

National defence in the age of austerity

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Introduction

What are the implications for the defence of the United Kingdom in the ‘new age of austerity’?¹ With preparations for the next defence review already under way, a struggle for resources is imminent and the lines of battle are being drawn. Proponents on behalf of the three armed services have been mobilized and have begun to comment in the media. Writing in *The Times*, Allan Mallinson argues that ‘we need to be ruthlessly honest about the state we’re in. Much of the Ministry of Defence seems to be carrying on as if we were not at war.’ He claims that there is no need for aircraft carriers or the Eurofighter; instead, a larger army is needed in order to conduct ‘wars amongst the people’.² By contrast, Jon Lake in *Airforces* urges that the carrier programme should be scrapped in favour of more fast jets for the Royal Air Force (RAF).³ With the exception of Andrew Brookes of the International Institute for Strategic Studies, who claims that ‘[t]he financial picture is not as dire as sometimes painted’,⁴ commentators generally accept the premise that the defence programme and the budget are significantly out of step with one another. Many argue that the challenge currently before the Ministry of Defence (MoD) is largely one of careful programme management, a view taken by John Nott during his controversial 1981 defence review. John Hutton’s December 2008 announcement of delays and cutbacks,⁵ and, more recently, the government’s hesitation over acquisition of the third tranche of Eurofighter Typhoon aircraft for the RAF, are uncomfortably redolent of Nott’s assertion that ‘[t]alk of apocalyptic choices between key defence tasks is wide of the mark, but we must, over the next year or so, look realistically at our programmes in order to match them to the resources that may be available.’⁶

* The analysis, opinions and conclusions expressed or implied in this article are those of the authors and do not necessarily represent the views of the Joint Services Command & Staff College, the Ministry of Defence or any other government agency.

¹ Deborah Saunders, ‘David Cameron warns of a “new age of austerity”’, *Guardian Online*, 26 April 2009, at <http://www.guardian.co.uk/politics/2009/apr/26/david-cameron-conservative-economic-policy>.

² Allan Mallinson, ‘War has changed. We need men on the ground, not aircraft carriers’, *The Times*, 8 May 2009.

³ Jon Lake, ‘JSF and carriers: the Great British debate’, *Airforces*, May 2009.

⁴ Andrew Brookes, ‘Into battle’, *Airforces*, May 2009.

⁵ John Hutton, *House of Commons Parliamentary Debates*, Written Statement, 11 December 2008, cols 65–7WS.

⁶ John Nott, *House of Commons Parliamentary Debates*, vol. 997, fifth series, session 1980–81, 19–30 January 1981, Statement, 20 January 1981, col. 152.

If the challenge is to find ways to balance the defence programme against the defence budget, the problem with much commentary so far has been the focus on inputs (or *means*; i.e. particular weapons systems) rather than on outputs (or *ends*, i.e. the effects defence policy is trying to achieve). Some commentators have begun to look at outputs, however. Writing in the *Daily Telegraph*, Irwin Stelzer asks whether Britain is about to lose its 'world role'⁷ while Max Hastings controversially suggests that 'if defence is to be strategic rather than politically expedient, dump Trident',⁸ echoing an earlier view of Michael Portillo.⁹ Both David Cameron, the leader of the Conservative Party, and Sir Menzies Campbell, former leader of the Liberal Democratic Party are, in different ways, encouraging a more thoughtful debate about the future requirements for Britain's armed forces, with the latter arguing that '[p]erhaps Britain has reached a second "East of Suez" moment'.¹⁰

In a previous article in this journal, we concluded that the defence of the United Kingdom was in far more trouble than many realized.¹¹ Here we develop that argument, first by analysing the economic challenges that defence is likely to confront. Second, we consider how best to approach the problem of undiminished (and even expanding) commitments at a time of decreasing resources and argue that defence must be driven by a national political vision. Third, we assert that defence must transform itself in order to be able to achieve the outputs required in the most efficient and responsive manner.

Future government spending and its implications for defence

With the next general election less than a year away, current uncertainties over government spending are rather like the unnerving moment when the tide runs out shortly before the tsunami hits: something is clearly going wrong, but it is too early to tell how bad it might be. In our view, the global financial crisis is about to overwhelm government spending, and the implications for defence are certain to be extensive. The next government, whatever its political persuasion, will have as its legacy the challenge of providing for a wide-ranging defence posture from a diminished (and diminishing) resource base.

In his 2009 budget the Chancellor, Alistair Darling, announced that government borrowing for the next financial year would amount to £175 billion, roughly five times the annual defence budget.¹² His budget assumed that the economy would

⁷ Irwin Stelzer, 'Britain will be missed on the world stage', *Daily Telegraph online*, 5 May 2009, at <http://www.telegraph.co.uk/comment/personal-view/5280118/Britain-will-be-missed-on-the-world-stage.html>.

⁸ Max Hastings, 'If defence is to be strategic rather than politically expedient, dump Trident', *Guardian Online*, 19 January 2009, at <http://www.guardian.co.uk/commentisfree/2009/jan/19/defence-weapons-nuclear-trident>.

⁹ Michael Portillo, 'Does Britain need nuclear missiles?', *The Sunday Times*, 19 June 2005.

¹⁰ Sean Rayment, 'David Cameron is right to look beyond Trident', *Daily Telegraph online*, 1 May 2009, at <http://www.telegraph.co.uk/comment/5257344/David-Cameron-is-right-to-look-beyond-Trident.html>, and Menzies Campbell, 'No choice but change for Britain's Armed Forces', *The RUSI Journal* 154: 2, April 2009, pp. 42–8.

¹¹ Paul Cornish and Andrew Dorman, 'Blair's wars and Brown's budgets: from Strategic Defence Review to strategic decay in less than a decade', *International Affairs* 85: 2, March 2009, pp. 247–61.

