

Are we prepared to funds commitments we ask of our Armed Forces? There isn't plenty of money for cuts in defence. This was the blunt message from Ben Wallace MP at a fringe meeting at the Conservative Party Conference. He's a man who knows whereof he speaks - former infanteer, formerly in the defence industry, now a younger senior figure in the Party.

He rejects "moving spending to the right" and cobbling together cuts in the putative Strategic Defence Review to be held by the next Government. It's a common misconception that defence procurement is in a muddle. It takes time to develop technology. Off the shelf , buying from non UK industry, that choice will have a big impact not just now but in the future. But he is sure that procurement must be led by the military and their needs to achieve aims defined by politicians.

Not that there isn't a place for burden sharing - he evidenced the way the US and UK would be needed to keep a large German fighter presence in the air. And he's concerned about the baleful influence of the Treasury, under whose ministrations C-17 aircraft were leased from Boeing only to be purchased eventually after huge elasing charges had been paid.

Professor Michael Clarke of RUSI warned defence to prepare for the lean years. He predicted nothing too dire for the next couple of years, but cuts of 10-15% in the period 2011-2016. He pointed out that over the past decade, there had been very small real increases in defence spending (excluding operations) but large increases in social spending.(see below)

He reminded the audience that the nature of warfare won't change, but its character is, constantly. While Afghanistan may in some respects be the pattern of the future, the British public should be engaged with the question of what they want our position in the world to be? Is the UK to be a global guardian; a strategic raider; a contributory force to the operations of others; a constabulary; or Little Englanders, sitting out such activities.

The strengths of British defence, he believes, are the quality of our personnel; command and control; and the relationship with industry (something which the speaker from Defence Matters, who organised the event, of course concurred, with back up data. Defence Viewpoints has previously reported on the Defence Matters events at the Liberal Democrat and Labour conferences.

It is worth noting that Jeffrey P. Bialos, former US–Deputy Under Secretary of Defense for Industrial Affairs, has written a new study, "Fortresses and Icebergs," that he co-authored with Chris Fisher and Stu Koehl. This two volume work, backed by plenty of data, data, takes an in-depth look at the transatlantic defense market - demand and supply dynamics - and the implications for U.S. policy.

On the demand side of the market, what key impediments exist - do "Fortresses" exist or are they developing on either side of the Atlantic? On the supply side, integrated? What is the

emerging role of the EU in defense markets? How critical are export controls to the evolution of defense market and coalition war fighting capabilities?)

Shadow Defence Minister Gerald Howarth MP (who also rather enjoys the soubriquet Shadow Minister for War as which he was hailed recently) made his usual spirited attack on the Government and a defence of UK sovereignty. "Britain must not cede the power of the Prime Minister to somebody else." But he avoided specifics because of the need for a Strategic Defence Review (which was a rather successful tactic by Labour in 1996 and 1997) and to get Government finances back on track. He used the rhetorical tool of asking the hard questions - but didn't answer them on behalf of the Conservative Party. He seemed to favour maintaining the ability to conduct autonomous operations (c.f the Falklands; the hollowing out of the Royal Navy; and the economic consequences of buying off the shelf and risking dependence on others.

He did however warn of "the dire consequences of stepping out of the premier division" and "the loss of influence in the wider world", citing by way of example the Oman intelligence operating base.

And his one firm pledge was that "defence exports would be a major priority with proper Government support."

NOTES : RUSI is publishing a series of papers on the future defence review (www.rusi.org/fdr)

1. Preparing for the lean years : Malcolm Chalmers

- If the MoD's current and capital budgets are reduced in line with those for the whole government (excluding interest payments and social security), total defence spending would fall by an estimated 6.8% in real terms between 2010/11 and 2013/14. The estimated reduction over the six years to 2016/17 would be 11% in real terms.

- If the MoD succeeds in obtaining an exemption from the full impact of planned cuts, it could face pressure from another source. Assuming for example, that health and education are given special treatment and their budgets are frozen at 2010 levels in real terms, and that the rate of growth in social security spending is reduced to 1% per year, this would leave the rest of government, including the MoD, facing a cut of 14% in their budgets over the period from 2010 to 2016.

2. A force for honour? ; Michael Cordner

- The 1998 Strategic Defence Review was based on ten unstated 'Force for Honour' premises, which must be reviewed at an early stage in the green paper/Defence Review process.

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