Chapter 1
Introduction

Realist theory suggests that states in the international system generally suffer from insecurity and this feeling of insecurity forces them to adopt various measures to defend themselves, which includes internal and external balancing. If this proposition is to be considered valid, states that are particularly insecure should exhibit heightened levels of internal and external balancing.

Besieged states suffer from more insecurity than other states. The heightened level of insecurity forces them, therefore, to adopt a variety of responses to alleviate their sense of insecurity. Creating an aggressive, independent and nationalist domestic defence industry is one such response to be expected from besieged states. In this sense, exploring the relationship between besieged status and defence industries would show how besieged status is a determining factor in the nature of a country’s defence industry.

Defining Besieged State

‘Besieged state’ is not a term widely used in International Relations literature. A term that is somewhat more widely used is ‘pariah state’. Even as the term ‘besieged state’ contains most of what is denoted by the term ‘pariah state’, the former expresses more accurately the threat perception and insecurity that the state experiences when it is considers itself a besieged state. There are many terms used to denote states that are not considered part of the mainstream international community. A ‘rogue state’ in today’s context has come to signify those states that are so termed only by a minority of states in the international community, though they are universally understood to be authoritarian regimes that restrict human rights, sponsor terrorism, and proliferate weapons of mass destruction. ‘Failed states’ are defined by the Crisis States Programme of the London School of Economics “as a condition of “state collapse” – eg, a state that can no longer perform its basic security, and development functions and that has no effective control over its territory and borders. A failed state is one that can no longer reproduce the
conditions for its own existence” (Crisis States Programme Website, London). Daniel Thürer defines failed states as those “[s]tates in which institutions and law and order have totally or partially collapsed under the pressure and amidst the confusion of erupting violence, yet which subsist as a ghostly presence on the world map, are now commonly referred to as ‘failed States’” (1999: 731). Somalia is widely considered to be an example of a failed state. Some writers have used the term ‘outlaw states’ to mean pariah states (Quester 1975) and others have even termed them ‘outcast’ states (Burt 1979). Geoffrey Pridham has equated pariah states with rogue states: “These are often small and threaten larger neighbours, are paranoid and encounter visceral and unremitting opposition by their regional enemies and growing isolation from most of the rest of the world” (2001: 65).

There seems to emerge a clear difference between the two categories of states mentioned above. In the first category falls failed states and in the other category rogue states, pariah states, outcaste states and outlaw states. In the case of a failed state, its problem arises from the collapse of its internal mechanisms, whereas states in the latter category have few existential problems posed from within, but rather they face threats from outside.

Deon Geldenhuys uses pariah state and isolated state interchangeably. He describes isolated states as the following:

Isolation can be defined as either a deliberate policy, voluntarily and unilaterally pursued by a state over a period of time, of restricting its international interactions and to hereby withdrawing to a greater or lesser degree from normal international relations (self-isolation or isolationism): or a deliberate policy pursued by two or more states against another, over a period of time, aimed at securing or curtailing the latter’s international interaction against its will (enforced isolation). To put it very simply, the former refers to Seclusion and the latter to exclusion (1984: 6).

1 The programme defines fragile state as “a state significantly susceptible to crisis in one or more of its subsystems. (It is a state that is particularly vulnerable to internal and external shocks and domestic and international conflicts)”, and crisis state as “A crisis state is a state under acute stress, where reigning institutions face serious contestation and are potentially unable to manage conflict and shocks”. www.crisisstates.com/
Geldenhuys also proposes a set of variables to measure the degree of pariah status: political, economic, military and socio-cultural factors (1984: 6).

