



## ARMS AND THE MEN

### A DEFENCE POLICY FOR A TIME OF UPHEAVAL

Julian Brazier MP

With a preface by Julian Amery MP

# ARMS AND THE MEN: A DEFENCE POLICY FOR A TIME OF UPHEAVAL

**With a preface by Julian Amery MP**

CENTRE FOR POLICY STUDIES

8 Wilfred Street, London SW1E 6PL

1990

### **The author**

Julian Brazier is the MP for Canterbury and Secretary of the Conservative Backbench Defence Committee and of the All-Party Parliamentary Maritime Group. Before his election to Parliament he worked as a management consultant for the Atomic Weapons Research Establishment, Aldermaston, and for several defence suppliers. He has served for eleven years in the Territorial Army. Previous publications include three pamphlets on aspects of defence policy and (as co-author) a commercial appraisal of defence procurement methods of eight Western nations.

### **Acknowledgements**

In preparing this pamphlet I received help from a large number of people, most of whom must remain nameless. I should like, however, to thank David Bolton, my CPS editor Oliver Knox, John MacNaughton and Mark Call for their valuable assistance. I alone can be blamed for my conclusions.

*The Centre for Policy Studies never expresses a corporate view in any of its publications.  
Contributions are chosen for their independence of thought and cogency of argument.*

ISBN 1-870265-56-4

c Centre for Policy Studies, October 1990

Printed in England by Chameleon Press Ltd  
5-25 Burr Road, London SW18

## **Preface**

Julian Brazier draws on several years' experience of service in the defence forces and work on defence procurement. His paper should be read as a companion to the official Government White Paper on Defence issued this summer.

He sets out an outline shape for our forces in the '90s and beyond seeking, in my judgement successfully, to balance the possible threats that might confront us in Central Europe from a military coup in the Soviet Union and the developments in the Middle East (North Africa to the Persian Gulf) on which the Kuwait crisis has focused attention.

In 1957 the British Government decided to abandon National Service in favour of an all professional army. Thanks to this decision we deterred General Kassem's attack on Kuwait in 1961, and met the totally unexpected Argentine attack in the Falklands in 1982 and have contained the terrorist campaign in Northern Ireland. Intensive training and high quality equipment have had much to do with our success in meeting unexpected dangers. But, as Brazier reminds us, Napoleon was right when he said that two thirds of victory depended on morale. He has much to say on the social and ideological problems facing the armed forces.

Brazier has also tackled with commendable success the intractable problems of how to provide our forces with the equipment they need at an affordable price.

This paper should be compulsory reading for any student of the defence problems we face in the post cold war period.

The Rt Hon. Julian Amery MP



## Contents

### Preface

Position taken for the next few years' experience of service in the defence forces and work on the future of the service. This paper should be read as a companion to the main report.

### Introduction 5

### 1. Towards a bifocal strategy: Europe and the Middle East 6

### 2. Alliances and burdens 10

### 3. A new shape for Britain's armed forces 13

### 4. Managing weapon procurement in the 1990s 20

### 5. In search of excellence 28

### Summary of recommendations 35

### Glossary 37

## Introduction

1990 has seen the ending of the Cold War, a resulting reappraisal by Western governments and the emergence of the Gulf Crisis. This pamphlet asks what path Britain's defence policy should follow up to the turn of the century and beyond.

Chapter One is a strategic analysis of the threats and potential threats to Western interests. Chapter Two looks briefly at the present structure of the alliance, and reappraises the machinery for defence and the sharing of burdens. Chapter Three proposes a new outline shape for Britain's armed forces. Chapters Four and Five look in detail at two key aspects of converting aspirations into a cost-effective reality: improving the effectiveness of our defence procurement effort; and examining the structure, organisation and ethos of the armed forces in order to ensure that we continue to recruit and retain young men and women of a high calibre.

Two major issues have been excluded, the importance of maintaining our independent deterrent and the problems of Ulster.

## Towards a bifocal strategy: Europe and the Middle East

The defence of the nation is the first duty of government. This is as true today as it ever was. No other area of government endeavour is of comparable political importance for the nation or, in the nuclear era, our physical environment. Yet the situation is changing rapidly. On the one hand we see the retreat of Marxism and the dissolution of the Warsaw Pact; on the other, events in the Gulf remind us how threats can arise to Western interests and to world peace. How should Britain and its Western allies respond?

The familiar debate continues between those who seek disarmament as a means to peace, with Britain playing an important rôle as a moral exemplar and those who believe in strategic analysis in which the balance of power is the key.

The author believes that the latter choice is the wiser one; it was NATO's willingness to counter the Soviet bloc's rearmament, led by Britain's decision to deploy Cruise missiles which forced it to change course, allowing a Gorbachev to emerge. The strategic situation has changed, requiring fresh analysis and response, but the only grounds for moving from a strategic **philosophy** to a pacifist one would be a transformation in human attitudes; the old spectre of the power hungry dictator threatening his neighbours is certainly not represented today by Saddam Hussein alone. Nor is it a question of who controls power blocs now; but rather of into whose hands they could fall.

Among those who see the world in strategic terms the division is between those who see our presence in the continent of Europe as the key to British as well as European security, and those who believe in Britain's traditional role as a largely maritime power, with a strong emphasis on 'out-of-area' (i.e. non-NATO) roles.

Who, then, should we have in our sights? The Warsaw Pact has dissolved in all but name. But the Soviet Union retains the most powerful nuclear, air, land and submarine forces in the world. Indeed, its overwhelming advantage over NATO in most of these areas have changed little, as its former allies had no nuclear weapons, negligible navies and modest air forces. Only in three important *strategic* respects has the Soviet Union changed so far:

1. The forthcoming reunification of Germany and the loss of Eastern Europe has greatly diminished available Soviet ground forces in the West although



they are still much larger than those of NATO. This has given us much more warning time. It also has important logistic implications for a conventional war, although the growth in Soviet armed helicopter forces offer some means of circumventing these.

2. The morale in the Soviet armed forces has declined because of political and ethnic tensions, reducing its capability especially in offensive operations; but, on the other hand,
3. The rapprochement between Moscow and Peking since the Tiananmen Square massacre has eased matters on the Soviet's second largest front. Furthermore, the Soviets have the advantage of 'internal lines' allowing forces to be redeployed between fronts. The Norwegians recently commented anxiously on the 'strong increase in offensive capability' <sup>1</sup> resulting from air forces withdrawn from Hungary to the Kola Peninsular.

Today Soviet armament is still massive. For example, only one Soviet naval vessel less than 30 years old was scrapped last year. Production of such powerful vessels as nuclear submarines continues apace. Only in one area have really large reductions occurred: that of tank production. This has halved, although still far outstripping NATO. True, economics undoubtedly make cuts in other areas inevitable, even without the emerging goodwill; but *perestroika* could give the Soviet war machine a new lease of life in two important respects. First, the widespread transfer of Western information and production technology will transform the efficiency of their weapons industries. Second, the Achilles heel of the Soviet armed forces themselves has been the lack of individual initiative in junior and middle ranking commanders. Applying a little *perestroika* to the Soviet armed forces <sup>2</sup> (spurred by lessons from Afghanistan) could work wonders.

None of this is to question President Gorbachev's search for accommodation. We simply have to remember that the Soviet Union retains a massive capability. Hence the good sense behind the recent 'Options for Change' (OFC) announced by the Secretary of State for Defence, which stressed that our response was conditional on actual Soviet disarmament, rather than on agreements reached via negotiations on conventional armed forces in Europe (CFE).

---

1. *Jane's Defence Weekly*, 23 June, 1990.

