

Due to the on-going financial crisis, Italy's Government has recently imposed a climate of austerity over the country's welfare. However, when the funding allocated to the defence sector is considered, a paradox is evident. In fact, while the three-year plan defence budget (approved at the end of last year) facilitates an increase of approximately € 1 billion, reductions are planned in the spending on management, maintenance and training. This means that new investments in the material assets of the country are secured, however the cuts will affect the personnel and the services. In practice, this has already resulted in the controversial purchase of 90 Lockheed Martin F-35 Lightning II fighters alongside a decrease in the number of personnel on duty € from 180.000 to 177.000 units, writes Giorgio Bertolin.

The Italian defence budget comprises four categories: Defence Function (which receives the majority of funds), Early Pensions, Public Security Function (mainly constituted from the funds allocated to the Carabinieri, Italy's gendarmerie force, serving both in combat roles and civilian policing ones) and External Functions. The Defence Function consists of three sub-categories: Personnel, Exercise and Investment. From 2000, the budget allocated to the Defence Ministry continued to grow, reaching a peak at € 20.55 billion in 2011. However, this budget included the funding of the Public Security Function. Without it, the budget amounted to € 14 billion: which is, slightly less than 1% of Italy's GDP. It must be noted that NATO has in the past asked for defence expenditure to reach 2% of Italy's GDP, the percentage of GDP allocated by the United Kingdom to its defence budget.

In 2012, severe cuts affected the defence budget, which was set at € 19.96 billion. However, the 2013 annual budget € which, as previously stated, is just one part of a broader 3-year plan € rose to a new peak, amounting to € 20.93 billion. The three-year plan also provides an increase of the defence budget in the long term, with the 2015 budget rising to € 21.02 billion (€ 14.77 billion allocated to the Defence Function).

As infrastructures, training and maintenance are all part of the same financial voice in the three-year plan ("Exercise"), it is likely that the cuts will have dire effects on these last two entries, since it is impossible to reduce the Ministry of Defence's properties over a short period of time. However, the financial plan will mainly affect the Defence Function of the Italian Armed Forces, which comprises the Army, the Navy, the Air Force.

Despite the aforementioned expected increase in the material investments (equipment and technology), the main bulk of Italian military vehicles still contains models that are 20-30 years old. Due to their age, they require meticulous and regular maintenance. A good example is the case of the Air Force, which relies mainly on Panavia Tornados and AMXs. The technology of these aircrafts dates back, respectively, to the 70s and 80s, and their production was discontinued in the late 90s. The purchase of the new F-35 fighters alone is unlikely to address this situation in the absence of a policy aimed at a better management of services and personnel.

Other purchases of vehicles and technology have been delayed. As is demonstrated by the case of the small diameter bombs (purchase delayed to 2015) and of ATRs and AW101 helicopters (2019). However, the qualitative nature of Italy's investments effectively reflects the changing nature of its strategic aspirations. From being a small European country defending its frontiers in the context of the Atlantic Alliance, Italy became a large industrial power that is unlikely to face the risk of direct aggression. The awareness of this has led in recent years to the abandonment of conscription, and is now underlying the re-shaping of the material assets of the Italian defence sector. In fact, the new investments relate to vehicles and technologies apt to operate in OOTW and peacekeeping missions. Excluding (the aforementioned delayed investments, Italy is planning to purchase two Gulfstream surveillance aircrafts from Israel, as well as one optical surveillance satellite, produced by Israel Aerospace

Industries.

These material investments have not been delayed because they fall within the priority of Italy's strategic evolution: that is, the redefinition and enhancement of its intelligence capability. Alongside the qualitative and quantitative modification of the Defence budget, the Italian Government is promoting an extensive reform of the intelligence service. This started with the institutional reform of the information services in 2007, when AISI and AISE took the place of the previous SISDE and SISMI. AISI and AISE are agencies that supply the Italian Government with, respectively, domestic and foreign intelligence, similarly to the apparatus in place in most western countries nowadays. Before the reform, SISDE and SISMI were differentiated by their civilian or military nature, and their objectives were often overlapping, causing potential confusion and rivalry between the two agencies.

However, what is most striking is the slow reduction in operative staff. In fact, despite the transformation of the Italian Army from a standing conscription-based force to a professional and specialist one, the cuts in the number of personnel deployed are not comparable to those approved by other NATO countries. Moreover, just a fraction of the personnel is represented by deployed expeditionary forces. This is probably due to Italian law being more sensitive towards the issue of dismissing state workers. The position of the defence personnel is even more delicate than that of other state workers, as Italian law does not permit the establishment of PMCs/PSCs on Italian soil. So, many military professionals, if faced with the loss of their job within the Ministry of Defence, would have to choose either between emigration or the depreciation of their working experience.

Thus, despite the cuts, Italy will keep a total of 170.000 military units. Recently, Italy's Armed Forces have been deployed in Kosovo, Iraq and Afghanistan, as well as being part of a counter-piracy multinational team in NATO's Ocean Shield operation. Moreover, Italy's Coast Guard ♦ the so-called Corps of the Port Captaincies ♦ officially part of the Italian Navy, is engaged in managing migration flows, especially in the Strait of Sicily. As policing missions become the usual business of the Italian Armed Forces, an implementation of the civilian-military synergy becomes extremely important. The importance given to the intelligence sector, both in terms of institutional reform and of material investment, can be interpreted as the hallmark of a new grand strategy. As the risk incurred in a scenario of conventional warfare is almost non-existent for the country, the financial crisis has just strengthened a trend which was already set in motion by the changing nature of conflicts involving small Western countries today.

Italy's defence budget is dependent on the country's changing strategic aspirations. Rather than a quantitative modification, what is being pursued is a qualitative rationalisation of the costs, in an attempt to align material assets with the institutional reforms that began before the financial crisis. The overall goal of these reforms is to give Italy a defence sector that is consistent with its contemporary political role, whilst taking into account the importance of the intergovernmental bonds that Italy has built in the last few decades. These include the country's participation in NATO missions as well as in the EU, and its close relation with the US and the major Western powers. This trend is likely to persist despite the current government's frailty and the economic recession that is sweeping southern Europe.

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