Robert Harkavy (1981: 136) defines pariah states as having several or most of the following characteristics:

- A rather small and weak nation, actually or potentially outnumbered by its adversaries, in an exposed position due to weak, waning, or non-existent support from its big-power beneficiaries to which it may be –or is – a liability.
- A nation whose national origins and legitimacy or present constitutional status is widely questioned, variously on grounds of borders, the splitting of a nation, or a conflict over self-determination, racism, ethnic minorities etc., that is, its present national status, with its own defined borders, is at issue.
- A nation with objectively poor diplomatic leverage and, therefore, not considered a good alliance partner by major powers. It relies primarily on the momentum or credibility of relationships formed earlier, or mere sentimentality, on fears by a big power that its (the pariah’s) demise might lessen its overall credibility, or perhaps weakly on some objective factor, such as availability of strategic bases.
- A nation with a precarious, perhaps sole, sources of conventional arms supply and which is too small or underdeveloped to provide a significant portion of its arms needs through indigenous production; also, very vulnerable in a crisis to cut offs of spare parts or to denial of weapons re-supply.
- A nation faced with adversaries having solid support from a major power, whose support it cannot match.

According to Harkavy’s definition, “[e]ach pariah state in its own eyes faces a serious, external military threat, in conjunction with (to varying degrees) insecure sources of conventional weapons and only very tenuous promises of big-power support in crisis, or even in the event of direct big-power intervention” (1981: 136).
As a generic category, all these states are considered to be behaving contrary to the internationally accepted norms² (Krasner 1983: 2), except in the case of failed states. There is, however, an insufficient theoretical or definitional treatment of various terms mentioned above.

The three characteristics that stand out as far as the term ‘besieged state’ (as used in this study) is concerned are:

1. They do not follow, or are not perceived to be following, the set norms and behaviour of the international community that are expected of them;
2. As a consequence of their behaviour, they face isolation from the international community in terms of trade, diplomatic, military as well as relations in other spheres; and
3. They suffer acute insecurity due to the isolation they face from the international community.

Both Israel and South Africa had a strong perception of existential insecurity during their besieged days. In the case of Israel, going by Harkavy’s definition, it became a besieged state because of its “national origins and legitimacy or present constitutional status is widely questioned, variously on grounds of borders, the splitting of a nation, or a conflict over self-determination, racism, ethnic minorities etc., that is, its present national status, with its own defined borders, is at issue” (1981: 136). In the case of South Africa, its besieged status was the consequence of its apartheid policies. Neither had what they considered to be reliable allies or arms suppliers to defend against this acute sense of insecurity, which led both the countries to aggressively build-up their defence industries. Self-reliance in defence equipments, or the capability to produce the necessary weapon systems for national defence, was considered to be of primary importance. Thus one can

say that the besieged status of these countries had a direct impact on their defence industries.

One can also perceive a relative change in the focus of the defence industries in South Africa and Israel once these countries shed their besieged status. South Africa discarded its besieged status with the end of the apartheid regime; Israel is today recognized by most of the world’s nations as legitimate, even though the Israel-Palestine dispute is not yet resolved. Today, national defence or self-reliance is not the sole or primary reason these states are sustaining and continuously developing their defence industries; there are other drivers like economic and commercial concerns. Arms exports are a major focus of their defence industries. Market orientation, therefore, to a great extent, has overtaken mere national defence orientation as far as these two defence industries are concerned. However it may be pointed out that owing to the lack of complete political normalisation of Israel, its defence industry also does not show signs of complete normalisation.

South Africa

South Africa was considered to be a besieged state in the international system till the end of apartheid. It has been excluded by the international community as a direct result of its apartheid policies and lack of majority rule. This has meant for South Africa a lack of trade in arms and other items, lack of investment, and a lack of diplomatic relations. Racial discrimination was in place in South Africa for a very long time. But it was only after World War II that the country’s apartheid policies came to be widely questioned. Moreover, it was in 1948 that the government of South Africa started systematically enforcing the policy of apartheid in the country, which went on till 1994 when Nelson Mandela was elected president. The besieged status of the country was so acute that the government of the country had come to be called an ‘apartheid regime’.

As a result of apartheid policies, South Africa faced a very insecure situation with respect to external arms supplies. The UN sponsored embargo was adhered to by the US and UK from 1964 and later by France also. This not only deprived it of arms but also increased its feeling of insecurity substantially. As a result of the UN arms embargoes, which led to
the isolation of the country by most nations of the Western World, South Africa’s armaments industry was re-started in the 1960s (the defence industry of the country was dismantled after the First World War).