¹² Alistair Darling, *House of Commons Parliamentary Debates*, 'Financial statement'—Budget statement, 22 April 2009, cols 237–50.

begin rapid recovery before the end of the current financial year. Government plans also assume, however, that borrowing as a percentage of gross domestic product (GDP) will continue to rise, reaching 79 per cent of GDP by 2013–14, with the level of national debt not returning to its pre-2009 level until the 2020s.¹³

The government faces a twofold problem. First, it has relied on the financial sector for some 27 per cent of corporate tax revenue.¹⁴ Yet it is the financial sector that is at the heart of the recession, meaning that government income from taxation will fall significantly. Second, rather than save during the years of prosperity, the government chose to increase the nation's relative debt and allow expenditure to outstrip income. Government spending has increased by some 42 per cent in real terms since 1997, compared to 15 per cent in the previous decade.¹⁵ This increase has focused on specific areas: the health budget, for example, rose from £35 billion to £89 billion over that period.¹⁶ In other words, a number of government departments have become used to budgets rising significantly year on year in real terms. This explains in part the political furore surrounding the projected deficit in the health budget of £8–10 billion in the three years from 2011.¹⁷ The Conservatives' pledge to protect the NHS budget alongside education and international development by cutting other government expenditure by 10 per cent was attacked by the government, but without any explanation as to how they intend to balance these commitments.¹⁸

Instead, Darling has pledged to ease government spending restrictions in the current financial year, i.e. in the run-up to the general election.¹⁹ But from 2010, government forecasts assume a year-on-year tightening of spending by 0.8 per cent of GDP,²⁰ with the admirable result that spending as a percentage of GDP is scheduled to fall steadily after the election from 48 per cent of national income to some 39 per cent by 2017–18. Nevertheless, government income will continue to lag behind expenditure even as it is tightened, and the level of gilts (or bonds) that will need to be issued in order to fund government debt will amount to some £220 billion for the current year. Based on these figures, total government borrowing for the next two years is planned to exceed that of all previous governments combined,²¹ and over the next five years it will amount to £900 billion.²² As a consequence, interest payments alone will rise to an estimated £42.9 billion in 2010–11, assuming that the government continues to be able to borrow at low rates

¹³ 'Budget 2009: building Britain's future', *HC.407*, session 2008–9 (London: TSO, 2009), p. 4.

¹⁴ Alistair Darling, *House of Commons Parliamentary Debates*, 'Financial statement'—Budget statement, 22 April 2009, cols 237–50.

¹⁵ 'Budget 2009: building Britain's future', p. 114.

¹⁶ 'Budget 2009: building Britain's future'.

¹⁷ See 'Dealing with the downturn', *NHS Confederation*, paper 4, June 2009, p. 1, at http://www.nhsconfed.org/Publications/Documents/Dealing_with_the_downturn.pdf, and 'Tories rebuff spending cut attacks', *BBC online*, 10 June 2009, at http://news.bbc.co.uk/1/hi/uk_politics/8093036.stm.

¹⁸ Sam Lister, 'Spending cuts start to bite as hospitals lose £500 million', *The Times*, 11 June 2009.

¹⁹ David Wighton, 'A fig leaf to cover the real crisis', *The Times*, 23 April 2009.

²⁰ Alistair Darling, *House of Commons Parliamentary Debates*, 'Financial statement'—Budget statement, 22 April 2009, cols. 237–50.

²¹ David Cameron, *House of Commons Parliamentary Debates*, 22 April 2009, col. 251.

²² Ian King, 'Could we become a banana republic?', *The Times*, 25 April 2009.

of interest.²³ Achieving this level of gilt sales is not guaranteed, and the Treasury faces the prospect of competing with much of the advanced industrial world to sell debt, with the dollar and the euro being viewed by many as far more desirable than sterling. To offset this, the Treasury may well have to offer higher rates on its gilts so as to achieve the required sales, thus raising the cost of government borrowing even further. It is not surprising that the head of the Treasury's Debt Management Office has admitted that 'he could not rule out some of its auctions of bonds failing'.²⁴

The health of Britain's economy might be even worse than these dismal figures suggest. Within minutes of the budget being released, the International Monetary Fund issued figures contradicting the Chancellor's, estimating that the current year's (2009–2010) slump in GDP would reach 4.1 per cent (compared to Darling's estimate of 3 per cent) and that 2010–11 would still see Britain in slump rather than beginning Darling's hoped-for revival of 1.25 per cent growth in GDP.²⁵ Worse still, the Office of National Statistics revealed three days after the budget that the economy had shrunk by 1.9 per cent in the first quarter of 2009 rather than the 1.6 per cent that the chancellor had predicted.²⁶ This meant that his budget was already out by almost £1 billion for the current year.²⁷ In addition, the government announced temporary support for private finance initiatives (PFIs) until market conditions improve. The implication is that it will underwrite PFI projects that are currently looking to raise approximately £13 billion in capital and that in so doing will remove much of the commercial risk from the companies concerned.²⁸ Arguably, it does not matter much whether Darling's forecast proves to be correct. The next government will face the challenge of having to both raise taxes and cut government spending on a scale unseen for many years. The question will be about the scale of the readjustment necessary and the level of contribution that defence will be expected to make.

It is inconceivable that defence could remain untouched by this economic turbulence, especially in view of the political pressure to protect other, more popular budgets. As Duncan Sandys emphasized in his 1957 Defence White Paper, defence can never operate as if in an economic vacuum:

Britain's influence in the world depends first and foremost on the health of her internal economy and the success of her export trade. Without these, military power cannot in the long run be supported. It is therefore in the true interests of defence that the claims of military expenditure should be considered in conjunction with the need to maintain the country's financial and economic strength.²⁹

²³ 'The big numbers', *The Times*, 23 April 2009.

²⁴ Philip Webster and Gary Duncan, 'Red all over', *The Times*, 23 April 2009.

²⁵ 'Memo to Darling: your figures on the economy are out by nearly £1bn', *The Times*, 25 April 2009, p. 6, and Alastair Darling, *House of Commons Parliamentary Debates*, Budget statement, 22 April 2009, cols 237–50.

²⁶ 'Battering for Darling's Budget', *The Times*, 25 April 2009, p. 1, and Alastair Darling *House of Commons Parliamentary Debates*, Budget statement, 22 April 2009, cols. 237–250. For the Office of National Statistics, see <http://www.statistics.gov.uk/instantfigures.asp>.

²⁷ 'Memo to Darling'.

²⁸ 'Budget 2009: building Britain's future', p. 120.

²⁹ 'Defence: outline of future policy', Cmd. 124 (London: HMSO, 1957), para. 6.

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Defence will very probably be confronted with a call for major reductions to its current budget, a challenge that is already beginning to be felt. The revised 2007 Comprehensive Spending Review target included savings of £35 billion; defence's share was some £3.15 billion.³⁰ But if the government wanted to balance its books in the current financial year by reducing spending to match its projected income, and if this exercise were to be applied equitably across departments, then the defence budget would fall by approximately £10 billion in a single year.³¹ Although such a drastic reduction appears unfeasible in the short term, it is worth remembering that in a similar period of financial angst in the mid-1970s, the Labour government's defence review of 1975, led by Roy Mason, sought to reduce defence spending to an amount based on the average share of GDP spent by NATO members. If the same device were used today, the defence budget for 2007 would have been 1.73 per cent of GDP instead of 2.29 per cent, which would result in cuts of over £7 billion per year.³² And if the shadow health minister's statement is accurate that departments such as defence would suffer a 10 per cent cut in their budgets in order to protect health, education and international development, the implication for defence would be a budget cut of £3–4 billion per year.³³

Managing and leading defence

Other than in times of war or grave national emergency, it has been usual for the British defence budget to be tightly constrained, often more so than defence planners and military leaders have thought wise or comfortable. Periodically, the UK has embarked upon a defence review intended both to set out the task of defence and to rebalance the books.³⁴ At times of financial crisis, however, the downward pressure on defence spending can become very severe. In the 1930s, the pressure led to the adoption of the 'infamous 10-year rule',³⁵ and in the late 1940s, when the postwar economy was in a parlous state and before the Cold War had begun to drive defence spending upwards, defence struggled hard.³⁶

Tribalism in defence

At these moments of heightened budgetary pressure, there is a tendency for the defence debate to be dominated by tribalism, manifested in one of two ways. There is, first, what might be termed 'service tribalism' or inter-service rivalry, as the professional heads of the three armed services and their civilian advocates argue vigorously for an undiminished or perhaps even increased share of the defence budget as it begins to shrink (whether in real or relative terms). An aggressive

³⁰ 'Budget 2009: building Britain's future', p. 131.

