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What follows is part 1 of a condensed version of the paper "A decision the next

Prime minister must make..." by Tony Edwards for the United Kingdom National Defence Association (UKNDA) dated February 2009. A full version of the paper can be found [here](#)

A decision the next Prime Minister must make . . .

The last Strategic Defence Review (SDR) was undertaken in 1998 and the die is now cast for the remaining months of this Government. A major decision with respect to foreign and defence policies and their funding awaits the next Prime Minister and this decision can no longer be fudged.

We could decide to continue with our current liberal interventionist, expeditionary and proactive foreign and defence policies, working and if necessary fighting alongside the United States, but then we must fund them adequately. This funding would have to involve repairing the damage as a result of over-stretch, filling the equipment gap and allowing for an appropriate tempo of operations.

Alternatively, we could decide to lower our profile in the world at large and compromise towards more reactive foreign and defence policies. When played out, this would represent the most radical shift in the nation's priorities in more than two centuries.

The Government has become aware recently that US institutions no longer value so highly the desire and commitment of the British armed forces to operate alongside their American counterparts. Recent reports from the US show serious dissatisfaction with the British contribution to both the Iraq and Afghanistan operations.

The 'special relationship', based upon the UK being the main contributor to NATO, after the US, is now at serious risk. In this context it is important to remember that the UK's capability to defend its worldwide interests is increasingly dependent on US technology and operational know-how. However, the United States no longer has a 'built-in bias' towards Britain and the US President has personal reasons for reacting to the British colonial legacy by reaching out for other 'first-call' allies.

The need to align the UK's foreign and defence policies

Any discourse involving defence necessarily must start with aspects of foreign policy. Defence policy must follow foreign policy, as was stated in the 1998 SDR. They must become united in principles, relationships and interests. Extending from the defence policy there must be

compatible industrial and technology policies. The problem today is that our foreign and defence policies not only lack alignment but have become disconnected, and as a result of this, our foreign policy options are becoming truncated.

Defence spending – driven by protection of GDP

Countries spend a specific percentage of their wealth each year on their defence. The figure of 3% GDP tends to separate the more serious from those who are less serious about the role of defence. It is more helpful to analyse the various expenditures in terms of percentage of GDP than in absolute dollars. Percentage of GDP automatically correct for major distortions due to currency fluctuations. For example, the UK defence budget, expressed in dollars, has declined by 30% in recent month, due to the declining value of the pound.

High growth in spending outside Europe and North America

North America and Western Europe account for well over 60% of total defence spending. However, economic growth is relatively sluggish compared with Asia, Eastern Europe and the Middle East. As defence expenditure tends to be a percentage of GDP, defence growth in North America and Western Europe is low as well. Perhaps the more extreme example is the People's Republic of China, where GDP is growing currently at 8%-10% per annum while defence spending is increasing even faster at a rate of 12% per annum and the total defence spending is probably twice the published figure.

The UK defence procurement back-drop

- International collaboration

The United Kingdom's position in the world in terms of foreign and defence policy is extremely complex, mainly because of the large number of international collaborative bodies in which the UK attempts to play a major role. The situation is far more complex than for any other European country and is second only to the United States. Britain continues to play a major role alongside the US, within NATO, within the EU, within the European Defence Agency and is an integral part of the most sensitive sharing of intelligence between the US, UK, Canada, Australia and New Zealand.

- Defence Change Programme

The MoD has been involved in an almost continuous Defence Change Programme since the last Strategic Defence Review (SDR). The benefits that should have accrued from this have not materialised to the full because of insufficient funding.

- Large Equipment Programme

Ever since the SDR of 1998 there has existed an ambitious but unrealistic (because only partially funded) equipment programme, the cumulative funding gap has increased steadily and a RUSI study suggested that the gap is now at least £15Bn.

**Network-Enabled Capability:** the Network-Enabled Capability Programme (NEC) was neither fully defined nor fully funded. However, major segments of the programme have been undertaken. For example, the tactical radio network system was procured through a tortuous route. The originally intended supplier was abandoned for political reasons but the final system can never fully satisfy its intended users.