In the years between 1962 and 1989, the arms industry grew quickly due to the government’s perception of external threats, which was sparked by regional conflicts in Angola, Namibia, Mozambique, and Zimbabwe (then Rhodesia) and led to heightened level of insecurity, as well as the UN arms embargoes. By 1965, the defence share of the total government expenditure had increased to 7.4 per cent up from 3.2 in 1960 (Batchelor et. al 2002: 341). The voluntary UN embargo of 1964 and the mandatory 1977 embargoes forced the country to develop an indigenous arms industry as the country, among other factors, perceived an acute sense of security deficit. By 1981, the share of the military budget devoted to domestic procurement expenditure doubled to almost 50 per cent. The drive, evidently, was towards self-sufficiency. As a result, the country, which imported 70 per cent of its armaments in mid-1960s, relied on imports for only 5 per cent of its needs by the end of 1980s (Goldstein 2002: 532).

South Africa’s defence expenditure witnessed a considerable increase in the mid 1960s due to the reasons outlined above. By 1965, the defence share of the total government expenditure had increased to 7.4 per cent up from 3.2 per cent in 1960 (Batchelor et al. 2002: 341). The objective was to achieve self-reliance in defence production.

The end of apartheid and the consequent reduction in the country’s perceived security deficit led to a drastic reduction in defence expenditure. Between 1989-1990, and 1997-1998, South Africa’s defence budget declined by more than 50 per cent (Batchelor et. al 2002: 342). The reduction in defence expenditure was a direct result of the reduction in the level of insecurity and this in turn had taken place as the country was no more a besieged state.
The country losing its besieged status impacted upon its defence industry too. The industry began a series of downsizing and rationalization. Firms started spending considerable amounts of time and money on attempts to find commercial applications for their technology and facilities. Others diversified by acquiring businesses in the related civilian market that could benefit from association with their high technological skills. There was minimal state direction to the defence sector, which was largely left to the market forces (Botha 2003: 2).

The biggest shock to the industry was that it had lost its primary customer, the South African Defence Forces (SADF), and all kinds of government protection and lucrative subsidies. This forced it to commercialize and integrate into the global defence industry (Botha 2003: 12). As a result, by 1994, Botha claims, the South African defence industry had been reshaped into a tougher, more cost effective and consequently more competitive actor in the international arms market (2003: 2).

The 1994 Defence Review report given to the country’s parliament made it particularly clear that defence procurement should be competitive and that self-sufficiency should no longer be an important criterion for the country’s defence industry (South African Defense Review 1994). Over the course of time, South Africa’s defence industry has repositioned itself as a supplier of sophisticated products like components or subsystems to first-tier clients in Europe and the US, and complete products to second-tier clients such as countries in the Middle East and South and South East Asia (Botha 2003: 12).

The end of besieged status that came with the end of the apartheid policies meant that the country no longer required an independent defence industry.

Israel

The Israeli people have been accused of perceiving of themselves as victims. This sentiment, if it truly exists, is most likely the result of recurrent historical instances of anti-Semitism, the most significant of these instances being the Holocaust, which gave birth to the state of Israel. Israel has been sustained since its inception by the ideology of
Zionism; indeed, it was this very ideology that led to the manner in which the state was created and it is partly the reason it has endured. Surrounded as it is by culturally distant and often hostile Arab nations, and given the history of the Jewish people, it is not hard to comprehend why Israel quickly came to be viewed as a besieged state by the international community, and the Jewish people themselves.

Since its establishment in 1948, Israel has faced exclusion from many members of the international community and has been charged with practicing ‘racism’ in the form of the controversial ideology known as Zionism. The 1975 UN General Assembly resolution (3379), Elimination of All Forms of Racial Discrimination, considers “Zionism as a form of racism and racial discrimination”. Apart from the votes against it in the UN with regards to Zionism, there have also been resolutions against the country relating to the occupied Palestinian territories under its control. Israel has chosen to ignore the majority of these resolutions, and in doing so has apparently only further increased the international community’s resolve to isolate it. The very existence of Israel is widely acknowledged to have been at the expense of the Palestinian people. As a result, the country found itself in a situation where it was surrounded by enemy states, and the international community did not have much sympathy for it. Many nations have been reluctant to enter into diplomatic relations with Israel. This, as well as arms and trade embargoes and other punitive measures have made Israel become, and consider itself become, a besieged state in the international system.