³¹ 'Budget 2009: building Britain's future', p. 12.

³² IISS, *The Military Balance 2009* (London: IISS, 2009), pp. 106 and 158.

³³ 'Tories rebuff spending cut attacks'.

³⁴ See Andrew Dorman, 'Crises and reviews in British defence policy', in Stuart Croft et al., *Britain and defence, 1945–2000: a policy re-evaluation* (Harlow: Longmans, 2001), pp. 9–28.

³⁵ Peter Silverman, 'The ten year rule', *The RUSI Defence Journal* 116: 661, March 1971, pp. 42–4.

³⁶ See Paul Cornish, *British military planning for the defence of Germany, 1945–50* (London: Macmillan, 1996).

and sometimes rather unedifying bargaining process can begin, with each service presenting an exaggerated account of its competence to deal with the larger or more important aspects of the problem of national security and defence, if only they were given the resources to do so.

The second form of tribalism is what might be described as ‘campaign tribalism’, which embraces not only the demand that current operations should be undertaken seriously, with both the right equipment and the requisite level of political support, but also the idea that these campaigns represent the final, defining moment in the history of strategic thought. The first of these claims is unexceptionable. It is entirely reasonable to argue that current campaigns and military commitments—whatever and wherever they might be—should be a central concern of defence policy and planning for the present and for as long as the commitments endure. The second idea is altogether more ambitious, however. This amounts to an argument that current commitments (in the case of the UK, the commitment to a complex, largely rural counter-insurgency operation in a land-locked, economically and socially underdeveloped and ethnically divided country) are nothing less than the end point of strategic thinking and planning.

If strategy is the preparedness to use organized, legitimate armed force to pursue and secure the national interest, then in important respects both forms of tribalism are non-strategic (and possibly even anti-strategic). Service tribalism places the interests of an individual service (in Britain’s case, the Royal Navy, the Army or the RAF) at the centre of the defence debate. This suggests an unsettling inversion of strategic language (armed *services* are, after all, expected to *serve* society rather than vice versa), and offers a model of the relationship between the armed forces and society that probably does not meet the expectations of an advanced democracy.

Campaign tribalism contains an even more corrosive heresy, however. Although it is reasonable to expect current military commitments to be properly equipped, funded and supported, there is a danger that concern about the *current activity* of the UK’s armed forces might overwhelm the principle that it is their *political purpose* that should be our first concern. The United Kingdom is heavily committed to operations in Afghanistan, where, it might be claimed, the British Army’s need for, say, more durable battlefield communications or for better armoured vehicles could be more than adequately funded by the cost of a handful of the relatively under-used Typhoon aircraft currently being delivered to the RAF. Intense military activity can have a tyrannical effect on defence equipment acquisition, as unused or little-used weapon systems are loaded into tumbrels and dragged off to meet the Treasury’s guillotine.³⁷ This image is as brutal as it is nonsensical: judging the worth of the Typhoon aircraft against that of a battlefield radio system is a little like comparing televisions with trampolines. But it does describe the way in which campaign tribalism can distort our understanding of strategy, by demanding too close a focus on current activity and military inputs. It would surely be absurdly

³⁷ See, for example, Simon Jenkins, ‘Lovely new aircraft carrier, sir, but we’re fighting in the desert’, *The Sunday Times*, 24 February 2008.

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non-strategic, for example, to suggest that as no RAF aircraft has intentionally shot down another aircraft since 1948, there is no need for the United Kingdom to have an air defence capability.³⁸

The role of defence

What can be done militarily, and what is currently being done, is of course of considerable importance in the defence debate. But the first concern of strategy ought to be with political purpose and military outputs—the reasons why armed force should be used in specific circumstances and the political effects that should be expected of it. These circumstances might of course change, and as they do the political purpose (and therefore outputs) of armed force must also expect to change. The penalty of campaign tribalism then is not only that it binds strategy too closely to a specific area of military activity but also that strategy becomes too preoccupied with current circumstances. Tellingly, in the first report of the Civil Service Capability Review in 2007 the MoD was warned that the ‘current level of sustained operational commitments puts at risk the Department’s ability to prepare for potential future missions’ and was urged to strike a balance between ‘short-term operational activity and long-term capability development’.³⁹

In any account of the role of armed force in the early years of the twenty-first century, the words ‘complexity’ and ‘uncertainty’ are sure to figure prominently. In this evolving strategic environment, strategy should place a premium on agility and flexibility, and on an ability to provide the outputs most likely to be needed for contingencies that are as yet stubbornly unclear. Thus when the historian Allan Mallinson argues passionately for new thinking on UK defence, he falls into the trap of campaign tribalism by insisting that ‘real and present dangers must take priority over possible future threats.’⁴⁰ Similarly, Philip Stephens declares with some confidence that ‘[a]ny reasonable analysis of likely future conflicts points to British engagement in theatres comparable to those in Iraq and Afghanistan.’⁴¹ But if there is a case for cancelling the navy’s aircraft carrier programme, for abandoning the Army’s ability to conduct heavily armoured tank warfare or for reducing the RAF’s fleet of Typhoon aircraft, then these decisions must be taken in the right way, beginning with an articulation of the interests of society and the political purposes to which armed force should be put in the future rather than on the grounds that aircraft carriers are not needed in Afghanistan, or similar. After all, a careful strategic assessment might well reveal that the United Kingdom will need aircraft carriers and fast attack aircraft *as well as* ‘men on the ground’.

Historically, the future has usually been different: it tends not to develop in the way predicted, expected or even hoped for. Given the risks involved, this general

³⁸ The last occasion an RAF aircraft shot down an opponent intentionally was in 1948, when an RAF Spitfire shot down an Egyptian Spitfire.

³⁹ Civil Service Capability Reviews, ‘Capability Review of the Ministry of Defence’, Cabinet Office, London, 2007, p. 17.

⁴⁰ Mallinson, ‘War has changed’.

