

Executive Summary Background

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British Defense Cuts Threaten the Anglo–American Special Relationship

Ted R. Bromund, Ph.D.

The British armed forces are too weak and are becoming weaker. Since 1999, British forces have been continually in action around the world, but Britain is spending a lower share of its national income on defense than at any point since 1933. Britain has adopted defense doctrines that emphasize low-intensity war as a way to justify spending less on its forces, and it is being pulled into a toothless European defense plan. All of its services are shrinking, and they are poorly served by a procurement system that is a disguise for a system of social and corporate welfare. The Ministry of Defence is no longer a leading office of state, and it lacks the political strength and institutional culture to do its job. In short, Britain is in danger of becoming just another European state that fails to take defense seriously.

The Special Relationship. This matters profoundly to the United States. Military and intelligence cooperation has been at the heart of the special relationship between the U.S. and Britain since World War II. The U.S. and Britain played the crucial roles in founding NATO in 1949 and in sustaining that alliance over the past 50 years. NATO, and the U.S. commitment to the defense of the Western democracies that it represents, continues to be central to U.S. policy. Yet without a strong Britain, NATO will have no European state committed to spending a significant amount of money on its own defense. Nor will the British armed forces be able to play their traditional role of deterring adversaries. This will further weaken NATO and continue

the gradual retreat of the state that since 1939 has been the essential friend of the United States and of the values of democracy and free enterprise.

Both Britain and the U.S. must act to renew the transatlantic bargain on defense that was made in 1949. That bargain has been based on a U.S. willingness to help the Europeans defend themselves, as long as the Europeans were strongly committed to their own defense. That bargain is now in jeopardy.

For Britain, change must begin at the top. Without change in the Ministry of Defence and above all a powerful Secretary of State for Defence dedicated to fixing its culture, restoring funding to the services, amending its doctrine, and reforming its procurement system, none of the problems confronting the British armed forces can be addressed. If the British political system cannot summon the necessary will to restore its military, Britain will join the ranks of the European states that cannot be bothered to defend themselves and that treat security—the first duty of the state—as a negligible responsibility.

What the United States Should Do. The U.S. should help any British administration that is serious about restoring its armed forces. It can do this in

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several ways. In public diplomacy, it should continue to emphasize that the U.S. has a vital interest in ensuring that all European members of NATO contribute meaningfully to their own defense. Institutionally, it should reinforce the links between the U.S. and British armed forces and emphasize the importance of interoperability within NATO. Most importantly, it should reform its own procurement and export control systems to give greater emphasis to joint development, manufacturing, and purchasing agreements with Britain and to improve the ability of U.S. firms to sell to trusted allies.

If the U.S. continues to treat defense trade cooperation with Britain as a matter of secondary importance, other countries will take the U.S.'s place as Britain's defense industrial partner. If this happens, U.S. industry will lose orders, U.S. workers will lose

jobs, and the U.S. will lose military interoperability with and a vital connection to its closest ally in its most important alliance.

Conclusion. Both the U.S. and Britain need to return to responsibility. The U.S. needs to be a responsible partner in trade and procurement. The U.K. needs to recognize that it is in grave danger of being unable to fulfill its responsibilities to its citizens, forces, and friends and allies around the world. Acting together, as they have in the past, the U.S. and Britain can meet these challenges.

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Background

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British Defense Cuts Threaten the Anglo–American Special Relationship

Ted R. Bromund, Ph.D.

Great Britain is a founding member of NATO. It is currently fighting wars in both Iraq and Afghanistan, but is spending less of its gross domestic product (GDP) on its armed forces than at any point since the Great Depression. A failure of political leadership in Britain has allowed defense issues, and the standing of its Ministry of Defense (MoD), to slide to second-tier status. As a result, Britain's forces are shrinking, and Britain is in grave danger of defaulting on its obligations to its citizens, its forces, and NATO.

The United States has a vital interest in this question. The Anglo–American special relationship is central to U.S. foreign policy, both because of the historic ties and shared values that bind the two nations together and because the partnership between the U.S. and Britain is at the heart of the NATO alliance.