**Typhoon:** The Eurofighter Typhoon is the ultimate conventional fighter aircraft but requirements for such a piece of equipment have changed so much in the last two decades since it began its glacial life. It's now clear that if we had allowed Germany to withdraw in the early 90's and then had taken over the programme ourselves, the RAF typhoons would have been delivered earlier with better-matched capabilities at no higher cost to the UK.

**Air Tanker:** The MoD, late in the day, conducted an extensive competition for the new Air Tanker system. The Italians and the Australians held their respective competitions shortly thereafter. The upshot is that Australia and Italy are taking delivery of their aircraft while we have hardly started. The lack of capital budget is the main explanation for such a prolonged negotiation.

**Air Transport:** more than 12 years ago the previous government fudged the air transport decision by buying C-130Js from Lockheed-Martin, leasing C-17s from Boeing, and reluctantly signing up to the A400M programme with numerous European partners. The RAF did not want the A400M but would have preferred the C-17s. The situation with the delayed A400ms is now so serious that EADS has been forced to refute rumours of cancellation.

**Nimrod:** When the Nimrod was chosen it was feared by the MoD that all of the competing consortia were 'buying in', but one had to be chosen. The winning team rushed at break-neck speed to place all of the key suppliers on contract despite being warned that the specifications for the subsystems were not adequately defined. Even now there are constant rumours about technical and cost problems and consequent doubts about its future.

**Helicopters:** ever since the 'Westland' affair, the strategy for helicopters has remained cloudy. No one is really happy with the result, least of all the combat troops. The best situation obtained was a 'partnering' agreement between Augusta-Westland and the MoD as a result of the Defence Industrial Strategy. Unfortunately, it is difficult to make progress when the customer-partner has no money. Lack of helicopters has led to many casualties due to the necessity to 'go by road' with the additional risk of IED's (improvised explosive devices).

**UAVs:** Unmanned Aerial Vehicles and Unmanned Conventional Air Vehicles (UCAVs) represent the last area of aeronautical systems where the UK industry can claim total systems expertise. Yet, investing in the development of an indigenous UK capability has been relegated to third priority.

**Naval Carriers:** Technically, the two naval carriers are on contract with full steam ahead for their inevitable delayed introduction. If we are to continue with the proactive interventionist foreign policy, then fast jets, heavy armoured fighting vehicles, and aircraft carriers with escorts are the sine qua non. The estimated cost of the carriers is part of a subliminal understanding between

industry and officials. It is in neither of their interest to acknowledge the potential costs at this delicate stage.

Joint Strike Fighter (JSF/F-35): The aircraft for the above carriers are a whole different story. They could be 'conventional take-off and landing' or 'short take-off and vertical landing'. The engineering complexity involved in the latter may eventually prove to be too much operationally and so the carriers have to be designed with a provision for catapults and arrester hooks as optional extras. The problem stems from the desire of Ministers to sign up for the JSF programme (and invest \$2 billion for the privilege) without waiting for a satisfactory negotiation of the memoranda of understanding.

Destroyers: Because of budget pressures, the Type 45 Destroyers have been reduced in number from the original 12 to 6. Although very complex and capable, these destroyers are uncompetitive in the defence export market where in reality only one other country could afford them as an import.

Armoured Fighting Vehicles: The armoured fighting vehicles replacement programme for the Army is fast becoming a national disgrace. So many outsiders have spoken critically of the vehicles in which we send our troops to war. Somehow we have managed to turn a fairly straightforward requirement into a complex system – Future Rapid Effect System (FRES) – which has only served to cause delay and incur unwarranted costs. FRES responds to a wish to replace all fighting and support vehicles with a high-tech modular family of vehicles connected with a computer-controlled digital wireless network.

Pilot Training: The original Hawk purchase for the RAF was vary cost effective and was achieved as a sole-source contract. This approach as part of an industrial strategy could have been used to advantage once again. But the skills and experience to do this were abandoned by the MoD some years ago.

Summary: The common thread which links all of these is the chronic problem of trying to do too much with too little funding. A long time observer of the MoD recently remarked that the MoD is no longer a rational place and seems to have more in common with the culture of a Middle-East bazaar! This situation is reinforced by the political direction given to the high-level decision makers at the MoD to keep everything 'in the air' and not to canal any major programmes before the next general election.