⁴¹ Philip Stephens, ‘Britain rearms itself for a vanished age’, *Financial Times*, 19 May 2009.

caution should resonate particularly loudly in the arena of national security and defence. Future strategic requirements might correlate closely with current military practices and capabilities. But they might not; and when future and present are found to have diverged, it might be too late to catch up. To return to the argument made by Mallinson and others, it is not war but *warfare* that has changed. Yet warfare—the prevailing mixture of geographical, technological and human drivers of military activity—has never been future-proof. If it were, the modern battlefield might still be limited to a relatively small patch of ground and might still have use for horse-drawn chariots, longbows and trebuchets. It is the nature of war itself that does not change, and war requires that legitimate armed forces should conduct warfare in such a way that outputs or effects are generated that are consistent with the political requirements of the day.⁴² It cannot be assumed that the military inputs of today will provide the strategic outputs required tomorrow.

Adopting a strategic approach to the defence review

So far in this article, we have argued that finances are tight (and likely to become much more so), that the siren calls of inter-service rivalry ('service tribalism') should be resisted as non-strategic and that it is too risky to succumb to 'campaign tribalism' and the promise that future strategic requirements will be met by current military practices and capabilities. We have described the complexity of the challenge confronting the United Kingdom's strategic planners and military leaders, without contributing much to the review and recalibration of UK defence that must inevitably take place. We now suggest three steps in this process. Defence is a four-cornered debate involving policy and ideas, military ability and strength, financial resources and defence industrial capacity. The first step is to ensure that the debate is approached from the right direction, and the first corner—policy and ideas—is the only acceptable entry point. Policy should be, as far as possible, the disinterested voice in the defence debate insofar as it should articulate a broad vision of Britain's place in the world and set out the interests of society that the remaining three elements are to serve. The alternatives are not attractive. A defence review designed either to serve the interests and preferences of Britain's armed forces or to set current military practices in stone would be fundamentally undemocratic and non-strategic respectively. Equally, a defence review driven solely by financial constraints would be as nonsensical as, say, deciding foreign policy on the grounds of the number of overseas missions that Treasury officials decide the country can afford. The interwar period demonstrated the dangers of just such a policy. Finally, a defence review designed to satisfy the wishes of defence manufacturers and their shareholders might be good for business but could scarcely be described as strategic.

The second step is to argue that it should not be the task of the defence establishment (the MoD and the armed forces) to provide that grand strategic vision. Recent defence reviews have tended to pronounce on matters of foreign,

⁴² See Colin Gray, *Another bloody century* (London: Phoenix, 2005), chapter 1.

economic, social and even environmental policy, which are beyond the scope of defence policy and strategy. Thus the 1998 *Strategic Defence Review* (SDR) wrote of Britain's 'place in the world' being 'determined by our interests as a nation and as a leading member of the international community' and discussed a variety of issues, including Britain's commitment to Europe and the European Union, its long-standing relationship with the United States, the importance of foreign investment to the UK economy and the openness of British society.⁴³ Similarly, the 2003 Defence White Paper *Delivering Security in a Changing World* argued that the United Kingdom 'has a range of global interests including economic well-being based around trade, overseas and foreign investment, and the continuing free flow of natural resources'.⁴⁴

Of course, defence policy can never be developed and implemented in a policy vacuum, as other policy areas shape the context in which defence must operate. And it can safely be assumed that other relevant government departments would advise the MoD when it feels the need to make positioning statements of this sort. Nevertheless, it is possible that defence might have crossed a boundary when it offers an overall vision of Britain's place in the world, much as an attempt by the RAF (or the other armed services) to pronounce on general defence policy should be regarded as peculiar. Discussion of these broader themes might even appear to have been 'securitized' and tainted by close proximity to the defence debate, with the result that discussion of Britain's place in a changing world becomes less comprehensive and vigorous than it might otherwise be. What should be an articulation of a broad national vision that it is the task of defence to serve becomes an example of confirmation bias that those critical of or not involved in defence can therefore feel free to dismiss. Other government departments might then choose to present a vision of the world in their own terms and according to their own priorities, with confusion likely to result. Basically, no government department should be expected to set its own terms of reference but should derive its mission from a political vision that emanates from the heart of government rather than from one part of it.

There is a means available for decoupling the national vision from the narrower scope of a defence review. The March 2008 *National Security Strategy of the United Kingdom* (NSS) set out to provide a 'single, overarching strategy', describing both the 'international landscape' in which Britain must operate and secure its interests and the threats and challenges to those interests.⁴⁵ The NSS offers a carefully worded warning that 'over the longer term we cannot rule out a possible re-emergence of a major state-led threat to the United Kingdom', acknowledges the need to 'safeguard the United Kingdom against the re-emergence of [a major and direct] threat, to defend the territory of the United Kingdom, its sea and air approaches, its information and communications systems, and its other vital interests, including our Overseas Territories' and insists that the possible re-emergence of a state-led

⁴³ *The Strategic Defence Review*, Cm. 3999 (London: TSO, 1998), p. 7, paras 17–21.

⁴⁴ 'Delivering security in a changing world', Cm. 6,041-I (London: TSO, 2003), p. 4, para 2.1.

⁴⁵ Cabinet Office, *The National Security Strategy of the United Kingdom: security in an interdependent world*, Cm. 7291 (London: TSO, March 2008), paras 1.3, 1.7.

threat requires the maintenance of ‘strong national capabilities’.⁴⁶ This is precisely the grand strategic, cross-governmental guidance that a document of this sort should provide—a general statement of intent from which the defence establishment can derive its mission and plan accordingly.

The NSS arguably strays too far into the specialist domain of defence planning and military affairs, however, when it insists that a ‘premium’ should be placed on ‘forces that are deployable and flexible, able to move rapidly between different environments and different types of operations’, and that are ‘capable of operating closely with US forces’.⁴⁷ Even so, the NSS represents a relatively novel attempt to establish a constructive relationship between a national vision, articulated on a cross-governmental basis, and the policy and strategy that are properly the responsibility of the defence establishment. The NSS is being revised, with closer involvement of the MoD, providing an important opportunity to consolidate the relationship between the national vision, on the one hand, and defence policy and strategy, on the other. If the revised NSS can set out even more clearly and robustly the national vision, then the forthcoming defence review might be able to spend less time on the high politics of Britain’s place in the world and more time ensuring that the defence mission can be met. The task of the defence establishment, after all, is to turn military inputs and capacity into strategic outputs, and this task cannot be completed without a clear sense of political purpose, from which the defence mission can be derived.

If policy-making processes can be consolidated in this way, it should be possible to enter the defence debate, and indeed the forthcoming review, with a good deal less baggage and with a clearer sense of what is expected of defence. It should not be inferred, however, that the defence debate has somehow been simplified: all we have argued so far is that it should be approached in the right way. Defence will remain a highly complex problem of balancing priorities (and risks), capabilities and resources (both budgetary and industrial).

