracy. However, that model is not uniform, and the end of history comes in many different flavours. Whilst such democratic models assume equality, they have a tendency to develop to a state where equal people are treated unequally. The polyarchic effect, of continual representation through interest groups, is intended to counteract this, although in reality it tends to reinforce it as the loudest voice gains the greatest influence. Connolly (1983) considered that Dahl took his theory a step further, postulating that under certain circumstances interest groups can attain such a level of influence with elected representatives that the machinery of government itself transitions from the classical pluralist position of controlling and regulating, to becoming simply one of a number of influential actors - itself an interest group. Thus polyarchy is best seen as a process of transition. Within a defence sector context, it is one that is driven by the increasing politicisation of business (Useem, 1984), particularly at times of economic crisis, where the increased dependency of business on the state perversely accelerates the process.

This model of polyarchy aptly describes the UK defence sector at the end of the twentieth century. In relative decline, with its products no longer seen as especially relevant to the new and emergent security threats, the sector has been pressured by consolidation, restructuring and diversification which had been encouraged and engineered by successive governments and spurred by the pressures of globalisation (Latham, 2003). While the pace of change in the security situation accelerated, new and often more bi-partisan industrial relationships have formed astride increasingly complex and interrelated supply chains. At the same time the relative buying power of nations has sharply diminished, increasing their dependency on the defence industries, and the balance of power has fundamentally changed.

Dahl considered polyarchy to be a binary choice for government as a whole, but it is proposed here that since 1990 the defence sector in the UK has actually undergone a gradual transition to a condition of ‘Sectoral Polyarchy’¹. Increasingly globalised companies transcend national boundaries and (with the exception of the US market place) are increasingly independent of government influence, yet are prepared to lobby hard to preserve their interests. Individuals within the defence sector have come to interpret the world through shared meaning-given interpretive horizons that shape their perceptions and regardless of

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