NATO, in turn, is central to U.S. policy because it is the most successful multilateral security institution in history. NATO respects the sovereignty of its member states and has defended the democracies of Western Europe for almost 60 years. It now includes the newer democracies in Eastern Europe. It is the central feature of the trans-Atlantic community. Without it, Europe would be less safe and the U.S. less committed to Europe's safety. Without British leadership in the early Cold War, NATO would never have been established. Without it today, NATO cannot continue to function. This is why the decline of Britain's armed forces is so dangerous.

Britain is an essential coalition partner and one of the few European allies that is keeping its commitments in

Talking Points

- The Blair and Brown governments have reduced British defense spending as a share of GDP to its lowest point since 1933, while sending British armed forces into action in Kosovo, Sierra Leone, Afghanistan, and Iraq. The forces are being ordered to do more with less.
- Every month, the British Army is shrinking by over 600 officers and enlisted men. Almost half of the British Navy's ships are mothballed and 18 months away from active service. The Royal Air Force has shrunk by more than half since the end of the Cold War.
- Britain's procurement system is a disguise for a program of corporate and social welfare. Britain, like the U.S., needs to emphasize buying the best, whether it is British or American.
- The U.S. should expand joint development and production deals with Britain, both to assist British efforts to rebuild its forces and to ward off European efforts to ensnare Britain in an enhanced European Security and Defense Policy.

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Afghanistan. U.S. Secretary of Defense Robert Gates has emphasized that the unwillingness of the European allies to meet their commitments is the most important impediment to progress in Afghanistan.¹ If the U.S. does not act, Britain will move ever closer to becoming another ally that cannot contribute to the promise of collective security that is at the heart of NATO. The U.S. should support any British administration that seeks to reverse this decline.

To do this, the U.S. needs to understand where British forces have decayed and what it can do in response. Britain is spending too little on its own defense: The U.S. needs to continue emphasizing the importance of devoting a moderate, steady share of GDP to the military. All of Britain's services are in a recruiting crisis: The U.S. could share valuable experience in recruiting and retention policies. The rise of the European Security and Defense Policy (ESDP) threatens to duplicate NATO efforts and ultimately sideline NATO altogether: The U.S. should not entertain any false hopes about the ESDP's effectiveness.

Finally, Britain's own procurement policies are dysfunctional, and European procurement policies threaten to stifle NATO by stealth. The U.S. should respond by placing greater emphasis on joint development, manufacturing, and purchasing agreements with Britain and by being a responsible partner in current and future agreements. In particular, the U.S. Senate should give early consideration to the U.S.–U.K. and U.S.–Australian Defense Trade Cooperation Treaties, which are part of a broader reform of U.S. export controls that will diminish the appeal of European-based approaches, while enabling Britain to build its capacities efficiently. Together, these steps will support an incoming British administration that is determined to ensure that Britain retains its role as a leading military power within the NATO alliance.

Britain's Pressing Security Responsibilities

Any assessment of the state and adequacy of Britain's armed forces must begin by surveying Britain's security responsibilities. These consist of current operations, the responsibilities that are enduring obligations of the British state, and the duties deriving from Britain's international commitments.

Current Operation. The most immediately pressing responsibilities are current operations in which British forces are engaged. Central among these are Operation TELIC in Iraq and the NATO International Security Assistance Force in Afghanistan. British forces are also operating as part of the NATO/EU shared pan-Balkans Operational Reserve Force in Kosovo. In total, approximately 12,600 troops are deployed in fighting roles in these nations.²

However, Britain's security responsibilities do not end there. The British Army alone is deployed in more than 80 countries. While most of these missions are small and include individual military advisers, substantial forces are assigned to peacekeeping, training, garrison, and NATO duties in Belize, Brunei, Canada, Cyprus, Germany, Gibraltar, the Falkland Islands, Kenya, and Sierra Leone.³ The reach of the Royal Navy and the Royal Air Force is similarly broad.⁴ Britain is still a global military power.

Responsibilities to Its Citizens. While Britain's operations abroad are extensive and vital, the central responsibility of all British armed forces whether at home and abroad is to protect the security of the realm. The defense of Britain rests on the NATO alliance, and British forces are planned and maintained on that basis. Yet the nation must bear primary responsibility for its core obligations to its own citizens.