2. See e.g. 'Perestroika and the Soviet Air Forces', *RUSI Journal*, Winter, 1988.



President Gorbachev could never have implemented his reforms without dismantling the post-Stalin checks and balances in the party and state structure and concentrating power in his own office. The result, ironically, is an interval in which a new Stalin could emerge much more easily than in an unreformed system. The rise of nationalism and religious tensions and the re-emergence of anti-Semitism in the Soviet Union and Eastern Europe, indicate that serious instability will remain in Europe even if the Soviet machine is dismantled.

Looking beyond the Soviet Union, the central weakness of any debate between the continental versus out-of-area schools is that it fails to distinguish the middle ground of North Africa and the Middle East, highlighted by the Iraqi crisis for two reasons. First, oil. By 1995 over three-quarters of all remaining non-Soviet oil reserves are likely to be in the Gulf. However resolutely the Iraqis are dealt with, the area will remain both vital to us and unstable for the foreseeable future. Iraq is not the only potential threat. Iran fought that country to a near-draw in the eight year conflict, despite its state of virtual internal collapse at the outset. With three times Iraq's population, huge oil reserves and a large Shiite communities in its Gulf neighbours, it could eventually pose an even greater threat than Iraq.

There is a second reason, however, why the region is crucial -- its proximity to Europe. Iraq borders on NATO's easternmost member, Turkey, and is barely 1200 miles from Athens. Tripoli is only 600 miles from Rome, yet Libya too is reputed to be working to obtain nuclear technology (complete with missiles) to complement its chemical capability. Yet another state which must be taken into account is Syria, a state whose behaviour in the Lebanon mirrors in many respects Iraq's in Kuwait, and which continues to harbour some of the world's leading terrorist organisations, including those believed to be responsible for the Lockerbie and Hindawi incidents in Britain. Nor can the prospect of an Arab/Israeli conflict, involving nuclear weapons, be discounted.

Further afield South Africa's *perestroika* may go wrong with the danger that the whole of Southern Africa would collapse economically, leading to the severing of supplies of many vital raw materials, as well as great loss of life. Latin America and South East Asia are scarcely tranquil. These must, however, be a lower priority.

In summary, then, the West faces great uncertainty, but should have two priorities. One is the Soviet Union; even when disarmament and *perestroika* have progressed much further, instability in that country and Eastern Europe will continue to carry dangers for the West. The second focus will remain the Middle East as a result of oil and the emergence of nuclear and/or chemical threats. Both these dangers are physically much closer to the countries of Europe than the USA (and Europe's dependence for oil is greater too), yet Western Europe is

incapable of dealing with them alone. Indeed at times only Britain and France seem to take them seriously. Thus three strategic objectives emerge for Britain:

1. The alliance between the USA and the countries of Western Europe must be maintained and extended. In particular, NATO itself, as the only organisation with the political structure, intelligence gathering and command structure needed to deal with a military threat to Western Europe, must be preserved;
2. Britain must strive for NATO's brief to be extended to include the Middle East from North Africa to the Gulf; and
3. To co-ordinate Western Europe's response and assure the United States of speedy and substantial European support in crises, a genuine European pillar (see next chapter) for NATO must be created.

Given the manifold uncertainties, Britain must continue to pursue the principles of military excellence. Our armed forces must continue to be a highly respected and prized part of the nation, attracting a fair part of the best of our young people; and be among the best equipped in the world.



### Alliances and burdens

#### Developing a genuine European pillar for NATO

The cry for a European pillar for NATO has been heard for some time. It is time to translate it into action in order both to lock the USA into Europe and to ensure a juster distribution of burdens in any extended NATO region. The options are:-

1. To give the EEC a defence role;
2. To build the pillar from within NATO, either entirely from scratch or building on the modest achievements of the International Equipment Procurement Group (IEPG); or
3. To develop the Western European Union.

From the point of view of defence, the EEC suffers from several defects. First, it includes neutral Eire with its veto. Second, it is too unwieldy to provide a political base for an effective military structure. Finally, the EEC *nomenclatura* are simply not interested, as is proved by the lack of liaison between NATO and the Commission, headquartered in the same city!

Then, attempts to build within NATO have so far led only to modest results. Some harmonisation of requirements and weapon collaboration has been promoted by IEPG, but this has not been accompanied by an effective political structure for wider action.

The Western European Union has several advantages. First, unlike the EEC, all its members are in NATO, although France's forces are outside the integrated command structure. Second, France is fully committed to it and enjoys having its headquarters in Paris. Third, it has parliamentarians, concerned about defence, and a secretariat, albeit small, who are principally involved with defence. Finally, it co-ordinated the European minesweeping operation during the Iran/Iraq war; and is active now in the Gulf. So it has some experience.

This paper therefore recommends that Britain strive for the WEU's formal adoption as the European pillar of NATO. The IEPG could be put under its control. Further, the WEU should be given a cell of NATO's intelligence set-up and a small military planning staff, examining Middle Eastern issues and answerable to NATO for agreements about burden sharing.

### Uneven burdens and a dividend redeemed early

Table 1 below illustrates that a significant cut has already been made in the British defence budgets. A reduction of about £3 billion (14%) in 'real' terms has occurred since the mid 1980s. On the more common basis used as a benchmark for government spending, namely per cent of GDP, defence has declined since the mid 1980s from 5.2% to 3.9%, a drop of about a quarter. Of course, output per capita increases with better equipment and greater efficiency but the same applies to competitors. For a given size of all-volunteer armed forces, expenditure, at least in areas related to personnel (covering more than half the budget), needs to rise in line with the *standard*, not just the cost, of living.

Table 1

#### UK defence expenditure £bn

	1984/5	1985/6	1986/7	1987/8	1988/9	1989/90	1990/91	1991/2	1992/3
1. Total						Est.	Plan	Plan	Plan
£bn	17.2	18.0	18.2	18.9	19.1	20.3	21.2	22.4	23.4
2. Real spending									
1988/9 prices	21.2	21.0	20.5	20.2	19.1	19.0	18.2*	17.8*	17.7*
4. Defence as									
a % of GDP:	5.2	5.0	4.7	4.4	4.0	3.9	3.8	3.8	3.7

Source:- Tables 21.2.1, 21.2.4 and 21.2.5 of the 1990 Public Spending White Paper. Figures marked\* have been recalculated using the London Business School forecast of the GDP deflator (the Treasury's own projections of 5%, 3.5% and 3% for the current and two forthcoming years have been overtaken by events!)

Table 2

#### Comparison of defence spending of major NATO countries (1988)

	% GDP	% GDP Adjusted for all volunteer forces by SIPRI
U.S.	6.1	6.1
UK	4.1	4.1
France	3.8	4.1
West Germany	3.0	3.4
Italy	2.5	n/a

Source:- SIPRI<sup>3</sup> 1989 *Handbook* (UK updated from government spending figures above).

3. The Stockholm International Peace Research Institute.



Of course, comparisons with the past must be treated with caution. The situation is so changed and changeable. What is important, however, is that the decline has not been reflected in any reduction in the armed forces in those five years. The early years of the present Government saw our defence capability improve, financed by a combination of real increases in spending and a reduction of waste; but the most recent period has seen funding decline (to the lowest post war proportion of GDP), with no corresponding cut in the armed forces. Their budget is now severely overstretched. For example, the proportion of the budget spent on new equipment has dropped to 39%, the lowest for twelve years. Funds for unit training and essential maintenance have also been greatly reduced: no good at all for morale. Reductions in our armed forces comparable to those announced in OFC would be required just to bring them into balance with the current reduced spending levels.

Comparison with our major NATO partners is hard to make because most NATO countries, other than the US and Britain, make a large contribution in kind via conscription. Last year SIPRI tried to cost this; Table Two gives the figures. Defence spending is much higher in the US than in Europe; with Britain and France roughly the same as each other, Germany rather less and Italy much less.