Israel’s feeling of insecurity was amplified by the fact that it was surrounded, from its point of view, by hostile states with higher amounts of manpower and weaponry. Prior to the major expansion of the Israeli military-industrial sector between 1967 and 1972, the ratio between the defence expenditures of the Arab states and Israel was nearly 3.5:1 and that of manpower in the armed forces 7:1 (Minz 1985: 624). The nation’s experience suggested to Israel’s policy makers that it needed to survive on its own and this reflection was made clear by frequent interruptions in arms supply to the country. Arms embargoes and disruptions led to the creation of a sophisticated defence industry. With the experience of the French embargo in the wake of the 1967 war, and its dependence on the
US airlift with weapons supplies during the 1973 war, the decision was taken to develop and produce more weapon systems within Israel, and strive towards maximum self-reliance in defence-related material (Nielsen 2004: 1).

The 1967 Six-Day War and the 1973 Yom Kippur War gave a new lease of life to the Israeli defence industry. The number of employees in the industry tripled between 1967 and 1975, and increased by a further 50 per cent between 1975 and 1985 (Dvir and Tishler 2000: 34). While in previous years the focus had been on the licensed production of weapons and the production of light weapons, from the late 1960s and early 1970s, the local industry was tasked to develop entirely new weapon systems (Dvir and Tishler 2000: 35). The defence industry was required to supply the Israeli Defense Forces (IDF) with arms it was no longer able to purchase abroad because of American and French embargoes (Dvir and Tishler 2000: 35). Contrary to popular understanding, Israel was subjected to American arms embargoes for a very long time.

The besieged status of the country was largely overcome (though not completely) due to a variety of factors, including peace treaties between Israel and several Arab neighbours and, in particular, the Oslo peace process. Additionally, the Middle East peace process opened the possibility of initiating diplomatic relations with countries with which Israel did not then have such ties. Even the Palestinian Liberation Organisation (PLO) began the process of recognizing the Jewish state by 1988.

The lessening of the besieged status of the country also had its impact on its defence industry. Israel's arms sales increased from $1.7 billion per annum in the early 1990s to $3.5 billion per annum in the late 1990s. Mere national defense orientation of the industry gave way to market orientation. In 2000, for example, more than 75 per cent of the sales of the country's defence industry were exported (Dvir and Tishler 2000: 35). Today, Israel is world's number three arms exporter and delivers weapons to an increasing number of states. Israel's market share in the global defence industry is increasing and in 2004 stood at 10 to 12 per cent (Nielsen 2004: 1). The change of focus in the industry
meant that the firms started adopting market oriented strategies such as mergers and sweeping adjustments to work and management practices (Sadeh 2004).

The market orientation of the Israeli defence industry was spearheaded by private defence companies who plunged into a series of mergers and acquisitions. Private firms have also started forming subsidiaries abroad, especially in Europe, in response to the defence needs of NATO countries.

However, this study also argues that since the political normalisation process in Israel was incomplete - which meant that the country’s feeling of besiegement never vanished completely – the impact it had on the country’s defence industry was also incomplete.

Existing literature on the defence industries of South Africa and Israel does not deal with the impact of the besieged status of these countries on their national defence industries. What it does deal with are the origins of the two defence industries under study, the reasons behind them and the shift from self-reliance to market orientation. This brings forth an analytical gap in the literature with regard to the interplay of the besieged status of a country and its defence industry. This study undertakes to fill this analytical gap.

Rationale and scope of the study
Particularly insecure states should behave in a particular manner. Their responses to their heightened level of insecurity bear witness to this, as does their response to any decline in that insecurity. In the case of South Africa and Israel, the origins, growth, orientation and the subsequent change in their defence industries tests this argument.

In light of the above understanding, this study seeks to answer the following questions: Does the besieged status of states compel them to aggressively develop their defence industries? What happens when there is a decline in their besieged status? Does this have a consequent impact on their defence industries? If yes, what? In order to answer these questions more comprehensively, this study proposes to take the case studies of South
Africa and Israel because they have had strong and flourishing defence industries, they were besieged states and they have managed to discard their besieged status.