The first of these obligations is to maintain a nuclear arsenal with an appropriate delivery system

1. Robert M. Gates, testimony before the Committee on Armed Services, U.S. House of Representatives, December 11, 2007, at <http://www.defenselink.mil/speeches/speech.aspx?speechid=1205> (October 2, 2008).
2. British Broadcasting Corporation, "Where Are British Troops and Why?" *BBC News*, April 29, 2008, at http://news.bbc.co.uk/2/hi/uk_news/4094818.stm (September 29, 2008). See also U.K. Ministry of Defence, *Annual Report and Accounts, 2007–2008, Volume 1: Annual Performance Report*, July 21, 2008, pp. 28–38 (September 29, 2008).
3. British Army, "Overseas Deployments," 2008, at <http://www.army.mod.uk/operations-deployments/overseas-deployments/default.aspx> (September 29, 2008).
4. British Royal Navy, "Global Operations," September 2008, at <http://www.royalnavy.mod.uk/globalops> (September 29, 2008), and British Royal Air Force, "Current Operations," 2008, at <http://www.raf.mod.uk/currentoperations> (September 29, 2008).

to deter the use of weapons of mass destruction (WMDs) by another state or a terrorist group operating with the connivance of another state. Britain fulfills this obligation through its fleet of four *Vanguard*-class nuclear submarines, each of which can launch 16 Trident II D5 missiles. Each missile normally carries three warheads, giving Britain a formidable nuclear deterrent.⁵

The second obligation is to prevent infiltration by sea or air by people trying to evade its immigration controls. While responsibility for controlling British borders rests primarily with the Border Agency of the Home Office, considerable evidence suggests that the agency is incapable of performing its duties satisfactorily.⁶ The Glasgow bombings of 2007 are a reminder that Britain is at war with an enemy eager to find ways to compensate for its weaknesses in conventional warfare. Thus, the security of Britain's borders remains a duty that the British state cannot neglect.

Britain's Alliance and International Commitments. Britain also has responsibilities that derive from its alliance and other international commitments. Of these, NATO is clearly the most important. The historic purpose of NATO was to ensure that the U.S. remained committed to defending Western Europe against the Soviet Union, to deter it from contemplating an invasion, and to ensure that Western European states did not slip into neutrality in the face of the Soviet threat.

Today, threats remain from the unstable and dictatorial regimes around Europe's periphery. The U.S. is the only state that has the means to confront these threats. Therefore, any retreat from NATO by Britain or any other member country is a step toward ending the only effective defense for the democratic states of the West. NATO is also the preferred means by which the alliance members

undertake out-of-area operations. Through the Partnership for Peace, NATO has helped to build democratic, civilian-controlled states in Eastern Europe. For the established members, NATO's planning, training, and command processes enable their forces to cooperate effectively.

Although NATO is vital, Britain has other security responsibilities. Some of these responsibilities are explicit, while others are implied by the commitments into which Britain has entered. Britain is party to the Five Power Defence Arrangements with Australia, New Zealand, Malaysia, and Singapore, which guarantee the security of Malaysia and Singapore.⁷ Britain is also responsible for the security of the Falklands, Gibraltar, and its other Overseas Territories in the Caribbean and elsewhere. While the European Union has no formal collective defense agreement akin to NATO's, Britain could not in practice ignore an attack on an EU state, including the six EU members (Ireland, Malta, Cyprus, Finland, Sweden, and Austria) that do not belong to NATO. Britain, therefore, has an implied responsibility to protect the security of these states.