Many of the smaller NATO countries (already low contributors) have lately been moving towards unilateral cuts in budgets. France and Germany are moving more cautiously; with the French freezing spending for next year at current levels in real terms, although France plans to remove most of her troops from Germany, and the Germans reducing expenditure this year by 1%. If Western Europe is to take some of the burden from the USA (which, justice apart, may also be essential to keep the US committed to Europe) one should not expect any further reduction in British defence spending below present levels -- at least in advance of any great improvement in the strategic climate. Indeed, if either *Perestroika* should be reversed in the Soviet Union or if action in the Gulf should not achieve early success, then increases will be needed.

### **A new shape for Britain's armed forces**

#### **Land and heliborne forces -- making room for genuine flexibility and mobility**

The potential land threat from the Soviet Union is still there, consisting of huge, balanced armoured forces, with an increasing proportion of attack helicopters. And likewise, many of our possible antagonists in the Middle East, including Iraq of course, have large tank fleets.

The centrepiece of our army today is the corps of three armoured divisions in Germany, with a reasonably modern and balanced mix of equipment, but only a fraction of the size of the French and German forces -- and roughly equivalent to those of Holland. BAOR is supported by reinforcement formations and units in Britain, both regular and T.A. It is essential that we keep a foothold on the Continent, where any land battle will be decided, not only for strategic reasons but also because a British withdrawal would effectively put pressure on the USA to follow suit; OFC envisages 25,000 of BAOR'S 60,000 establishment (now under strength) remaining there.

Armoured land forces, although essential in any land battle, suffer from two major problems. First, it is difficult to concentrate them fast enough, when a threat appears from an unexpected quarter -- for example, an enemy airmobile move round a flank. Second, they cannot rapidly be deployed (at least by the aircraft we can afford) to a Middle Eastern theatre in order to reinforce lightly armoured troops (who are alone of little use against armoured forces).

There is one weapon at present which can destroy tanks, be quickly concentrated or moved between theatres, and requires no airfields -- the attack helicopter.

The attack helicopter does require significant support, but less than the Harrier which can fulfil a similar role; it is still the most flexible method by which an army can deal with massed armour, at least until heavy support arrives and there may not be time for a gradual build-up in the next crisis.

Unfortunately, the credibility of our own attack helicopter, the Lynx, has almost vanished. General Sir Martin Farndale has said:-

'The only helicopter available (in the West) up to the end of the century which is capable of this role is the American McDonnell Douglas Apache. Its air



frame is big enough and tough enough to carry a crew of two, protective armour, warning devices and sufficient anti-armour and air to air missiles to be effective and survive<sup>4</sup>.

When BAOR is reduced to 25,000 the new formations must include a worthwhile force of Apache helicopters. They are expensive; 100 would cost about £1bn, but such a purchase is essential if our contribution to our allies on the continent is to remain credible, as well as allowing a fast, effective anti-armour deployment to the Middle East.

There is a price, of course. Given the tight financial restraints, room must be made in the existing army budget. The large reduction in our forces stationed in and committed to Germany will permit a substantial cut in our order for Challenger II tanks (£1bn was allocated to replace the six remaining Chieftain regiments). Reductions will also follow in establishments of associated equipment, armoured personnel carriers, artillery etc. Anti-aircraft and reconnaissance equipment should be 'thickened up', within the reduced total, as battle becomes more mobile. Also the equipment for operational HQs (not to be confused with the many administrative HQs in Britain) is essential; having the people and systems to gather and process intelligence in the confusion of war, and rapidly convert it into orders, is as decisive a factor as it ever was in winning a campaign.

There is a pressing requirement to upgrade the seven regiments of Challenger 1 tanks. Although well-protected and shortly to receive a new gun, Challenger 1 will remain seriously flawed in two respects. First, it must be given an up-to-date fire control system; second, its mobility is impaired by being less than reliable. The results of the -- nearly completely developed -- Challenger II (most of them retrofittable to Challenger I, according to the manufacturers, Vickers) should be applied. Given the very small size of our army, *quality is essential*.

OFC envisages a strategic reserve division in Britain bringing together armoured, airborne, airmobile and amphibious forces. The author, instead, suggests that this division be composed of the last three only, one brigade of each, but able to draw on the new attack helicopters for rapid anti-tank support and armour from the two divisions which OFC envisages for stationing in (or commitment to) Germany. Such lightly armed troops by themselves are of little use against an armoured enemy but, supplemented with attack helicopters, they are essential for such roles as fighting in built up areas (FIBUA) and seizing

---

4. RUSI Journal, special supplement, Winter, 1989.

and holding ground. The extraordinary difficulties of the FIBUA role may be demonstrated soon in the Gulf; flamethrowers are probably indispensable but appear to have been dispensed with for political reasons a generation ago. The airmobile force and the Commando Brigade exist already (see below).

The airborne brigade should be built out of Five Brigade, whose present mixture of airborne and non-airborne troops is unsatisfactory. Bringing our existing third parachute battalion back into the brigade, modestly increasing the supporting parachute posts (two of the principal supporting units 7 RHA and 9 Squadron RE are largely airborne already) and reforming a proper army/RAF air/land warfare directorate would transform matters. Sums involved are very small, but the concentration of élite airborne assets, with a headquarters structure able to project them, is a major card (even when not used in an airborne attack, as the Pentagon has recently shown in the Gulf).

As foreshadowed in OFC, the British mobile force should be disbanded, its role in Denmark relinquished. Home defence in Britain must be maintained, but the number of British Headquarters should be sharply reduced. The Berlin brigade should be eventually withdrawn and disbanded as proposed. Overall manpower numbers should be in line with OFC, i.e., cut by 25 % to 120,000 personnel. This would leave us with the smallest army of any major country, which underlines the necessity for quality in people and equipment.

#### **Air Power and Tactical Nuclear Weapons**

The RAF's roles can be grouped under four headings, air defence of Britain, forward defence in Europe operating from both British and continental bases, maritime air cover and a contribution to out-of-area capabilities. To carry out these roles the RAF has enjoyed the lion's share of the extra money provided during the early Thatcher years, taking over 40% of the equipment budget over the last decade. We now have a more modern fleet of aeroplanes than at any time since the war.

Some weapon systems have entered service lately, including the JP233 airfield destruction weapon and the Sea Eagle anti-ship missile. The ALARM system, designed to neutralise radars associated with air defences is nearing production. But expenditure on weapon systems has been much lower than aeroplanes; the service still depends on an updated version of the 1960s' Sidewinder for air-to-air combat and the old BL755 for countering armoured forces. The RAF's tactical nuclear capability remains in aging freefall bombs.

OFC sensibly proposed to slim the RAF's overall forces in the face of, and dependent on, expected cuts in the Soviet side. The principal changes were a reduction of five squadrons



in the Tornado forces committed to Germany for strike and reconnaissance roles: with two of them reallocated to replace Buccaneers in the anti-ship rôle. Two squadrons of Phantom air defence aircraft now based in Germany are to be disbanded. The number of RAF bases in Germany is to be reduced from four to two.

One serious issue arises, however, over equipment. Side by side with the two variants of the Tornado and the Harrier GR5, now entering service, the Government is at present committed to the new European Fighter Aircraft (EFA). The Tornado programme costs much more than Trident and, although there are fewer of them, the EFA's unit costs will be higher yet; furthermore such unit costs will rise still further if our principal partner, Germany, withdraws and/or the British offtake is reduced. A strong commercial case can be made for the programme, on the grounds that it will allow a world class design capability to be saved. And the export potential is substantial, too.