The defence planning process cannot be made simple, but it might nevertheless be made more cooperative and less bureaucratically adversarial. The third and final step is to argue for an approach to defence planning that is based principally on output (strategic effect) rather than on either input (military capability) or cost but that manages to incorporate each of these key factors. Output, importantly, is not a fixed commodity, and is more than mere ‘capability’. It is, as we have said, the function required of the armed forces in order to complete the strategic purpose that the defence establishment has derived from the overarching (and evolving) national vision (or ‘grand strategy’) discussed above.

We propose the application of value analysis and engineering (VE), whereby value is defined as the ratio of function to cost and a systematic effort is then undertaken both to provide the required function at the lowest cost and to ensure that unnecessary cost is identified and eliminated. In order to hedge against an uncertain future, and against the possibility that what seems an unnecessary

⁴⁶ Cabinet Office, *National Security Strategy*, paras 3.28, 4.63 and 4.65.

⁴⁷ Cabinet Office, *National Security Strategy*, para. 4.44.

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expense today might not be so tomorrow, a value-based approach to defence could also identify the costs associated with *not* delivering a certain function but then having to re-equip or to reconstitute at a later date. Value engineering has figured prominently in defence acquisition in the United States since the Second World War. The *Value engineering handbook*, published in 2006 by the Institute for Defense Analyses, provides a summary account of the development of VE in the 1940s (pioneered by GEC) and a succinct definition of the term:

VE is an organized/systematic approach directed at analyzing the function of systems, equipment, facilities, services, and supplies for the purpose of achieving their essential functions at the lowest life-cycle cost consistent with required performance, reliability, quality, and safety.⁴⁸

For our purposes, the distinctive feature of VE is that it provides an analytical and decision-making framework that is flexible and dynamic. Thus as the overarching national vision or grand strategy adapts to changing international circumstances, so the purpose or mission of the defence establishment can (and should) be redefined. This in turn provides the basis for a periodic reassessment of the strategic outputs required of the armed services. This reassessment cannot, of course, be conducted with an entirely free hand because there will always be a certain amount of inertia caused by legacies in military equipment and skills, retraining times and so on. All the same, by gearing the defence planning process to output defined in terms of value (the ratio of function to cost), it should be possible to ensure not only that the defence establishment can adapt to circumstances as they change (rather than endure periodic and often painful upheavals) but also that financial constraints are a necessary part of the process by which defence value is analysed instead of being wielded as a veto from time to time.

The defence establishment might be seen as a complex machine designed to connect military inputs to strategic outputs and political purpose, producing the right amount of force when needed and as efficiently as possible. Budgetary constraints should be the lubricant in the defence machine rather than the unwelcome grit. It should, after all, be as unthinkable for an Air Force officer, however conscientious and public-spirited, to wander the world's aerospace companies with unlimited funds to buy the weapon systems thought most desirable as it is for a Treasury official, however intelligent and competent, to make complex weapons procurement decisions on the basis of little or no awareness of defence or military matters. In the next section we discuss how defence might adopt a value-led approach.

Transforming defence

There has been a long-running debate regarding the 'transformation' of armed forces in response to political and technological change. Transformation should be a means to an end, a journey from one set of capabilities to another. The

⁴⁸ J. Mandelbaum and D.L. Reed, *Value engineering handbook* (Alexandria, VA: September 2006), pp. 1–2, at <http://ve.ida.org/ve/documents/IDAPaperP-4114.pdf>.

danger for policy-makers and commentators, however, is that they can become preoccupied with the journey, forgetting why it began. Alternatively, they can find that the defence system is simply unable to complete the journey. The RAF's new strategy launched in 2006 made precisely this point: '[t]he greatest risk to the security of the United Kingdom is perhaps that the strategic environment will change faster than the UK can adapt.'⁴⁹ This observation appears to have been prescient, judging by the most recent annual assessment of the MoD's performance by the National Audit Office (NAO), which concluded that it had met only one of its six Public Sector Agreement targets.⁵⁰ Government doubts about the MoD's ability to respond to change and provide for defence hardly seem surprising when a 2008 survey of the MoD's own staff indicated that just 20 per cent felt that the 'MoD as a whole is well managed'. This had risen to 27 per cent by early 2009, albeit still below the surprisingly low government benchmark of 32 per cent.⁵¹

The idea of achieving change through an output- or value-based approach is not new. In launching the 1993 Statement on the Defence Estimates, the then defence secretary Malcolm Rifkind argued that the document demonstrated, as never before, 'how each of the elements of our armed forces can be matched to the various tasks which we require the armed forces to carry out. That matching of forces to tasks is crucial. The two must be in balance if we are to avoid wastefulness on the one hand and overstretch on the other.'⁵² Since then, we have seen many efforts to square the circle, described variously as 'defence missions', 'defence tasks' and 'defence roles'. Resource accounting and budgeting (RAB) has also been introduced, in part to enable the government—rather than the defence establishment—to identify the true costs of different capabilities and to decide which effects it wants to achieve within the resources it is prepared to commit.

Government has also had to reflect on the simultaneous achievement of multiple effects. Again this is not new: the 1998 SDR articulated for the first time the number of commitments government could expect to maintain simultaneously. Nevertheless, and in spite of a reassessment made in 2003, the reality is that defence has been operating beyond its planning assumptions for most of the past decade, as the MoD itself admits.⁵³

Three requirements must be met if the UK defence establishment is to be recalibrated and transformed into an organization that is focused as closely as possible on output and value and that therefore can deal more robustly with radical uncertainty, in terms both of the level of resources available and the trajectory of international security. The first requirement, as we have argued, is for government to see itself not just as the manager but as the *leader* of the national defence

⁴⁹ MoD, 'Royal Air Force strategy: agile, adaptive, capable', London, 2006, at <http://www.raf.mod.uk/role/strategy.cfm>.

⁵⁰ National Audit Office, 'Performance of the Ministry of Defence 2007–8', London, 2008, p. 6.

⁵¹ Cabinet Office, 'Capability Review—Ministry of Defence: progress and next steps', London, 2009, p. 8.

⁵² Malcolm Rifkind, *House of Commons Parliamentary Debates*, Statement on the Defence Estimates 1993, 5 July 1993, col. 21.

⁵³ 'Annual Report and Accounts 2007–8, Volume 1: Annual Performance Report', *HC.850-1* (London: TSO, 2008), p. 29.

effort. National defence cannot be regarded as a peculiarly sequestered preoccupation of the MoD in which most of government need have little or no interest; national defence should be undertaken by the MoD *on behalf of* government and therefore *on behalf of* society as a whole. If it is to do its job of managing and leading defence, central government will require a clear understanding of (and interest in) such apparently arcane matters as minimum troop numbers for military tasks, reconstitution planning, response times, the number and type of operations that can be undertaken simultaneously, the level of commitment that can be sustained and so on.