Similarly, while the Commonwealth is not a defense organization, British diplomats will likely be involved in any crisis in the 52 other Commonwealth member states. Such involvement carries with it the risk that Britain may be obliged to use force, as it was in 2000 in Sierra Leone. Britain has also created obligations with its Defense Diplomacy Mission, which offers military assistance and training to countries around the world.⁸ These obligations also extend to countries such as Argentina and Japan that cooperate with NATO, but do not participate in specific partnership structures.⁹ Finally, while the United Nations is no substitute for effective cooperation with Britain's democratic allies, Britain, as a Permanent Member of the U.N. Security Council, has a particular responsi-

5. British Royal Navy, "Ballistic Submarines (SSBN)," 2008, at <http://www.royalnavy.mod.uk/server/show/nav.2420> (September 29, 2008); Eric Wertheim, *The Naval Institute Guide to Combat Fleets of the World*, 15th ed. (Annapolis, Md.: Naval Institute Press, 2007), pp. 836, 842, and 872; and Duncan Lennox, ed., *Jane's Strategic Weapon Systems*, Issue 48 (Coulsdon, U.K.: Jane's Information Group, 2008), p. 213.
6. Steve Moxon, *The Great Immigration Scandal*, revised and updated ed. (Exeter, U.K.: Imprint Academic, 2006).
7. British Foreign and Commonwealth Office, UK in Malaysia, "Five Power Defence Arrangements (FPDA)," 2007, at <http://ukinmalaysia.fco.gov.uk/en/working-with-malaysia/defence/five-power-defence-arrangements> (September 29, 2008).
8. U.K. Ministry of Defence, *Strategic Defence Review*, July 1998, paras. 48–50, at http://www.mod.uk/NR/rdonlyres/65F3D7AC-4340-4119-93A2-20825848E50E/0/sdr1998_complete.pdf (September 29, 2008).

bility to play a leading role in maintaining international peace and security.

In short, Britain has extensive security responsibilities that derive from its basic duties as a state and its memberships in NATO, the Commonwealth, the EU, and the U.N. These responsibilities are further increased by the humanitarian sympathies of the British public. The argument that Britain's commitments must be reduced because of the diminished size of its armed forces fails to account for these realities.

It is not possible to predict whether or when these responsibilities will be threatened in a way that calls British armed forces into action. Democratic nations maintain standing forces in times of peace precisely because relying on such predictions is too risky. The costs of being wrong far outweigh the savings from disarming. Nor is it possible to guess how or where the next war will be fought. In the past 30 years, Britain has been surprised by the Argentine invasion of the Falklands in 1982, which required an amphibious response; Saddam Hussein's invasion of Kuwait in 1990, which required a heavy conventional response; and the 9/11 attacks, which required a lighter conventional response in distant Afghanistan. In an era of mass terrorism, asymmetric war, weak and rogue states, and a resurgent Russia and China, the British armed forces need to be prepared to deter and defeat a wide variety of unpredictable threats.

Deterrence applies not only to the threat of WMDs, but also to conventional challenges. Like defeating the enemy once a war begins, deterrence is a vital mission of the armed forces. Democratic states that do not maintain armed forces with an array of capabilities broad enough to deter potential aggressors are not only risking defeat in war, but also offering their enemies an incentive to act and providing themselves with a reason not to respond when the challenge comes. The appropriate policy is to main-

tain capable armed forces on a scale that does not impose a significant burden on the civilian economy. As the government acknowledged in its 1998 *Strategic Defence Review*, the armed forces are "Britain's insurance against a huge variety of risks."¹⁰ Yet over the past decade, Britain has not paid for its insurance policy. Now the bill has come due.

The Blair-Brown Record

Admiration for former Prime Minister Tony Blair's stout stand on British involvement in Iraq and Afghanistan and for his firm commitment to the Anglo-American alliance should not distract observers from his consistent unwillingness to provide sufficient support to British forces, even as he was committing forces abroad in defense of democracy and in opposition to mass terrorism.

This was triply damaging. Not only did it hamper British forces in pursuing their mission and build up severe procurement, maintenance, and training backlogs, it also gave critics of his policies an opening to attack him by posing as a friend of the troops.¹¹ Moreover, while vocally in favor of NATO, Blair consistently supported the ESDP, failing to recognize the incompatibility of these institutions.

It is shameful that British involvement in Iraq and Afghanistan was ordered by a government that was steadily reducing both the size of the armed forces and their share of the national product. The contrast with the past is striking: Under Prime Minister Margaret Thatcher, the Falklands War occurred in the middle of a substantial modernization effort that later allowed British forces to contribute importantly to victories in the First Gulf War and Kosovo.