Within a smaller cake, however, the military sense must be questioned of allowing another group of very expensive platforms to gobble too many of the funds for the weapons which these platforms exist to deliver. The decision to cancel the 1238 air-launched air anti-tank system to replace BL755, the formal confirmation of the continuation of the EFA and the decision to send tank busting aircraft to the Gulf were all announced within the space of a few weeks: an irony. If our fixed wing air power is to be projectible to the Middle East, where the principal threat is from great armoured forces in several countries, it is strange for them to have no effective way of destroying massed armour. The EFA is designed to gain superiority in the air; it would be unfortunate if this very expensive platform were to go ahead while purchases of its proposed main armament, the air-to-air weapon systems ASRAAM and AMRAAM<sup>5</sup>, were to be cancelled.

Most important of all the weapons, however, is TASM the proposed replacement for the nuclear freefall bomb, whose Soviet counterpart the AI5 is entering service. It is now unlikely that Lance will be replaced with a new nuclear ground-to-ground system, so that our forces will be largely dependent on air power for tactical nuclear weapons. These are the ultimate deterrent against both conventional attack from the Soviet Union and a nuclear and/or chemical attack from the Middle East. Trident is a first class strategic nuclear system, but even ignoring all moral considerations, it would be too powerful to be politically acceptable against a third world threat (the prevailing winds from Libya blow into Europe!). The chemical threat in both our major potential theatres also suggests that we should examine re-equipping our forces with

---

5. Difficulties in the development programmes do not alter the validity of this point.



chemical weapons, if the proposed world-wide ban is not both agreed and implemented.

We must ensure that finance remains available for the essential weapons systems that make our expensive aircraft worth having. This is likely to involve compromise over EFA, either a lowering of performance requirements, a joint approach with the USA if Germany withdraws or some commercial or DTI funding for the development, if cancellation is to be avoided.

The RAF should resume the role it carried out in the Middle East up to the 1970s. The West will need to keep a presence in the Gulf. A permanent squadron of Tornados in Bahrain would, with the Emir's permission, make a worthwhile contribution. RAF Akrotiri in Cyprus remains a pivotal staging post. Consideration should be given to positioning forward elements of the parachute brigade and air mounting facilities there.

#### **Naval and Amphibious Forces**

The tasks of the Royal Navy and Royal Marines include the provision of the strategic deterrent, the protection of lines of communication across the Atlantic to our ally the USA, the securing of the Channel, the ability to provide a task force with air support and amphibious capability, distant patrols in several areas and coastal tasks such as the protection of North Sea Oil and the mine-clearing of sea lanes to our ports. Soviet capability has declined little if at all at sea; nuclear fleet submarines are still launched every six weeks and today they have more than five times as many submarines as Hitler had (even excluding Soviet ballistic vessels) and a large and improving surface fleet. Strain on the Royal Navy stems largely from the need to provide an effective counter to such a range of threats, alternating with the need, with the same ships, to carry out routine patrols to areas as distant as the Gulf and the Falklands (as well as occasional ones further afield).

The Navy has had less generous investment than the other 'equipment-heavy' service, the RAF, in recent years. Our surface vessels still have reasonably modern hulls, but mixed capabilities in equipment. The torpedoes their helicopters carry, Stingray and the short range anti-aircraft capability, are excellent. But only five out of forty-eight frigates have a modern anti-ship missile (Harpoon). Most of the rest rely on the oldest mark of Exocet (the Argentines used its successor in 1982!) and a medium anti-aircraft missile Sea Dart, itself elderly and usable in a secondary anti-ship role. None of our vessels has a modern protection system against torpedoes. The total weapon package is less capable than many US and Soviet counterparts whose hulls are older. In contrast, our nuclear fleet submarines, besides having first class hulls, all have the splendid Sub-Harpoon system and will soon receive the excellent Spearfish torpedo. They can also lay very effective mines.

Today 94% of Britain's trade by weight is still carried by sea. Even the Channel Tunnel will make only a per cent or two difference.

It cannot be said too often that we are an island. And that we are separated from our allies by water. Most of the troubled areas of the Middle East are on coastlines, making sea power as important as ever. But it is even harder to lay plans for the Navy than for the other two services. As long as the Soviet naval capability remains undiminished, cuts in the Royal Navy are premature. Even with large reductions, the strength of Russia suggests that, if necessary, we should reduce underarmed frigates but maintain our much better armed nuclear submarines. But engagements in the Middle East, and not just in the shallow waters of the Gulf, point in the opposite direction. Nowhere in the Middle East would submarines be nearly as important as surface vessels.

OFC by and large comes down in favour of the latter argument, with a massive proposed reduction in submarines from twenty eight to sixteen and a smaller one in frigates from forty eight to forty. The authors believes that the submarine cuts should wait upon substantial reductions in the Soviet fleet. Elimination of a few less capable frigates, as planned in OFC, will not greatly diminish the Navy's firepower; but will stretch its resources greatly. So it too should also be dependent on Soviet reductions easing NATO commitments.

The Gulf crisis has highlighted, as the Falklands did, the necessity of fixed wing airpower. Some parts of the Middle East do not offer the ready access to local airfields available in the Gulf. Furthermore aircraft provide essential cover for fleets when operating well away from land. For both these reasons the update of the Sea Harrier is essential.

The Royal Marines have an effective political lobby for replacements for their two aging assault ships and the construction of a new aviation support ship; their arguments are based on their role in the Falklands. They are splendid troops. Their expertise and fitness makes them usable as high quality infantry in varied climates. But assault ships are very specialised -- needed principally for beach assaults against enemy fire. These expensive items should be evaluated against the likelihood of their effective use in either of the two proposed 'focus' areas -- NATO and the Middle East. Such an evaluation may indeed prove positive, but, if not, the purchase of such ships should not claim justification on wider 'out of area' grounds alone, at a time when resources are wanted so badly for requirements to update the weaponry on ships which must defend our vital interests.

As for manpower, the Royal Navy is more overstretched than the other two services



because of the very heavy commitments for their ships discussed above, shortages of sea crew and the lack of shore postings where sailors can spend time with their families. The decision in OFC to reduce naval manpower strength by proportionally less than reductions in vessels<sup>6</sup> was necessary to ease the severe pressures on sailors and cut down wastage of expensively trained personnel.

Finally, as with the RAF, the Royal Navy would be more effective in the Gulf if it had a base there. Excellent facilities exist and are greatly underused in friendly countries. Minimal expenditure need be incurred -- some prepositioned stocks with a handful of skilled personnel would greatly enhance the speed of the Royal Navy's action in time of emergency. The Gulf crisis has also illustrated the dangers attending the sharp and continuing decline in the Western powers' merchant navies.

---

6. From 55,000 to 52,000, excluding the Royal Marines.



## Managing weapon procurement in the 1990s

### Some myths

It will be as crucial as ever for Britain to get value for money from its procurement programme in the 1990s. Yet it will be harder than ever for government and industry to buy and produce weapons for use up to the year 2030, if budgets continue to shrink.

A recent survey of defence procurement in eight Western countries<sup>7</sup> discovered a widespread lack of public understanding of the complexity of managing the development of high technology weapons. Almost everywhere the procurers were simply believed to be incompetent.

One well-known case illustrates the problems in getting value for money. In the late 1970s two candidates were offered to the then Labour Government to fulfil Britain's requirement for an airborne early warning radar system: the Boeing AWACs and a proposal by GEC to put a radar system into Nimrod maritime patrol aircraft to be remodelled by British Aerospace. Technical appraisals were made by the Royal Signals and Radar Establishment (RSRE) who concluded that the Nimrod would fit the bill, provided that Ferranti 700 computers were used rather than GEC's own offering and that the system was to be used only over water. After extensive lobbying, GEC and British Aerospace persuaded the Government, against this professional advice, to go ahead *without* specifying the Ferranti computer, and with the air frame work (nearly half the total cost) carried out at the beginning.