This study argues that while all states in the international system suffer from insecurity, besieged states suffer a uniquely high level of insecurity, which prompts them to adopt certain measures. South Africa and Israel responded to this insecurity by aggressively building up domestic defence industries. The sole orientation of the defence industry of these besieged states was national defence. On the contrary, a lessening of the besieged status of these countries shows that the orientation of the defence industry also changes from mere national defence to market/commercial focus. While these questions can be answered using the proposed case studies from a variety of theoretical perspectives, structural realism is one of the leading contenders. It is therefore proposed to use this study as a test case for the claims of realism regarding the behaviour of states when faced with acute insecurity from the international system.

The scope of the study is limited to verifying the argument that the besieged status of a state imposes on it a heightened sense of insecurity, which in turn prompts it to adopt a variety of responses; one of which is creating a nationalistic defence industry. The congruent side of the argument is that a reduction in its besieged status will mean a termination of the responses that it adopted when it was a besieged state. The major objective of the study is to explain the shift in state responses before and after the transition from besieged status. The study has not specifically analyzed the variety of possible responses that a state might adopt when in a besieged condition, but rather seeks to illuminate the change in response when it becomes a normal state (as opposed to a besieged state). In short, the argument here is that a radical change in the response of the state after its transition from besieged status can show that the state adopted that particular response due to its besieged status.

The study seeks to answer the following questions: What strategies do besieged states adopt to confront the acute levels of insecurity arising out of their besieged status? What impact does their besieged status have on their (South Africa and Israel, in this case)
defence industries? Has the relative change in the in their besieged status given a new focus to their defence industries?

This study has adopted a comparative method to understand the impact of besieged status on the defence industries of Israel and South Africa. The analysis has focused on two phases of their defence industries: when they were considered to be besieged states and when they were no longer besieged states. Some of the variables that the study has used in order understand the impact of besieged status on the national defence industries of these countries are indigenous defence production, export and import of defence material, market/commercial orientation of the defence industries or the lack of it, adoption of market/commercial strategies in national defence industries, budget allocation for national defence industry, and international arms embargoes.

Overview of the Chapters
Chapter one is dedicated to a survey of the realist theory of international politics. The chapter is important as the study is a test case of realism. It attempts at a brief review of the realist understanding of international politics. Starting with the ancient Greek understanding of realist statecraft, the chapter throws light on the various strands of realist theorizing that are prevalent in IR today. During the course of the review, the chapter also tries to understand certain important concepts in realism such as power, security and the balancing behaviour of states in greater detail. In conclusion, it may be said that one of the less developed concepts in realist theorizing has been that of internal balancing by states in the absence of adequate opportunities for external balancing. It may also be pointed out that though there is a realist understanding of world politics, there is no single realist theory of world politics. The chapter makes an attempt to bring out those elements in the realist theory which would be useful in explaining the two case studies in theoretical terms.

The following chapter (Chapter two) argues that the South African defence industry was reenergized, post-World War II, aggressively maintained, and made self-reliant despite stiff opposition from the international community (led by the UN) because South Africa
perceived unprecedented levels of insecurity from the international system from the 1960s onwards. In other words, the chapter argues that the development of the South African defence industry was not a natural one, but was necessitated by acute systemic constraints that made South Africa feel besieged. While the international community imposed sanctions and arms embargoes on South Africa as a result its apartheid policies, the country sought self-sufficiency in defence capabilities in response to its isolation and understanding that only a strong defence industry could give it security in a hostile environment. Thus it developed, despite wide-ranging arms embargoes and strictures by the international community, a strong, nationalistic and aggressive defence industry as part of its 'total national strategy'.

Immense amounts of financial investments were made towards sustaining the nationalistic defence industry, best available manpower was provided to it to the detriment of other sectors of the country’s economy. Armscor was given overriding powers to develop the defence industry in an unfettered manner, and the apartheid government assisted the industry in circumventing the UN arms embargoes in order to gain foreign technology and export its weapons, and continued to do so for a long period of time from the early 1960s to the late 1980s.