Prime Minister Gordon Brown served for a decade under Blair as Chancellor of the Exchequer and, therefore, shares responsibility for these shortcomings. Since becoming Prime Minister, he has done little to repair the deficiencies of the Blair administration, while weakening the government's commitment to

9. North Atlantic Treaty Organization, "NATO's Partner Countries," April 29, 2008, at <http://www.nato.int/issues/partners/index.html> (September 29, 2008).

10. U.K. Ministry of Defence, *Strategic Defence Review*, para. 2.

11. Op-ed, Menzies Campbell, "Blair Must Deliver an Exit Strategy for Our Troops," *The Independent*, September 21, 2005, at <http://www.independent.co.uk/opinion/commentators/menzies-campbell-blair-must-deliver-an-exit-strategy-for-our-troops-507661.html> (September 29, 2008).

the British deployment in Iraq.¹² In short, the past 11 years present a contradictory picture of firm rhetoric and brave actions undercut by contradictory policies and failure to commit necessary resources.

Measuring Defense Spending

The best way to assess the level of national effort devoted to defense is to measure defense spending as a percentage of GDP. Comparisons of amounts of money over time are rendered meaningless by inflation, especially given that defense costs tend to increase more rapidly than costs in the civilian economy. Similarly, comparisons between the size of Britain's defense budget, expressed in pounds sterling, and the amounts that other nations spend on defense are distorted by the fact that British prices are higher than prices in other economies. Measuring defense spending as a percentage of GDP offers a stable and reliable yardstick.

In the 50 years after 1815, when Britain was the world's dominant power, its spending on the military in peacetime ranged between 2 percent and 3 percent of GDP.¹³ In the 20th century, spending fell as low as 1.8 percent in 1933. After the failure of appeasement, it rose as high as 55 percent in 1943.¹⁴ After World War II, as Chart 1 illustrates, it drifted gradually down from 9.7 percent in 1952 to

4.2 percent by 1991 at the end of the Cold War and the Thatcher government.¹⁵ The decline then accelerated, falling to 2.9 percent by 1996, a 31 percent decrease in five years.¹⁶ This was excessive, but in line with the U.S. defense spending, which dropped from 5 percent of GDP in 1991 to 3.5 percent in 1996, a 30 percent decrease.¹⁷

The Resource Gap Increased Under Blair

What happened after 1997 was extraordinary. From 1999 onward, Britain's armed forces were regularly in action, first in the former Yugoslavia, then in Sierra Leone, then in Afghanistan and Iraq. Yet British defense spending as a share of GDP continued to decline. It is historically unprecedented for Britain to spend a lower share of its national product on its armed forces in time of war. In its 1998 *Strategic Defence Review*, the government acknowledged that "The so-called 'peace dividend' from the ending of the Cold War has already been taken."¹⁸ Yet by 2007, defense spending was down to 2.3 percent. In the 20th century it was lower only during the depths of the Great Depression, in 1930, 1932, and 1933.¹⁹ By contrast, U.S. spending rose from its low of 3 percent in 1999 to 3.8 percent in 2007.²⁰

The Blair government often claimed that it had increased or intended to increase spending on the

12. Nile Gardiner, "The Bush–Brown White House Meeting: A Chill in the Special Relationship?" Heritage Foundation *WebMemo* No. 1892, April 15, 2008, pp. 2–3, at <http://www.heritage.org/Research/Europe/wm1892.cfm>.