While the programme was under way two new Soviet aircraft types entered service, the Backfire Bomber and Hind Helicopter, both capable of very low level attack and hence requiring a change in radar specification to enable them to be tracked against the much more difficult land background. Successive defence and treasury ministers, faced with sunk costs which in the end amounted to nearly half a billion pounds, were unwilling to cancel the project despite the overwhelming evidence that there was no chance of meeting specification; at last it fell to George Younger to 'grasp the nettle'.

Today, the sorry story looms in the public imagination as an illustration of the

---

7. *Defence Procurement Practices*, H.B. Maynard, 1986.

procurement executive's incompetence, even through most of the mistakes, and all the major decisions, originated outside the PE!

### **Central staffs and strategic overview**

The strategic decisions on defence procurement are made not by the PE but by the central staffs and their political masters. First the Defence Staff, Operational Requirements (OR), formulate the cardinal points for broad military outlines of projects, and the planners examine numbers and wider implications for manning, logistics etc.; at the same time the finance staffs in the Resources and Programmes section of the Office of Management and Budget (OMB) assess the projects. Larger items go before the Equipment Policy Committee which brings together representatives of the key parties under the chairmanship of the Chief Scientific Adviser. Final decisions on these are made by ministers after consultation with the Treasury.

By these means the crucial trade-offs have to be decided which affect the equipment of our armed forces for as far as forty years ahead. These include:

1. Front end costs versus 'total life' costs. Money spent on ensuring reliability can greatly increase availability and save huge maintenance bills later. Investments which save manpower can be very important, too.
2. Flexibility versus cost. If equipment is to be usable in any climate in the world, then 'gold plated' robustness has to be built into it -- as the would-be rescuers of the Teheran hostages found out when their helicopters, designed for use in a normal climate, failed to stand up to desert dust! Similar, if less drastic, problems are reported on some RAF Tornados in the Gulf now.
3. Platforms versus weapon systems; discussed in Chapter 3.
4. Technological risk versus the 'threshold problem'. The nearer to 'state of the art' the greater the technical risk, but the further one goes down the scale the greater the danger, with today's fast moving technology, of producing a product which is hopelessly outdated in the field. The Syrian Air Force lost nearly one hundred modern aircraft for virtually no Israeli losses in 1982 because of a technology mismatch between the two side's machines.
5. Harmonisation of requirements with allies versus delays and differences in



timing of needs.

**6. Thorough testing and user trials versus bowing to political lobbying by domestic suppliers.**

The present arrangements do not make for rational and co-ordinated decision-making. For example it is common knowledge<sup>8</sup> that total life savings are often sacrificed for the sake of front end price. Since no one section has authority, delays can be very long, leaving suppliers' teams idle and demoralising the project team. Furthermore, the Treasury is unable to spot real waste because it lacks expertise in these very technically specialised fields; its fast rotating staff cannot distinguish between sums spent wisely to diminish later costs and wasteful over-specification. Nor do they have understanding of the nature and controllability of technical risks.

The relevant staffs in the defence staff and OMB should be integrated in a single chain of command to form a single military/financial/technical team, with authority and hence accountability for their decisions. Furthermore, the Treasury should take on a panel of five or six part-time staff, with expertise in the defence procurement field, to advise officials in asking the right detailed questions. These streamlined arrangements should allow for both faster and more effective decision taking.

**Getting value from the defence industry**

To understand the framework of procurement requires understanding of two crucial things: the structure of the tendering process and the ownership of intellectual property rights (IPRs).

From post war until the mid 1980s the defence industry grew flabby on cost plus contracts allocated by the PE for sometimes ill-defined stages of the development process. During the 1950s and 1960s the research establishments kept the procurement process to themselves. Equipment was expensive but Britain established a world class reputation in aerospace and other defence-related fields. As British industry grew more capable in advanced R & D, the research establishments were drastically slimmed down. Technical and design expertise (and resulting IPRs) built up in industry, at least in some areas, but were not matched in the PE project teams.

---

8. Several House of Commons Defence Committee reports have commented on the lack of emphasis on maintainability in recent purchasing decisions. This view is shared by the industry.

A typical project handled by the PE goes through five main stages: pre-feasibility, feasibility, project definition, full development and production. The MOD's research establishments may carry out or commission the first stage, or even the first two stages, but a project team in the PE is responsible for commissioning all subsequent stages from industry, drawing on the research establishments for specialist technical support (the 'expert customer' facility). Under the present system competing bids are invited for specific stages (normally at fixed prices) and contracts are awarded by the PE project team responsible. Each phase is often put to tender independently. But serious problems arise because the main stages can be very different in nature. From beginning to end the phases decline greatly in uncertainty but increase greatly in potential reward; project definition typically accounts for only 15% of total development cost and yet is working with state of the art technology and so vastly riskier than production at the other end of the spectrum, where industry makes most of its profit.

Since Sir Peter Levene introduced competitive tendering, many companies have been willing, nonetheless, to accept fixed price contracts for the various R & D phases, in the hope of more substantial work at the next stage -- though nothing in MOD's policy guarantees this. If a company fails to be awarded this next stage, then, unless it has managed to negotiate protective clauses, the PE can pass on to the winning company all the output of the earlier work, even where it includes IPRs funded by a company at its own expense<sup>9</sup>.

At the full development stage the risks are somewhat lower; and a Fixed Price Contract is appropriate as long as project definition has been precise. All development phases usually require, however, the employment of many high grade scientists and engineers. No large manufacturing company can make a reasonable living without production contracts, where the main profit is made. Yet unlike most other Western countries we no longer tie the first major production order to the company which carried out full development. The threat is that the order could go to a manufacturer which can offer a lower production price because it does not have the burden of the technical overheads needed for research and development -- perhaps putting the developing company out of business.

These difficulties are aggravated in the case of collaborative ventures. Responsibility for individual phases becomes diffuse, in both geographical and organisational terms. Delays are greater. The IPR position is particularly complex, with many British companies unhappy that MOD is reluctant to protect their self-funded IPRs.

---

9. A recent Panorama programme highlighted this in the case of Boughtons, the specialist vehicle manufacturers.



Today, Britain is enjoying record export sales, in some cases with equipment bought at low prices based on research and development funded by the previous generation; as Peter Drucker<sup>10</sup> puts it 'The temptation in the existing business is always to feed yesterday and starve tomorrow. It is, of course, a deadly temptation.' It is happening now.

The pendulum has swung too far against British industry. Even before the ending of the Cold War a flight from the defence business was occurring. As recently as three years ago there were at least six major British competitors in the defence electronics business. Today GEC is nearing a domestic monopoly, if Racal and Thorn EMI confirm their withdrawal. Contracts which have been driven down below economic pricing or expose the contractor to excessive risk, cannot continue. In many areas MOD will be faced with buying abroad or dealing with a monopoly British supplier (if one exists). This near monopoly situation can be seen in other European countries. For example Daimler-Benz now controls most of the West German aerospace and defence electronics businesses. Of course, each domestic near monopoly supplier is in touch with its counterpart in the other European countries.

If European governments choose to go down the alternative route of habitually buying major items off the shelf from the USA whole sections of Europe's defence infrastructure will disappear altogether -- and the suppliers are well aware of this.

Ironically the very climate of competition which ended the inefficiencies of the recent past has now created a situation in Europe in which either the industrial tail will be able to wag the political dog, or simply disappear from the market altogether.

Before it is too late we must recognise that government cannot remain entirely at arms length to industries for which it is the dominant customer. Monopolies legislation alone has not prevented dangerous concentration. At an international level our industry will be at an enormous disadvantage if other governments (including the U.S., France, Germany and Italy) collaborate with their industry in determining which parts of a collective European defence pie they want, while we leave it to 'market forces' (which are in practice dominated by those same foreign governments whether we like it or not), to determine piecemeal the fate of our defence industry.

