ECONOMICS AND SECURITY:
THE IGNORED RELATIONSHIP

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Economic means of ensuring stability and security have increased in importance alongside the impact and potency of non-conventional security threats in contemporary conflict. This paper suggests that the increasingly complicated environment, demands a concerted effort in analyzing, evaluating, and formulating responses to international security concerns, and suggests the economics-security relationship as a frame of focus. Indeed, this often ignored relationship in both the academic and public policy realms contributes directly to the National Academy of Sciences’ (NAS) Social and Behavioral Sciences (SBS) for National Security, Decadal Survey’s specific focus on ‘developments likely to affect governance, state capacity, and the viability of transnational regimes’.

In terms of the specific aspects of security concerned with this relationship, this paper targets two elements in this regard, those which reside in the economic sphere and those which reside in the political sphere. Naturally, these two spheres blur their boundaries and impact one another, and therefore it is necessary to understand and meet these challenges. The economic based-security concerns involve macro-economic and international economic stability, these include measures such as; growth, inflation, unemployment, and energy supply, among others. Notably, these factors have been largely attributed to contemporary examples of instability and insecurity in the international political system, such as the 2008 Global Financial Recession and the so-called Arab Spring. The political based-security concerns focus on not just violence, but also governance. In this framework, the World Bank’s Worldwide Governance Indicators (WGI) project identified the absence of violence, government effectiveness, and political representation, among others as security indicators, and indeed, these were also identified as causal factors leading to the so-called Arab Spring.

The fact that established research in both the academic and public policy realms have overlooked the relationship between economics and security, highlights the
importance of such a priority even more so. The benefits of which target the Office of the Director of National Intelligence (ODNI), security community members, as well as broader security providers, that is those outside the conventional and public sector spaces. Therefore, this paper identifies some of the key challenges concerned, highlights the growth and importance of these concerns, and articulates the benefits of addressing these same concerns.

1. **What are some of the key challenges, questions, and needs facing the intelligence community regarding social and behavioral developments?**

One of the key contemporary challenges facing the intelligence community (and indeed broader security providers) relates to the understanding of, and mitigating against, security concerns which emanate from the economic sphere. Specifically, questions around just how much economics impacts stability and security, and vice-versa, have not been given much attention in both the academic and policy-making realms. Furthermore, recent developments, such as the 2008 Global Financial Recession, the so-called Arab Spring, and energy supply concerns, among others, have had an impact on the SBS domain concerning ‘developments likely to affect governance, state capacity, and the viability of transnational regimes’. In relation to the first NAS’ committee primary tasks, progress in addressing this economics-security relationship has been stunted, despite the relationship between the two variables being recognized as important.

Indeed, during the Cold War, scholarship noted how economic issues became increasingly important when dealing with non-Communist countries,¹ and how the increasingly interconnected international system led to the inevitable intertwining of economics and politics.² Following the Cold War and the subsequent trade increases between the United States of America (US), Russia, Japan, China, and Western Europe, further calls for the augmented importance of economic element of international interactions were voiced.³ This trajectory of such concerned has continued, underlining the rising importance of economics in international affairs, and security in particular.

From a policy-making perspective, the influence that economics has on stability and security is also something that has been acknowledged in the past, and present. US
foreign policy for example, has made the direct link between economics and stability, since at least the First World War. Across the Atlantic, the European Union (EU) itself is founded on the principle of economic interdependence being the foundation to peace and security, something that was then extended to EU foreign policy goals. That being said, both actors have fallen short in capturing, improving, and accounting for the failures of these policies.

Indeed, my research has focused on examining just how and why these EU and US policy failures took place. Specifically, my book on EU ties with Iraq and Iran and my article on EU-Libyan ties determined how the public and private sector EU trade failed to mitigate against conflict in these three Middle Eastern states. Additionally, my articles on US-Iranian ties and US-Egyptian ties as well as my forthcoming books on these two topics, proved and focus on (respectively) how the US policy failed to influence stability through economic means. Furthermore, my experience in authoring multiple governmental reports, which capture the economics and security relationship also contribute to understanding this challenge, which faces the intelligence community and broader security providers.

2. What makes these challenges and questions important at this time and in the foreseeable future?

There are two main reasons behind the importance in addressing these challenges. The first of which is split in to two part, namely; the increasing impact that economic forces have on stability in the international system and security, in terms of providing and having the capability to provide security. The second of which is concerned with how current (mainly) western policies fail to address these concerns. Indeed, the economics-stability/security relationship have shown signs of only extending in the foreseeable future as the international economy and political system continue to become interlinked.

The impact of economic forces on stability became evidently important during the so-called Arab Spring, as unemployment, inflation, and wealth disparities, among others, contributed to the development. Furthermore, the knock-on effect this had in terms of global strategic interests in terms of maintaining influence and energy security, highlighted the importance of these concerns. Indeed, the fact that the
security of energy supply was subsequently heightened, e.g. how the Libyan conflict limited the country’s hydrocarbon supply levels, underlined this point.

Additionally economic conditions have also been demonstrated to have a constraining impact on the provision of security. Perhaps the most poignant contemporary example came following the 2008 Global Financial Recession and the subsequent impact this strategic shock has on resource capabilities.

The second concern, focusing on the failure of current policies in addressing security concerns, also highlights the current and future importance of assessing and mitigating against the threats emanating from the economics and security relationship. Indeed, the fact that the EU and US foreign policies have failed to achieve their goals of preventing conflict and influencing stability, underline this point.

Therefore, it is the impact of economic forces on stability and security, the subsequent ability for security providers to ensure stability and security, and the failure of foreign policies in attempting to provide stability and security, which underline the importance of understanding and effectively implementing policies to mitigate against threats emanating from this relationship.

3. What are the anticipated national security benefits for addressing these challenges and questions?

There are a number of benefits in addressing the challenges that surround the impact that economics has on stability and security. These would come in the form of understanding the link, which would be aid in determining just how causal economic forces are in providing stability and security. From here, this would allow security providers to prioritize developments that fall within the economic-stability/security remit, which in turn would improve governance in this context. As a result, this would then ensure that resources are then allocated appropriately, again from governance and security provider perspectives, in order to mitigate against threats emanating from the impact that economics has on stability and security.

Furthermore, a key point worth noting is concerned with the collection of data required to carry out this proposed analysis. Indeed, the majority of this data is readily available and published by official sources, e.g. government agencies, the
International Monetary Fund, the World Bank, the UN, etc. Therefore, as noted in the Decadal Survey, the ‘challenges in the area of collection as they relate to the social and behavioral sciences’, are non-existent in this regard. Indeed, the challenge lies in assessing the connection between the published economic data and the impact it has on stability and security goals. Something which has been neglected in the past, and has obvious benefits for present and future stability and security concerns.

REFERENCES

11 Kamel, *The Political Economy of EU Ties with Iraq and Iran: An Assessment of the Trade-Peace Relationship* and ‘Trade and Peace: The EU and Gaddafi’s Final Decade’.