13. Paul Kennedy, *The Rise and Fall of the Great Powers* (New York: Random House, 1987), p. 153.

14. Except for 1943, spending percentages from 1900 to 1971 were computed using data on military spending from Correlates of War Project, National Material Capabilities data set, version 3.02, at http://www.correlatesofwar.org/COW2%20Data/Capabilities/NMC_3.02.csv (October 8, 2008), and data on GDP and historical exchange rates from Lawrence H. Officer, "What Was the U.K. GDP Then?" MeasuringWorth, 2008, at <http://www.measuringworth.org/ukgdp> (October 8, 2008). See also J. David Singer, "Reconstructing the Correlates of War Dataset on Material Capabilities of States, 1816–1985," *International Interactions*, Vol. 14, No. 2 (1988), pp. 115–132. For 1943, see Stephen Broadberry and Peter Howlett, "Blood, Sweat and Tears: British Mobilisation for World War I," draft chapter for R. Chickering, S. Förster, and B. Greiner, eds., *A World at Total War: Global Conflict and the Politics of Destruction, 1937–1945* (Cambridge, U.K.: Cambridge University Press, 2005), p. 3, at <http://www2.warwick.ac.uk/fac/soc/economics/staff/faculty/broadberry/wp/totwar3.pdf> (October 1, 2008). Spending percentages from 1972 to 2007 were taken from North Atlantic Treaty Organization, "Information on Defence Expenditures," Web site, at http://www.nato.int/issues/defence_expenditures/index.html (October 2, 2008).

15. For 1991, see Press release, "Financial and Economic Data Relating to NATO Defence," North Atlantic Treaty Organization, December 10, 1992, at <http://www.nato.int/docu/pr/1992/1992-100.pdf> (October 2, 2008).

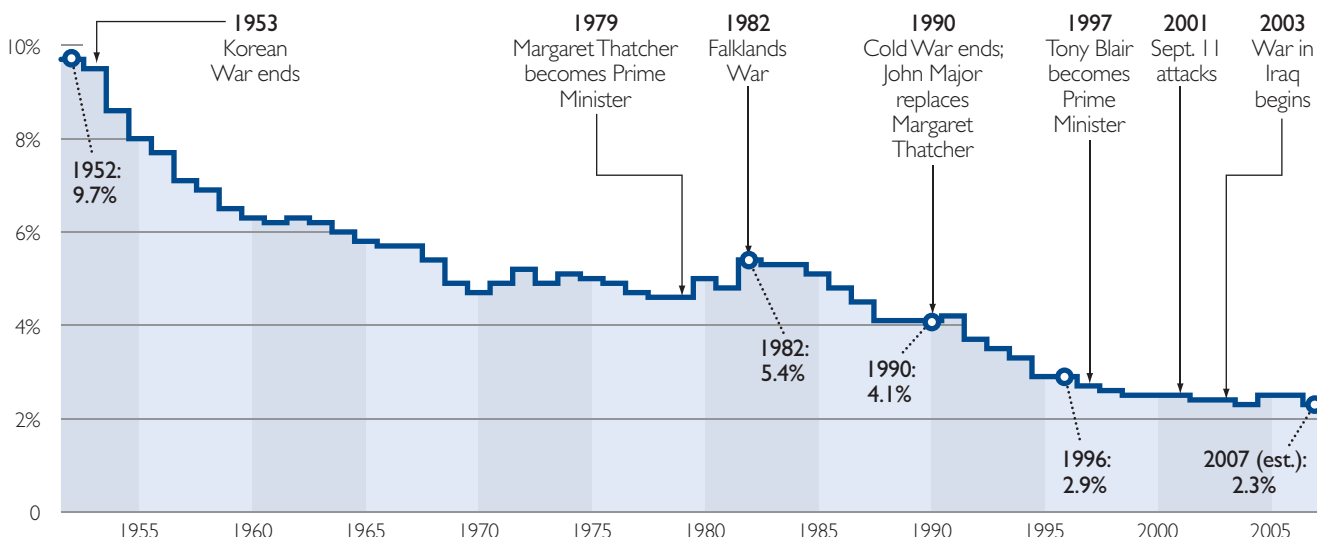
16. Press release, "Defence Expenditures of NATO Countries (1980–2000)," North Atlantic Treaty Organization, December 5, 2000, at <http://www.nato.int/docu/pr/2000/p00-107e.htm> (October 2, 2008).

17. *Ibid.*, and Press release, "Financial and Economic Data Relating to NATO Defence."