MOD should identify areas of British excellence in defence technology, whether whole

---

10. *Innovation and Entrepreneurship*, Heinemann, 1985, p.137.



products or specific technologies, on which we should focus while other European governments select their's. Government research can then be concentrated in these fields and companies can focus their strategies on them, confident in adequate scientific support and protection of intellectual property rights. If possible there should be at least two suppliers in each field in Western Europe. Ideally, networking between European suppliers should allow competition between groups each with a foothold in different countries; the proposed link between British Aerospace and Thompson could work to MOD's advantage providing a genuine competitor emerges. If the few remaining defence groups are allowed to split the market up among themselves, without governments ensuring that competition is maintained, the position will only worsen.

In so far as we can get real reciprocity (not yet in the case of France, in spite of much enthusiasm!) contracts should be let to overseas competition, which includes the US, but not to the extent of losing key European capabilities. Feasibility and Project definition contracts should be let on an incentive basis (wherever possible with two competing solutions) but the full development phases should, where project definition has been completed, continue to be let on a fixed price basis. A decision should be taken to try to maintain one contractor in the chain from successful project definition to the first genuine production batch, subject only to reasonable pricing.

### **The PE Project Teams and Research Establishments**

Problems in the defence industry are mirrored in the Procurement Executive itself. Poor salaries and conditions of service have led to an exodus of talent from the project teams. Furthermore, in Britain we have too few project managers (under 30%) and senior project staff from the armed forces; PE does not allow military officers to compete for the remaining posts. An absurd attitude has taken root over the last twenty years of depending on Operational Requirements staff in MOD to provide so-called military input. Of course, no well run project should be dependent on the small central staffs for detailed assistance -- their role is directional oversight. But the result is equipment which is often not 'user friendly' because of a lack of detailed military knowledge in the project team. Two examples from the Air Controllerate (whose proportion of uniformed staff is the lowest of the three) are the emergency shutdown on the Tucano trainer which was located in the centre of the pilot's seat and the cockpit controls for the weapon systems of the Tornado GR3 described by one senior airman as a 'harder job to operate in combat than a one handed man hanging paper.' Mistakes picked up early by a military member of a project team monitoring practical details can be cheaply corrected; later they become very expensive. Those uniformed personnel who do serve in the PE usually do so for only about two and a half years on a twelve to fifteen year project.



One of this Government's achievements is the establishment at the Royal Military College, Shrivenham of a centre of excellence managed by Cranfield Institute of Technology which now awards Masters Degrees in Defence Administration, to a mixture of military, civil, commercial and overseas students. What is needed is a central agency, also based there, responsible for personnel both military and civil, available for senior project posts. It is essential that *everybody* going into project management jobs should serve for at least four to five years, roughly twice the present time, as happens in many other countries. To make it an attractive part of a career, promotion in post, when appropriate, should be normal rather than exceptional, as it is now.

The run down in service numbers will make available a pool of officers from the armed forces with strong technical and academic qualifications; putting just a few of them through the MDA course at Shrivenham as project managers could transform demoralised project teams, as well as reducing the gap between the PE and the user. The higher cost of such managers should be more than offset by savings in early pensions otherwise to be paid when they leave! Almost *all* the project managers in some of the most successful procurer countries such as Sweden are from the military.

Then there are the research establishments. Apart from the nuclear side, these are to be concentrated in a new Defence Research Agency. This decision is welcome in so far as it allows pay for top scientists and engineers to be freed from civil service terms. Furthermore, the absurd rule whereby 100% of all external funds generated in the establishments were repatriated to the Treasury will wither; this last generated very little money, serving only to ensure that hard pressed research establishment directors had a *disincentive* to encourage spin-offs to civil industry, in contrast with DARPA in the United States. But some caveats apply:-

1. The agency must be owned by the MOD, with support for the PE as its main task: viz a) expert customer support for project teams and b) intermediate research programmes commissioned as now by the Chief Scientific Advisor.
2. The contractual position between MOD (including PE) and the DRA must be kept simple so that no fresh batch of monitoring posts is created.
3. Stringent security controls must be applied to DRA's customer base. In the past the West's technological lead largely vanished because the Soviet Union exploited security weaknesses. Today, Saddam Hussein is not the only Third World dictator shopping for Western technology through front

companies.

4. Stringent protection of the IPRs of companies dealing with the establishments on research and projects must apply. This will inevitably limit the extent to which DRA can do outside work; they must not compete against companies using IPRs which those companies have created.

5. Greater specialisation should be encouraged but the greatly shrunk establishments must be given adequate resources to carry out their reduced rôles. The 2% of the defence budget spent on actual research (as opposed to development) is very good value for money; far from 'crowding out' civil research, our MOD establishments employ only a tiny proportion of scientific and engineering graduates; but they are among a mere handful of British bodies which do essential intermediate research. This fills the gap between academic 'blue sky' bodies, and product development (often confusingly called research and development) carried out by the private sector. Few companies<sup>11</sup> in this country invest heavily in intermediate research, whose returns may be fifteen years ahead or even nil.

---

11. An important exception is pharmaceuticals where IPRs resulting from research can be turned into identifiable and 'ring-fencible' patents, unlike most areas of electronics.



### **In search of excellence**

#### **Values and Skills**

Many bodies in the public sector have a vocational as well as a professional ethos. The serviceman, however, is peculiar. First, he is contracted to lay his life on the line, requiring disciplines far more exacting than those of most civilian life; second, his capabilities in war cannot be directly measured (in peacetime) in the way that the performance of almost every other organisation can; and third, all too often forgotten, his family are much more severely affected by the special nature of his occupation.

The Roman General, Scipio Africanus, in about B.C.200, wrote '... of all the factors which make for success in battle the spirit of the warrior is the greatest.' The Yom Kippur War and Afghanistan show that this is still true today. At Goose Green in the Falklands, 2 Para defeated a well entrenched enemy nearly three times their strength. An officer who served under 'H' Jones told the author:-

'He was a strange and alarming man but his achievement was that he so fired our spirits that every soldier in the battalion was morally certain that we would capture that position, however many of us were killed in that process.'

Thus every change governments consider imposing on our armed forces must address the question: 'Will this develop or diminish the virtues, mostly self-sacrifice and courage, needed to strengthen the spirit of the officers and men?' Without these, military equipment and skills are worthless.

These are exactly the virtues which elements of the British armed forces have displayed for centuries. We do not have the constant threat that makes for Israeli excellence, nor would anyone wish for the political fanaticism which made the SS so formidable. So why do the British armed forces continue to have so high a standing in peacetime in Britain and abroad?

There are two principal answers. First, the clannish loyalty to the regiment, corps or service to which a serviceman belongs. A ship's natural comradeship can be reinforced by upholding fine traditions, and aviation has its own distinct appeal of adventure, but where spirit (especially in peacetime) is hardest to maintain is in the army, especially the infantry, which

lacks glamorous skills and yet is central to the conduct of war. In Vietnam it was the army, especially the infantry, which became demoralised, unlike the US Air Force and Navy pilots engaged in nightly attacks against formidable air defences. This did not happen to British infantry in two campaigns in Malaysia. Our regimental system, and similar traditions in the other two services, in which son often follows father, still acts to strengthen the military virtues and has continuously assisted Britain's armed forces to attract and retain high quality men during peacetime, as well as to forge links with the community at large.

The second answer is the 'Wilco' spirit, a determination to damn the odds and do the job irrespective of time, dangers and conditions. This is fostered by commanders like 'H' Jones training their subordinates under the harshest conditions, providing some foretaste of the hardship, exhaustion and fear central to war. It is these two factors which, for a generation, have been under such attack from modern management systems.

### **Commanding versus managing**

Over the last few years we have seen an exodus of talent from the Armed Forces; this started well before the uncertainties consequent on the end of the Cold War. By early 1990, the RAF was 7% below its manning targets, and some regiments in the army have had to suspend one entire company through shortage of men. Even by then, applications for premature voluntary release had reached their highest level for twelve years.

