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#### **The indefensibility of fixed incrementalism: Fluid scenarios for defence budgets**

##### **Background**

All prognoses require immense intellectual humility. Despite this cognitive truism, one might argue, simultaneously, that the current model will produce little more than the current future, i.e. the evolutionary version of the status quo. Therefore, to achieve alternative, more preferable futures, alternative, more preferable mindsets, decisions and behaviours have become obligatory.

##### **Discussion**

One difficulty in describing such preferred futures is the rapid rise in complexity in two interwoven global systems, namely defence and finance. Both systems exemplify the volatility so clearly observable with even a cursory scan of [international unrest](#). In addition, both systems are simultaneously reactive to and generative of further complexity. The severity is revealed with a brief contextual scan against drivers of complexity, including:

- **The number of system elements:** in both defence and finance the number of role players and objectives has expanded dramatically in recent years.
- **The interconnectedness of elements:** both defence and finance are now more exposed to myriad interwoven stakeholders on a global scale.
- **Rules:** in an attempt to gain control, countless rules are produced, both local and international in nature. The effects are counterintuitive as increased regulation appears to exacerbate, rather than alleviate, the experience of complexity.
- **Purposiveness:** much of the rise in complexity in both systems is driven by the opportunities for choice on all fronts. In defence, new allies, enemies and frenemies wreak havoc with international relations and foreign policy, while an ever-expanding menu of budgeting alternatives competes with traditional fund allocations.
- **Speed:** the swiftness of change in a hyper-dynamic global environment has exposed the tardiness of policy. As global competition grows more rapidly than the formation of new allies, traditional models of both defence and finance risk constant relegation of their sovereign sponsors.

- **Dematerialisation:** the Fourth Industrial Revolution has rendered both war and money partially invisible social constructs. In the context of inequality and a clarion global call for a diversity of voices, erstwhile power players find themselves constantly surprised by intangible threats.

The traditional marriage of the systems of defence and finance, then, in one sense defined as the raise of taxes in preparation for war, is under further threat of extinction from a globally shrinking fiscal envelope and a dazzling array of competing demands.

Given the inexorable realities of complexity described above, the wise strategist may design a process of budgeting that responds with options for alternative futures (opaque as they may be), rather than to the certain but evaporated ‘fundamentals’ of the past.

One way of investigating the future context within which defence budgets must operate, is to develop a set of scenarios. Various approaches exist for their creation, but in this context, scenarios are not proposed as predictions. They are thought experiments submitted as stimuli for decision-making and design. In particular, the painting of scenarios that combine internal and external forces may act as a thinking framework to describe *exploratory* scenarios, i.e. a tentative probing of possible future landscapes, within which defence budgets may operate.

Drivers of scenarios are myriad, and their selection and prioritisation are the fodder of extensive debate and perspective. Nevertheless, the humble scholar of the future must venture a set of future sketches as a modest contribution towards the evolution of mental models. In this case, an internal behavioural driver is posited as **budgetary agility**, i.e. nimbleness in the design of budgetary processes that respond to future demands with alacrity and flexibility of resource allocation. As an external driver, the level of **global security** is proposed, i.e. the extent to which international peace may be a reasonable expectation. Naturally, multiple futures demand the careful contemplation of multiple drivers. Within the purposes of this brief, the proposed drivers are submitted simply as a possible first step.

The reality of scenarios is that even singular drivers have multiple effects. And the true complexity emerges at the intersection of driving forces. It is for this reason that scenarios are often presented as below, with a range of possibilities for each driver, in this case simplified with a range of high to low in both cases.

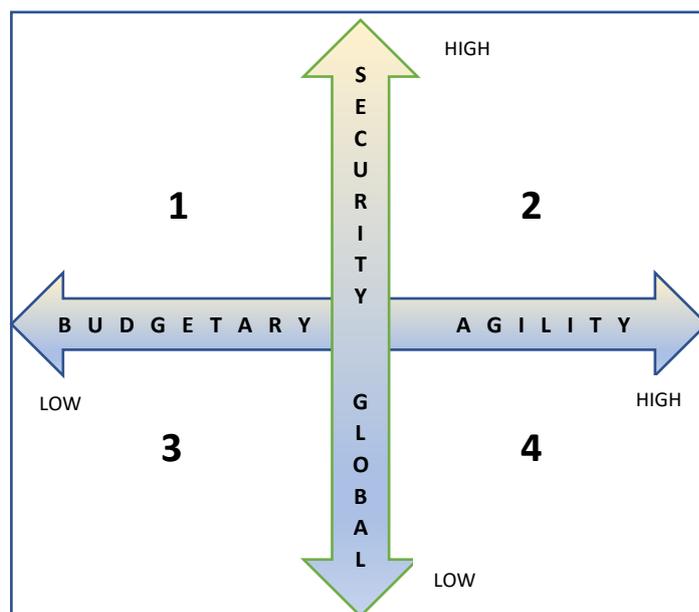


Fig. 1. Defence budget scenarios

From the intersection of drivers, then, narratives may be developed. In Quadrant 1. a scenario is advanced in which Global Security is high, but budgetary agility is low. An uneasy peace is experienced, with high vulnerability for sovereigns with the outbreak of brushfire skirmishes.

Quadrant 2 describes a utopian future in which world peace is maintained and national budgetary processes are at-the-ready with agile planning and responsiveness. The utopia always invokes questions of likelihood: if it seems too pleasant and improbable, then preparation must not be focused too blindly on this most attractive of outcomes.

In Quadrant 3 the opposite, namely the dystopia is described: global security is low while national defence budgeting processes have become outdated and remained sluggish. Describing the dystopia must not be confused with negativity. In fact, in the science of Futures, the more carefully the overshoot scenario is described, the less likely it is to occur.

Quadrant 4 paints a picture in which global security is low, and budgetary processes have adapted to a high level of responsiveness, possibly due to pressure more than will.

Through the enrichment of driving forces, including contradictory trends, more intricate scenarios may be created, upon which increasingly sophisticated decisions may be made, such as the development of systemic budgeting, integrated with the ecology of sovereign financial obligations.

The opportunities for agile and efficient defence budgeting become salient with a comparison of national military spending with national military power: while there is a general correlation, not all countries spend with equal impact. As an example, according to Statista, Saudi Arabia (with a population smaller than that of South Africa) has the fifth largest military budget in the world, but did not rank in the top 15 [Global Firepower Power Index](#). Conversely, on the same indices, countries like Japan and Turkey have greater power-to-budget ratios than their peers. Within the context of the developmental urgency of South Africa, budgetary agility in defence is even more critical. One [study](#), for example, found that “increased military spending has consistently negative impacts on a country’s economic growth”.

### **Concluding remarks**

Paradigms often begin to shift when the context presents a tipping point of anomalies that can no longer be described by the dominant logic. It is only the bravest or infinitely deluded who insist upon the world’s adaptation to a mental model of their own making. The wise hold the intellectual agility to adjust their mental models to the varied and demanding realities of the world. It appears that incremental budgetary solutions will soon become ineffective with a rise in the scale, frequency, impact and probability of global risk. Even efficiency and optimising the past will show themselves as unworthy foes at escalating levels of vulnerability. A defence based on insufficient funds may soon become a sign of simple intellectual laziness. With new research on the complex dynamism of risk and the commensurate surge in susceptibility, the answer cannot be found in more deterministic incrementalism. When the old model has become unaffordable, innovation in defence budgeting is no longer optional.

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