18. U.K. Ministry of Defence, *Strategic Defence Review*, para. 11.

19. Correlates of War Project, National Material Capabilities data set, and Officer, "What Was the U.K. GDP Then?"

British Defense Spending as a Percentage of GDP, 1952–2007



Sources: Correlates of War Project, National Material Capabilities data set, version 3.02, at http://www.correlatesofwar.org/COW%20Data/Capabilities/NMC_3.02.csv (October 8, 2008); Lawrence H. Officer, "What Was the U.K. GDP Then?" MeasuringWorth, 2008, at <http://www.measuringworth.org/ukgdp> (October 8, 2008); and press releases, North Atlantic Treaty Organization, 1996–2007, at http://www.nato.int/issues/defence_expenditures/index.html (October 2, 2008).

Chart 1 • B 2210 heritage.org

armed forces.²¹ According to NATO, from 1996 through 2007 British defense spending rose by 12.7 percent in real terms, or 1.2 percent annually. However, as Chart 2 shows, the increases from 1999 through 2004 did not even compensate for the cuts that the government made on entering office in 1997. Only in 2005 did defense spending pass 1996 levels.²² This should come as no surprise. In its 1998 *Review*, the government, in defiance of its acknowledgement that Britain had already taken its peace dividend, called for a decrease in real spending on defense through 2001–2002.²³

The British government's figures, which are not compatible with NATO's for definitional and accounting reasons, show the place of defense in the government's priorities. As overall public expenditures increased 20 percent in real terms from 2001–2002 to 2006–2007, expenditures on defense rose only 9 percent. Education and health spending, which grew by 68 percent in real terms, drove the increase in overall spending.²⁴ Even in the middle of the wars in Iraq and Afghanistan and as the social services enjoyed double-digit increases, the government failed to take defense seri-

20. For 2007, see Press release, "NATO–Russia Compendium of Financial and Economic Data Relating to Defence," North Atlantic Treaty Organization, December 20, 2007, at <http://www.nato.int/docu/pr/2007/p07-141.pdf> (October 2, 2008).

21. Press release, "Funding Boost for Armed Forces," H.M. Treasury, July 18, 2000, at http://www.hm-treasury.gov.uk/spending_review/spending_review_2000/press_notices/spend_sr00_pressmod.cfm (October 2, 2008).

22. Press releases, North Atlantic Treaty Organization, 1996–2007, at http://www.nato.int/issues/defence_expenditures/index.html (October 2, 2008). Amounts spent in 1996–1999 were reported in 1995 pounds sterling and have been deflated to 2000 prices using the Retail Prices Index. U.K. Office for National Statistics, Retail Prices Index, at <http://www.statistics.gov.uk/StatBase/tsdataset.asp?vlnk=7172&More=N&All=Y> (October 2, 2008).

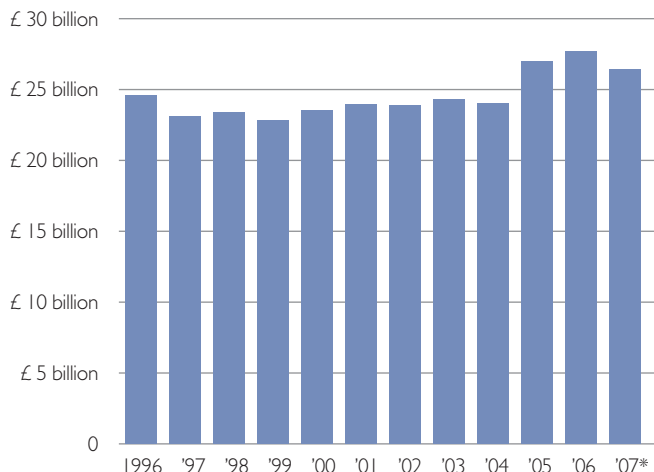
23. U.K. Ministry of Defence, *Strategic Defence Review*, para. 198.

24. Defence Analytical Services and Advice, *UK Defence Statistics 2007*, 2007, Table 1.2, at <http://www.dasa.mod.uk/natstats/ukds/2007/c1/table102.html> (October 2, 2008). Amounts were deflated to constant prices using the Retail Price Index.