It is worth noting that the armed forces have already restructured a number of units in order to cover current operations and have temporarily suspended some capabilities. In other words, risks are already being undertaken with regard to future operational flexibility. But are these risks understood at the heart of government?⁵⁴ Risk assessment and management have always featured in the defence process, and the predicted resource constraints will mean that risk will be a more central concern in future. It is therefore essential that the government understands the concept of risk in the defence context and establishes the general level of tolerable risk and that ministers (rather than the armed forces) decide where specific defence risks are to be run. It will also be essential that these risk assessments are reviewed periodically.

Here, RAB poses structural constraints that need to be re-examined. For example, defence might decide to stand down a significant part of a capability such as fast jets, armoured vehicles or frigates, on the grounds that as long as a minimum capability and training capacity can be maintained, the capability could be rebuilt when needed. Placing key capabilities in storage could therefore be a rational step, except that under RAB rules such a move would incur significant interest charges. For this reason, it would be sensible for central government to broker an agreement between the MoD and the Treasury whereby equipment not needed in the front line or for training can be drawn down and placed in store, as was the practice in pre-RAB days, so that if circumstances do change, a future government would be able to reconstitute force levels more quickly and at a lower cost.

Having formed a closer understanding of defence, the government can then meet the second requirement, which is to provide guidance as to the sorts of output it might wish defence to achieve. An intelligent dialogue should then identify the capability and cost implications of likely outputs. For example, services-assisted evacuation operations would require guidance as to their likely scale, where they might be required, the likely level of opposition and whether British armed forces could expect to be operating alone or with allies. The defence establishment can then begin to provide capability and cost estimates for the various desired outputs. This must be an iterative process, with other government departments assessing what they each might contribute and how they might cooperate. For its part, the defence establishment will be required to identify associated support costs for each

⁵⁴ NAO, 'Support to high intensity operations', *HC,508*, session 2008–9 (London: TSO, 2009), p. 40, and 'Annual Report and Accounts 2007–8, Volume 1: Annual Performance Report', pp. 98–9.

projected output, including staff provision, training and infrastructure. Defence will also need to assess different scales of output and to identify the costs associated with the loss and potential reconstitution of a capability. For example, the Trident nuclear submarine system is currently deployed to provide a continuous at-sea deterrent (CASD). The proposed replacement offers a similar output. Other options should be assessed in order to establish whether CASD (the required function) can be achieved at a lower cost or whether only marginal savings could be achieved by abandoning CASD.

The third requirement is for the defence establishment to be as fit and efficient as possible in order more effectively to provide the outputs required of it. The parsimonious state of government funding means that defence will need the active support of other departments of state for its future financial requests, including the Treasury, as well as the wider public, who will be expected to contribute more by way of taxation.

Like most complex bureaucracies, the MoD inevitably harbours a number of inefficient processes and practices whereby cost is either disproportionate to the function being sought or, at worst, is largely unrelated to any defence function. At its most basic, the defence budget is concerned with the costs associated with *people* and with *equipment*. In each case, we offer examples to show how the MoD might go about the task of devising a more efficient system geared to producing the outputs required. There can be no taboos; every area of defence should be audited for the value it brings. However, the imposition of 'efficiency savings' across the board would be nonsensical. Defence must, instead, be examined in terms of value: if a given output (set by government) is being achieved as efficiently as possible, then further cost reductions might reduce rather than enhance value. Efficiency savings should be implemented carefully, and in the knowledge that it might be necessary to re-examine the desired outputs rather than assume that they can all be achieved 'on the cheap'.

People

The MoD has significant personnel costs, especially as the majority of service personnel and their families have to be housed. Within a finite budget, the costs for personnel must compete with funding for equipment and support. Thus far, the MoD's concern with personnel costs has generally focused on civil service numbers. This approach is largely input-focused, and misses two key areas: the overall cost of civil service personnel and the cost of military personnel. Information regarding MoD civil service structures and costs is not openly available. Data concerning military personnel costs are available, however, and are used here as a means to illustrate how personnel costs might be examined closely in terms of value, with costs being saved.

An assessment of military personnel costs reveals some surprising trends. First, not surprisingly, there has been a significant reduction in personnel numbers since the end of the Cold War (table 1). But the steady reduction in the size of

Table 1: Strength of regular forces (000), 1990 and 2008

	<i>Total</i>	<i>Officers</i>	<i>Other ranks</i>
All services			
1990	305.8	42.9	262.9
2008	187.1	31.7	155.3
Per cent fall	39.0	26.0	41.0
Navy			
1990	63.3	10.1	53.1
2008	38.6	7.5	31.1
Per cent fall	39.0	26.0	41.0
Army			
1990	152.8	17.4	135.4
2008	105.1	14.6	90.5
Per cent fall	31.0	26.0	33.0
RAF			
1990	89.7	15.3	74.4
2008	43.4	9.7	33.7
Per cent fall	52.0	37.0	55.0

Source: Defence Statistics 2008, DASA, 20 April 2009, table 2.7.

Table 2: Total number of officers for all three services by rank,* 1990 and 2008

<i>Rank</i>	<i>1990</i>	<i>2008</i>	<i>Per cent decrease</i>
Major-general and above	200	140	30
Brigadier	390	350	10
Colonel	1,510	1,180	22
Lieutenant-colonel	4,610	4,070	12
Major	11,800	9,600	19
Captain	14,780	11,900	19
Lieutenant/2nd lieutenant	9,310	4,460	52

* Army rank given

Sources: Bob Ainsworth, *House of Commons Parliamentary Debates*, written answer, 2 June 2008, col. 671W, and Defence Statistics 2008, table 2.8.

the armed forces has been felt disproportionately by more junior commissioned and non-commissioned ranks (tables 1 and 2). For all three services, senior officer positions have not been reduced proportionately. The outcome is a significant level of grade inflation, with the result that the cost per individual member of the armed forces has increased since the end of the Cold War (tables 2 and 3). This is

Table 3: Average pay by rank,* 2008–2009**

Rank	Average pay (£)	Total number ^a
Chief of the Defence Staff	231,342	1
General	164,281	9
Lieutenant-general	122,404	25
Major-general	101,445	88
Brigadier	94,467	334
Colonel	80,381	1,040
Lieutenant-colonel	68,231	3,572
Major	50,488	8,467
Captain	39,434	8,331
Lieutenant/2nd lieutenant	26,987	4,192
Warrant officer 1	40,576	n/a
Warrant officer 2 and staff sergeant	35,724	n/a
Sergeant	31,087	n/a
Corporal	27,421	n/a
Lance corporal and private	18,652	n/a

* Army rank given

** At January 2009

^a As of January 2009

Sources: Bob Ainsworth, *House of Commons Parliamentary Debates*, written answer, 23 March 2009, col. 13 W, and written answer, 25 March 2009, col. 427 W; and Defence Statistics 2008, DASA, 20 April 2009, table 2.8.

no doubt exacerbated by the many allowances and entitlements based partly on rank, e.g. house size and quality. The justification for this imbalance is unclear, particularly given that the majority of combat forces (the core function of defence, after all) are led by junior commissioned and non-commissioned officers. The most noticeable change is in the RAF, where the number of other ranks fell by over half (55 per cent) while commissioned officer numbers fell by less than two-fifths (37 per cent). According to none other than the minister of state for the armed forces (recently elevated to secretary of state for defence), in all ranks above flight lieutenant the RAF has more officers on its books than it requires.⁵⁵ The obvious question is, why?