Large manpower reductions are proposed in OFC (although the Royal Navy may soon be below even the reduced target); but middle ranking officers speak of the haemorrhage of the best officers and senior NCOs. We may lose a priceless national asset, excellence in our armed forces; restoring it in peacetime may be all but impossible -- and in a war there may not be time.

Why are they leaving? Many trends combine to make the serviceman's job less attractive. In Ulster the 'Wilco' spirit enables a regiment to work a seven day week for up to nineteen hours in twenty-four, with soldiers perhaps having only one break -- six days -- in five months. Yet on their return units are increasingly expected to account for every hour of a normal working week almost like a civilian organisation; sport and adventure training are squeezed out. The team spirit is disappearing.

More fundamental, the good commander leads through shared values and a commitment to professional skills; he reinforces the unit spirit by spending much of his time with subordinates in training, essential work and play. Yet today young officers complain of the



'hole punch' system of promotions, whereby the dexterous juxtaposition of jobs and courses (presumably in line with some pseudo-management system) seems more crucial for promotion than the effective command of subordinates. Furthermore, commanders at all levels complain of the increasing difficulty of getting away from the paperwork in their offices. This can be put down to two things. First, the excessive number of overlapping administrative Headquarters, each generating instructions and requirements, with accountability often blurred<sup>12</sup>.

Second, the growth of financial reporting systems. The introduction of 'executive responsibility budgets' to training establishments made it necessary to create one hundred extra administrative posts<sup>13</sup> to do the extra paperwork. Not only are the men expensive, but a shift has occurred towards bureaucratic management which can only be bad for fighting spirit. The new management strategy (NMS) takes performance targets, financial authority and accountability even further into the system -- even to operational units. It will give commanders budgets instead of fixed quantities of ammunition, training facilities, fuel etc. and introduce extra measures to assess performance. Handled right this offers scope for improvements, handled wrong it will be the last straw for many.

The performance targets should be few, simple and founded on performance of *units* in realistic exercises: they should *not* be easily processed paper targets -- like the proportion of members with a given skill, or the state of equipment (these are important, but must never be allowed to dominate, as often they now do).

It is essential that the budgeting part of NMS should be carefully tailored to ensure that it includes only those items over which the commanding officer can be given genuine and useful control (for example, allowing commanding officers to contract out civil service clerical posts would transform efficiency in some units). Then, however the system of resource allocation is arranged, units must have adequate resources to train properly. Our small professional forces are to be cut still further; they must be allowed the ammunition, fuel and exercise areas to prepare for war.

Finally, manpower cuts in the army entails fewer regiments -- and the bulk of the manpower cuts will fall on the army. It is important that this should not simply lead to across the board amalgamations, in a vain endeavour to hold on to all regional associations for

---

12. In London alone, for example, there are four Headquarters with overlapping functions -- HQ London District, 56 Brigade, HQ Footguards and the Guards' Divisional HQ.

13. Parliamentary Question, 22 February 1988.

recruiting purposes. The quality of existing regiments varies widely. It is far better to eliminate or reduce to cadre strength some of the worst recruited and under-officered ones rather than settle for wholesale amalgamations. Proposals further to centralise infantry regimental training depots should be rejected; they would not only dilute regimental spirit and regional ties, but would also seriously affect the army's ability to rebuild speedily in times of tension.

### **Fairness and cost-effectiveness in remuneration**

Every year since 1979 the Government has abided in full by the recommendations of the armed forces pay review board (apart from some phasing). Yet servicemen feel that they have not shared fully in rising living standards, even if the prime concern is not pay. For two of the services one issue predominates. The armed forces pay review board commented in 1989 (of the Army and the RAF):-

'It is important that concerns about house ownership should not become a major drawback of service life to the point of distorting the pay needed to recruit and retain personnel.'

In 1990 this issue formed 60% of their report on 'areas of particular interest', and revealed a further deterioration. Home ownership in the army and RAF runs at about 26% and 42% respectively among married people, against 65% of all households in the civilian community.

Almost 90% of households today can make themselves eligible for massive government assistance, year after year, either through mortgage tax relief (64% are owner occupiers) or through an accumulating discount, via their council rents (26% are council tenants). The latter can reach up to £50,000, more than three times the terminal grant of a sergeant with twenty-two years of service.

Few service families can afford simultaneously to pay a mortgage and rent MoD accommodation; there are stories of misery in every unit and station -- problems with tenants or the inability to find them. Hitherto MoD has sought to assist servicemen into the housing market by allowances designed to encourage them to buy while serving. In the Royal Navy this has worked well as almost all their personnel are based in Britain, mostly in Southern England. Sailors can settle their family for their careers, although this means seeing a lot less of them.

The effect on the army and parts of the RAF has been largely unsuccessful in take-up, and detrimental to unit spirit. In the army all too often those serving in low-priced areas buy houses; and are then pressed by their wives to leave the service when the unit moves abroad or



to a more expensive area. Moreover, in both these services officers have to move between geographically widespread jobs, even when their units are stationary. Field Marshall Bramall summarised the problem <sup>14</sup> 'all too often premature house purchase simply leads to premature voluntary release.'

Indeed, a recent survey of officers applying to leave the army prematurely<sup>15</sup> showed that assistance with house purchase was the financial item about which the highest proportion were 'very dissatisfied', even though 85% owned their own houses, far more than the officer average!

The problem has been solved for the two nearest equivalent organisations -- the police and the Foreign Service -- with huge housing allowances and free accommodation abroad respectively. Servicemen must at least be offered a scheme to accumulate capital towards house purchase during service: enjoying the tax reliefs available to civilian purchasers, but tied to eventual rather than immediate purchase. No reasonable level of pay can compensate people for having to leave the service to live, often as tenants, in homes much inferior to their civilian counterparts.

One other factor is important -- the lack of career prospects for wives in the two mobile services. The proportion of serviceman's wives with jobs has increased to nearer the civilian average but the calibre and remuneration of the jobs (cleaning, manning NAAFI tills etc.) is low; and this at a time when many wives of all ranks are educated and skilled. The MoD should consider setting up business centres at its overseas' and its more isolated British bases (for example its RAF bases in Scotland) equipped with modern telecommunications, where wives with skills ranging from journalism and moneybroking to straightforward typing can rent space to continue their occupations through the use of computers and faxes as many civilians, formerly based in cities, already do.

A third major problem is the separation of servicemen from their families, particularly in the Royal Navy: in part the inevitable result of their duties, in part because of their high level of home ownership compared to the army and the RAF. A much more generous allocation of travel warrants<sup>16</sup> would reduce the stress on divided families, and should, for

---

14. House of Lords, 13 July 1990.

15. Officer PVR Questionnaire Analysis of the Data July-December 1988, APRE October 1989.

16. For example, a sailor on a shore posting, who has settled his family, gets just twelve travel warrants a year to visit them.

offpeak travel, be cheaply negotiable from British Rail.

A failure of imagination, a preference to throw large sums at ill-conceived retention bonuses and an all but incomprehensible structure of allowances will lead to an increasing haemorrhage of talent: and this at a time when, for instance, even a ground based flight sergeant costs nearly £50,000 to train.

### **Enhancing the spirit of the volunteer forces**

A strong school of thought calls for the volunteer forces to expand, and replace regulars at a lower cost. The protagonists argue that only two 'quick fixes' are needed to bring them up to near regular standards: an expansion of the permanent staff in the Regular Army and the provision of better pay.

As a long serving member of the Territorial Army, the author believes that, while the volunteer forces bring enthusiasm and commitment to Britain's defence, most volunteer units today have serious limitations. Ever since the Churchill war diaries, observers have noted the shortage of good leaders among officers and NCOs compared with the regular forces, except in the best units. Second, the rapid turnover of members leads to low standards in many units. Unlike most other European countries we do not have a pool of ex-national servicemen to draw on.