The chapter also examines the transition of the defence industry from being a nationalistic and closed one to being an internationalized and normal industry. This process began around 1989 and did not happen in isolation. The transition of the defence industry occurred when the country felt no longer besieged; a direct result of its political normalisation. Available evidence, as detailed in the chapter, shows that while various domestic and systemic factors were responsible for the normalisation of its polity (moves towards political reforms), once the polity started moving towards political normalisation, the international community started accepting South Africa into its fold. Acceptance back into the international community which started from later 1980s through early 1990s made South Africa feel less besieged. Once the country felt less besieged and, as a result, felt secure, its impact was seen in its defence industry, this chapter argues. The defence industry started becoming and behaving like any other ‘normal’ defence industry in order
to survive in the new-found environment wherein on the one hand it was faced with the forces of the global defence industry and on the other hand the government was no more interested in providing patronage to the defence industry. Having gone through various ups and downs the south African defence industry has come a long way and is today one of the finest defence industries in the world catering to the defence needs of a large number of buyers from across the world.

The next chapter deals with the Israeli case study. It argues that the Israeli state, ever since its inception, has found itself alone and insecure. Israel realized that it had to aggressively strive in order to continue to exist in an unfavourable neighbourhood and an uncompromising international system. The chapter describes the various reasons why, historically, the Jewish community as a whole as well as the new state of Israel felt isolated and insecure. It argues that the isolation and the state of besiegedness that the state felt it faced instilled a deep sense of insecurity in its psyche. The chapter then looks at the various ways Israel tried to internally balance in order to enable itself to fend off the threats it faced, as there were limited opportunities for it to externally balance like a normal state in the international system.

Israel found itself effectively in a situation of permanent war. To defend itself against the eventualities of war and conflict it had to increase its defences. Not many countries were willing to give it the required weapons, and even those who were willing to do so were not willing to commit to providing Israel with weapons in all and any circumstances. However Israel had to make sure that it had the necessary weapons to fight and win. Hence, the Israelis took it upon themselves to build up a strong domestic defence industry so as to be self-reliant in matters of weapons.

The domestic defence industry it built up had a very strong emphasis on self-reliance and clear nationalistic orientation. It worked under government control and direction and did not have much outside contacts. Government spending on the defence sector was huge and it would not be an exaggeration to say that a great deal of the industrial activities that were going on within Israel was directly or indirectly connected to defence.
The chapter also argues that by the late 1970s (and most certainly by the 1980s) the Jewish state was gaining more and more acceptance in the international community. This started in 1979 when the Israel-Egypt peace treaty was signed. Slowly but steadily the years that followed witnessed a large number of countries establishing relations with the once-isolated Israel. Although this acceptance by the international community has not made Israel feel completely secure, for understandable reasons, there has been what can be called a relative normalization of the Israeli state thanks to decreasing levels of insecurity and isolation. This relative normalization also impacted upon the Israeli defence industry. The domestic orientation of the industry changed in favour of the international market, tailor-made weapon systems for international buyers became the focus of many defence industrial units, the IDF was no more looking at the Israeli defence industries as their sole suppliers and there was a clear momentum towards privatization, diversification and conversion. At the same time, the focus on national defence continued to remain a core aim, the fall in government spending on defence was not overwhelming, privatization was not rampant, and the defence industry was still subject to a level of government control. What this shows is that since there was only relative political normalization of the country, the normalization of its defence industrial sector was also relative.

The last chapter looks at the two case studies comparative perspective and try to understand them in light of the insights put forward by the realist theory of international politics. The first section of the chapter will compare the following aspects of the two case studies: reasons for each states’ isolation, extent to which both the countries were isolated, various strategies used by the two states in responding to their besieged status, process of political normalisation of the two countries, and the subsequent normalisation of their defence industries. Section two of the chapter looks at the case studies from a realist theoretical perspective. In theorising the behaviour of Israel and South Africa, the latter section attempts to answer questions such as: What does the realist theory of international politics say about the two cases that have been examined here? What does the theory predict about the behaviour of two isolated and besieged states that managed to
change their status? Can the theory at all make satisfactory predictions about the
behaviour of the two countries which, as the two case studies have amply established,
have a lot in common? Differently put, have the two countries behaved as per the
theoretical expectations of realism?