It would appear that one of the factors driving this trend has been the move towards increased ‘jointness’. For example, the number of brigadier equivalent posts has fallen only by 10 per cent despite the size of the armed forces falling by 39 per cent. If this is analysed from a naval perspective, the situation is even more stark. The commodore rank was seldom used during the Cold War years (there were two posts: one covering amphibious warfare and the other the Fleet Air Arm). Yet in March 2008, the Navy had approximately 80 commodores, 20 more than it thinks

⁵⁵ Bob Ainsworth, *House of Commons Parliamentary Debates*, written answer, 2 June 2008, col. 673 W.

it requires.⁵⁶ Similarly, Royal Naval Sea Harrier squadrons were commanded by lieutenant-commanders until they became part of Joint Force Harrier, at which point the responsibility shifted up one naval rank, to that of commander, in order to fall into line with RAF practice. In other words, when posts are made 'joint' or tri-service, the highest individual service ranking seems to have been accepted as the norm. 'Jointness' is, presumably, a desired defence function, but are these associated costs tolerable in the achievement of that function?

Rank inflation is scarcely a new phenomenon. In 1995, the MoD published *Managing people in tomorrow's armed forces* (known as the Bett Report after its chairman), which concluded that 'the existence of so many ranks is more likely than not to result in the creation of unnecessary jobs in order to sustain the current rank structure. Even if it happens only at the margin, it is cost inflationary.'⁵⁷ Bett's suggestions about possible consolidations on the officer scale were largely ignored. The only concession has been to abandon the 5-star rank (field marshal equivalent), although the chief of the defence staff continues to be paid on a higher scale than his 4-star contemporaries (general and equivalent), which misses the point of the exercise.

Another consideration affecting military staff costs is the practice in the Army of having units and formations commanded at higher ranks than in some western counterparts. For example, in the US Army infantry companies are commanded by captains and brigades by colonels, while their British equivalents are majors and brigadiers respectively. Far from having a pyramid structure for its officer corps, the Army's rank structure appears more like a Christmas tree, with almost as many majors as captains. The other services show similar trends. All RAF squadrons, for example, are now commanded by wing commanders, and pilots must be commissioned officers. Justification for the latter is normally based on the advanced and costly nature of the equipment that individuals fly, quietly ignoring the fact that many of the Army's Apache helicopter pilots are not commissioned even though the helicopter is one of the most expensive platforms in service. The rank of naval officers commanding ships is also rising while the number of ship commands is going down.

Given the current furore over MPs' expenses, it might well be that the wider public sector will soon be subject to the same level of scrutiny in respect of the expenditure of public funds.⁵⁸ To maintain public support for and confidence in the armed forces, and to improve the ratio of cost to function in personnel wherever possible, defence should also query and rationalize the system of allowances and benefits. For example, if there is a case for paying special allowances, such as flight pay and submarine pay, to certain individuals, where does the defence value lie in continuing to pay these allowances to individuals who no longer perform those functions?

⁵⁶ Bob Ainsworth, *House of Commons Parliamentary Debates*, written answer, 2 June 2008, col. 671W.

⁵⁷ *Managing people in tomorrow's armed forces—Independent review of the Armed Forces' manpower, career and remuneration structures* (London: HMSO, 1995), p. 17.

⁵⁸ See 'Cost of RAF house takes off', *Independent online*, 5 July 1994, at <http://www.independent.co.uk/news/cost-of-raf-house-takes-off-1411666.html>.

Savings might also be made elsewhere, in the first place by reassessing headquarters and basing requirements. In an effort to meet operational requirements, the MoD has established a third operational divisional headquarters (6 Division) for deployment to Afghanistan.⁵⁹ This might seem extravagant when it is remembered that for over a decade the Army has also had three 'regenerative division headquarters', each headed by a major-general, as well as Headquarters London District, commanded by another major-general. In view of a finite (and diminishing) budget, our argument is that resources should be focused where they will provide the defence outputs needed. If the armed forces are to retain the strong public support they currently enjoy (and for good reason), the defence establishment cannot afford either to replicate a furore like that over MPs' expenses or to be seen to indulge in unnecessary expenditure that deprives the front line.

If defence is effectively to go back to basics and focus on achieving the core defence effects required by government, then a more rigorous approach to costs will be required. In the first place, defence might seek to minimize its funding of non-defence items and pass on those costs to the relevant government department. Thus it would make sense to complete the withdrawal of forces from Germany and to occupy bases in the UK that are currently becoming available as part of defence downsizing. This would have a number of benefits for defence. It would remove much of the cost associated with United Kingdom Support Command (Germany), another 2-star-led (major-general level) organization that supports service personnel and their families based in Germany, overseeing hospitals, schools and so on. The return to the UK of the remaining Army units would allow the super-garrison project to be completed and provide enhanced support for the civilian authorities here. With fewer foreign establishments, currency exchange costs would decline and the newly developed UK bases would help to stimulate local economies rather than those in Germany. To support this, a major effort to bring service housing up to scratch would also provide a major fillip for both the building and the transport industries struggling in the recession.

Equipment

Defence equipment is extraordinarily costly, and the MoD has continually been criticized for poor performance in the acquisition of weapon systems and other equipment. Although the MoD appears to be no worse than its foreign counterparts, the annual reports from Parliament and the NAO make particularly bleak reading, with the failure to implement the Defence Industrial Strategy and to publish a second edition of it evoking much criticism from industry. There are significant savings to be made on the equipment side through better practice. First, most obviously, it has to be borne in mind that the cost of equipment is not fully covered in the initial purchase price. The creation of the Defence Equipment & Support organization should make it possible for the MoD to make a full

⁵⁹ 'Annual Report and Accounts 2007–8 Volume 1: Annual Performance Report', *HC.850-I*, session 2007–8 (London: TSO, 2008), p. 98.