Our volunteer forces, although small, are nevertheless among the best resourced and paid in the World; there is no evidence that measures to improve pay (such as the huge increase in bounties in the 1980s) have helped toward solving either of the problems above; many Territorials have well paid civilian jobs. Instead, this paper suggests that:-

1. Greater emphasis should be put on training of officers and NCOs. Many junior TA officers near the start of their career could obtain a sabbatical for an eight or twelve week course at Sandhurst or its equivalents instead of a bare fortnight. More training should be provided during their careers to prepare TA officers and NCOs for higher command.
2. Greater powers should lie within the volunteer framework, especially among senior NCOs, once volunteers have the skills to use them -- the role of permanent staff instructors should be to bring military skills and administrative assistance to a unit not, as happens all too often, to take charge of it!



3. The TA should not be used as a dustbin for otherwise defunct cap badges.

Today's TA Regiments, especially infantry battalions, should be given the option to be rebadged to a regular counterpart, allowing closer links to develop, to the long-term benefit of recruiting of both.

4. The Employer's Initiative launched by the National Employers' Liaison Committee (NELC -- established by this Government) to encourage companies to release personnel for TA training should be focused on leadership issues. Strenuous efforts should be made by other Departments (Departments of Employment, Energy etc) to encourage more companies to take part.

5. More civilian skills and equipment<sup>17</sup> should be harnessed to national defence.

Our aviation, shipping, communications and engineering industries have a wealth of capabilities locked-up which could be released at minimal cost and with great enthusiasm. The more technical areas could be based on units sponsored by individual companies. There may be a role for the NELC here.

There are a few splendid volunteer units and ships which show what can be done.

---

17. For a detailed examination of the potential use of civilian assets in defence see my *The Cost of Living*, Bow Publications, 1986.

### **Summary of recommendations**

Today the West faces a diminished threat from the Soviet Union. Nevertheless a still formidable Soviet capability remains. In the Middle East, Iraq is not the only power developing chemical and/or nuclear weapons, and acquiring missile technology. Both these potential threats are closer to Western Europe than to the USA but the European powers are unlikely to be able to deal with them alone. So it is essential that the alliance with the USA is fostered in NATO. A genuine European pillar should be constructed via the Western European Union, both to facilitate operations in the Middle East/North African area and to ensure that Europe takes a larger share of the burden of defence.

Over the last five years an early 'peace dividend' has been extracted from British defence spending, which has fallen by a quarter, expressed as a fraction of GDP. No corresponding reduction in the armed forces has occurred during that period, however, leading to severe overstretch and the erosion of equipment programmes. Substantial manpower reductions broadly equivalent to Options for Change (OFC) will simply bring the forces in line with the new budget level. Further reductions would not be wise, at least for some years; indeed under some scenarios increases would be necessary.

Room must be made in the Army's budget for a substantial purchase of Apache attack helicopters which, although expensive, alone have the flexibility to project and sustain heavy fire power against ground forces, in distant theatres of war, at very short notice. Our armoured forces should be reduced to pay for this. In both the fixed wing air and sea programmes the emphasis must shift further from platforms to weapons systems. In particular the expensive European Fighter Aircraft (EFA) programme must not be allowed to squeeze out the essential weapons which our modern, but underarmed, aircraft and ships lack -- air-to-air, ship-to-ship and, crucially, air launched tactical nuclear missiles.

In procurement, MoD central staffs should be regrouped so that a single integrated military/financial/technical staff with one chain of authority is responsible for the necessary trade-offs: e.g. platforms versus weapons systems, flexibility versus cost, purchase price versus lifetime costs and harmonisation of requirements with allies. The project teams and research establishments themselves need encouragement and better leadership rather than (often uninformed but constant) sniping. In its dealings with industry, MoD must recognise that the protection of intellectual property is as vital to a healthy technology base as physical property was to the Industrial Revolution.

It is more important than ever to maintain excellence in our armed forces. For some



years there has been a worrying exodus of young talent. Three fundamental issues must be addressed. First, the need to reverse the drift from leadership to paper management imposed on the armed forces, which takes commanders from their subordinates and undermines fighting spirit. Second, any attempt to centralise divisional depots will prejudice regiments' regional links and greatly diminish our ability to rebuild our very small army. Third, there is severe dissatisfaction among service families; though pay alone is not at the root of this, so it will not be solved by ill-conceived retention bonuses. Instead modern conditions of service must be introduced; a scheme is needed to allow servicemen the opportunity to accumulate capital to buy homes when they leave the service, instead of undermining their mobility by the early purchase of houses. Servicemens' wives must be assisted in pursuing careers if they follow their husbands; and the mounting strain on families caused by unavoidable separation must be eased with much more generous travel facilities.

In conflicts from Thermopylae to the Falklands, it is the spirit of the fighting man which has won the day; we must ensure that our armed forces continue to attract and retain some of the best people and remain a prized part of the nation; it is on their shoulders that the uncertainties, which may turn into the threats of war and war itself, fall.

## **Glossary**

<b>ALARM</b>	<b>Air Launched Anti Radiation Missile</b>
<b>AMRAAM</b>	<b>Advanced Medium Range Air to Air Missile</b>
<b>APRE</b>	<b>Army Personnel Research Establishment</b>
<b>ASRAAM</b>	<b>Advanced Short Range Air to Air Missile</b>
<b>AWACS</b>	<b>Airborne Warning and Control System</b>
<b>CFE</b>	<b>Conventional Forces in Europe (negotiations)</b>
<b>DARPA</b>	<b>Defence Advanced Research Projects Agency</b>
<b>DRA</b>	<b>Defence Research Agency</b>
<b>EFA</b>	<b>European Fighter Aircraft</b>
<b>IEPG</b>	<b>International Equipment Procurement Group</b>
<b>IPR</b>	<b>Intellectual Property Rights</b>
<b>NELC</b>	<b>National Employers Liaison Committee</b>
<b>NMS</b>	<b>New Management Strategy</b>
<b>OFC</b>	<b>Options for Change</b>
<b>OMB</b>	<b>Office of Management and Budget</b>
<b>OR</b>	<b>Operational Requirements</b>
<b>PE</b>	<b>Procurement Executive</b>
<b>PVR</b>	<b>Premature Voluntary Release</b>
<b>RSRE</b>	<b>Royal Signals Research Establishment</b>
<b>SIPRI</b>	<b>The Stockholm International Peace Research Institute</b>
<b>TASM</b>	<b>Tactical Air to Surface Missile</b>



### **A selection of recent studies**

<b>REWARDS OF PARENTHOOD</b>	<b>£2.25</b>
Towards more equitable tax treatment	
Lord Joseph	
<b>TEACHERS MISTAUGHT</b>	<b>£4.95</b>
Training in theories or education in subjects	
Sheila Lawlor	
<b>THE DEMOCRATIC REVOLUTIONS</b>	<b>£4.95</b>
Popular capitalism in Eastern Europe	
John Redwood MP	
<b>NIMBYISM</b>	<b>£4.95</b>
The disease and the cure	
Richard Ehrman	
<b>GIVING</b>	<b>£4.95</b>
more ways to encourage charities	
Nicholas True	

### **A subscription to the Centre**

Also available from the Centre: associateship for £35 (or £30 for banker's order). This includes a minimum of ten policy studies published every twelve months, whose average cover price will be £4.95; occasional papers and previous publications (while still in print) at half price; and half-price fees for the seminars, colloquia, conferences etc. which the Centre regularly holds. For full details please write or telephone to the Secretary to the Associates, CPS, 8 Wilfred Street, London SW1E 6PL (01-630-5818).