Table 4: The RAF's current frontline fast jet force, 2009

<i>Aircraft type</i>	<i>Total fleet</i>	<i>Forward fleet</i>	<i>Fit for purpose</i>	<i>Percentage of fleet fit for purpose</i>
Typhoon	53	35	20	38
Tornado GR4	138	81	61	44
Tornado F3	69	35	26	38
Harrier	72	49	44	59
Total	332	200	151	45

Source: Bob Ainsworth, *House of Commons Parliamentary Debates*, written answer, 24 March 2009, col. 272/W.

assessment of through-life costs. It should be pointed out, however, that although there has been considerable praise given to the urgent operational requirements (UOR) process for the speed in which new equipment has been delivered to operational theatres, the longer-term financial implications give cause for concern. In response to operational requirements, defence has acquired several new weapon systems without considering fully the cost of sustaining them through their service life. This 'extra' cost may well be significant, thereby posing an additional financial burden on the existing defence budget, especially as so many different systems have been acquired in relatively small numbers.

Second, if the required output is to be achieved without unnecessary and costly duplication, the armed services should rationalize their equipment holdings in terms of actual need rather than aspiration. For example, the RAF currently operates four different fast-jet fleets (see table 4 above). As the government has now committed itself to a third tranche of the Eurofighter Typhoon (with a ground-attack capability, making the fleet multi-role), it might be more rational to have a force of fast jets comprising the fewest possible types of aircraft, optimized for maximum availability. With this in mind, it might thus be reasonable to view the Typhoon as a replacement for the entire Tornado force. Not only would equipment and related costs be saved but there would also no longer be any need to train a second crew member for the fast jet force, thereby removing a significant training burden. The biggest savings are made when an entire weapon system is removed from service rather than the traditional salami-slicing of all weapon systems. In spite of the UOR process mentioned above, the aim should therefore be to reduce the number of weapon systems while maximizing the flexibility of those that are retained or acquired.

Third, defence should no longer subsidize industry and be forced to accept unnecessary costs and inefficiencies. If the government wishes that an industrial sector or a particular supplier should be supported, then any extra costs associated with such support should be passed on to the Department for Business, Innovation and Skills (DBIS) over the life of that asset. Even though the reallocation of costs from one department of state to another does not, evidently, save the public purse

anything in real terms, it should force the government to recognize that it has a responsibility to make complex decisions that should be implemented on behalf of the government as a whole. If the DBIS is unwilling to accept this additional burden, and if as a result support to industry is to decline, then the responsibility for that state of affairs should lie with the government itself rather than with defence.

Conclusions

Clausewitz observed that '[e]verything in war is simple, but the simplest thing is difficult. The difficulties accumulate and end by producing a kind of friction that is inconceivable unless one has experienced war.'⁶⁰ Where contemporary defence management and planning are concerned, the equivalent to Clausewitz's axiom was provided by the late Sir Michael Quinlan when he warned against expecting the bureaucratic process to be simple and straightforward:

There is an occasional caricature-stereotype of defence planning which supposes that it is—or if it is not, that it ought to be—a basically linear process. One starts by identifying one's commitments; one assesses professionally what forces are needed to meet them; one costs these; and then one sends the bill to the Treasury, which pays up. It is not only in the final particular that this model departs from reality.⁶¹

Defence is difficult for a number of reasons, not least because (and in spite of current operational commitments) it is largely about preparing for what might happen. In political/electoral terms, then, there can often be little apparent public benefit associated with a large slice of government spending. Nevertheless, there are those who persist in arguing that defence is actually a rather straightforward matter of ensuring that, for example, the Royal Navy has everything it needs, of preparing for this or that style of conflict and no other or of making deep cuts across the defence budget in order to balance the books, and so on.

These and similar arguments fetishize the defence debate in one way or another, and they all miss the point. The defence debate should not pitch aircraft carriers against battlefield radios against fast attack aircraft. Neither should the defence debate be overly influenced by esoteric discussions about the evolution (or otherwise) of modern strategy. And neither, of course, should the defence debate be driven by the Treasury and by the notion that whatever defence is about, it can probably be achieved at half the price. The UK defence debate should not be allowed to become a war among the fetishes. The point of the defence debate is to ensure that the armed forces provide the outputs required, when and where they are required, rather than to argue interminably over inputs (or capabilities) or indeed about the nature of conflict. In other words, the defence debate is about using the armed forces to achieve value in the form of specified political purposes, and

⁶⁰ Carl von Clausewitz, *On war*, ed. and trans. M. Howard and P. Paret (Princeton, NJ: University Press, 1976), p. 119.

⁶¹ Sir Michael Quinlan, 'British defence planning in a changing world', *World Today*, vol. 48, no. 8–9, 1992, p. 160. Sir Michael was Permanent Under Secretary at the MoD from 1988 to 1992.

doing so with limited economic resources. Political purpose will change, perhaps very frequently. There is no final, objective truth about national defence that is waiting to be discovered and that will obviate the need for articles such as this. Defence policy is what the philosopher W. B. Gallie described as an 'essentially contested concept', a concept 'the proper use of which inevitably involves endless disputes about [its] proper uses on the part of [its] users'.⁶² How and where the defence establishment is occupied at a particular moment is of course of immense significance. But 'how, where and when' should not be confused with 'why'. The mission of the defence establishment is to meet this 'essentially contested' political purpose, even as it changes character and direction. This is the challenge of defence, and it is one that requires the defence establishment to do what can be done in terms of cost savings and efficiencies in order to be as agile and responsive as possible. Moreover, it is a challenge that requires government to take the lead in articulating a national vision from which defence can derive its mission and then it is for government to support the subsequent defence effort.

There is the very real prospect that service and campaign tribalism could lead to a defence review that is based almost entirely on input measures, as ministers and officials seek to bring the programme and budget into alignment along the lines followed in the 1981 Nott Review. Not surprisingly, there have been calls for a new strategic defence review (SDR), assuming that this will provide the undisputed solution to the problems we have described. The reality of the 1998 SDR, however, was that it promised much to the armed forces but did not tackle the fundamental issue that has beset defence for over 50 years—the failure to solve the resource–output equation.

The forthcoming review should focus on achieving value in defence. This approach requires the clearest possible sense of purpose or function, as well as a firm commitment to reduce or eliminate unnecessary costs. The goal should be a defence establishment that is purposeful and efficient, and to achieve this both the 'top-down' and 'bottom-up' approaches we have outlined will be essential. A defence review that makes grand statements from the centre of government without being too concerned about what can or cannot be achieved, or which insists that defence is not about ideas but about saving money, will almost certainly repeat the errors of the past. Whether the next government is prepared to assess (and accept) risks and make the necessary decisions, and whether defence is prepared to put aside its fetishes and tribal totems in favour of a more constructive debate, remains to be seen.

⁶² W. B. Gallie, 'Essentially contested concepts', *Proceedings of the Aristotelian Society*, vol. 56, 1955–6, p. 169.