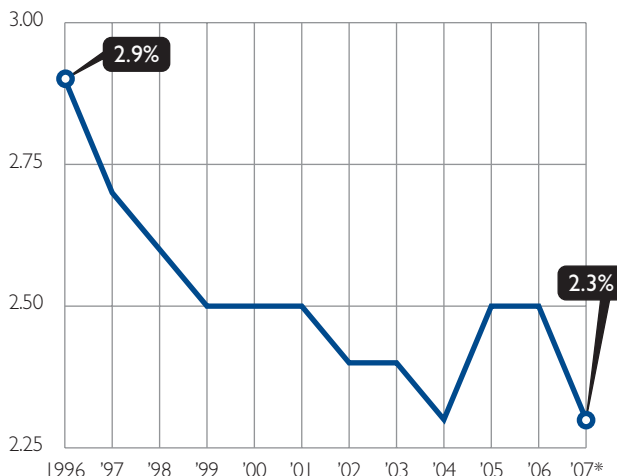
Measuring Britain's Commitment to Defense Since 1996

Since 1996 Britain has modestly increased defense spending, but its proportion of the nation's overall economy is down.

Defense Expenditures in Pounds Sterling, Adjusted for Inflation to the 2000 Level



Defense Spending as a Percentage of GDP



* Estimate.

Sources: Press releases, North Atlantic Treaty Organization, 1996–2007, at http://www.nato.int/issues/defence_expenditures/index.html (October 2, 2008). Amounts spent in 1996–1999 were reported in 1995 pounds sterling and have been deflated to 2000 prices using the U.K. Retail Prices Index. U.K. Office for National Statistics, Retail Prices Index, at <http://www.statistics.gov.uk/StatBase/tsdataset.asp?vlnk=7172&More=N&All=Y> (October 2, 2008).

Chart 2 • B 2210 heritage.org

ously. The problem is not that Britain could not afford to buy more defense, but that the government did not want to do so.

The MoD tries to disguise the problem by asserting that “Defence is estimated to be the fourth highest area of Government expenditure...behind Work and Pensions, Health and Education and Skills.” That is correct, but defense ranks far behind the top three areas. In 2006–2007, the MoD estimates that it will account for only 7.8 percent of total expenditures. In 2008–2009, the Treasury estimates that defense spending will drop to approximately 5.3 percent. As recently as 2001–2002, defense accounted for 10 percent.²⁵ By any measure, defense in 2008 occupies a far less important place in the British budget than it did in 1991 or even in 1997.

As Chart 3 shows, Britain still spends more on defense as a percentage of GDP than most NATO members. As of 2007, excluding France, only four European NATO members spent the NATO minimum of 2 percent: Britain, Turkey, Greece, and Bulgaria.²⁶ Yet this only points out that most NATO members are spending too little and as a result cannot fulfill their responsibilities within the alliance. As U.S. Secretary of Defense Robert Gates testified to Congress on December 11, 2007, the most important impediment to progress in Afghanistan “is the willingness of the NATO allies to meet their commitments.”²⁷

The government asserts that the cost of these commitments is putting pressure on the budget of the armed forces,²⁸ but the facts do not support this assertion. In 2007–2008, the total cost of operations

25. U.K. Ministry of Defence, Defence Analytical Services and Advice, *UK Defence Statistics 2007*, Chap. 1 and Table 1.2, and H.M. Treasury, *Economic and Fiscal Strategy Report and Financial Statement and Budget Report*, March 2008, p. 11, Chart 1.1, at http://www.hm-treasury.gov.uk/d/bud08_completereport.pdf (November 3, 2008).

26. Press release, “NATO–Russia Compendium of Financial and Economic Data Relating to Defence.”

27. Gates, testimony before the Committee on Armed Services.

in Iraq and Afghanistan, according to the Defence Select Committee of the House of Commons, was £3.297 billion, or 8.8 percent of British defense spending in that fiscal year.²⁹ Retreating from Britain's commitments would, therefore, save only a fraction of the total defense bill. Indeed, it would save the MoD itself nothing because support for ongoing operations is voted separately and does not come from the MoD's budget. These operations place a significant strain on troops and equipment precisely because Britain is spending less than the minimum required to maintain its current force. The inevitable result of such a policy is the hollowing-out of the military.

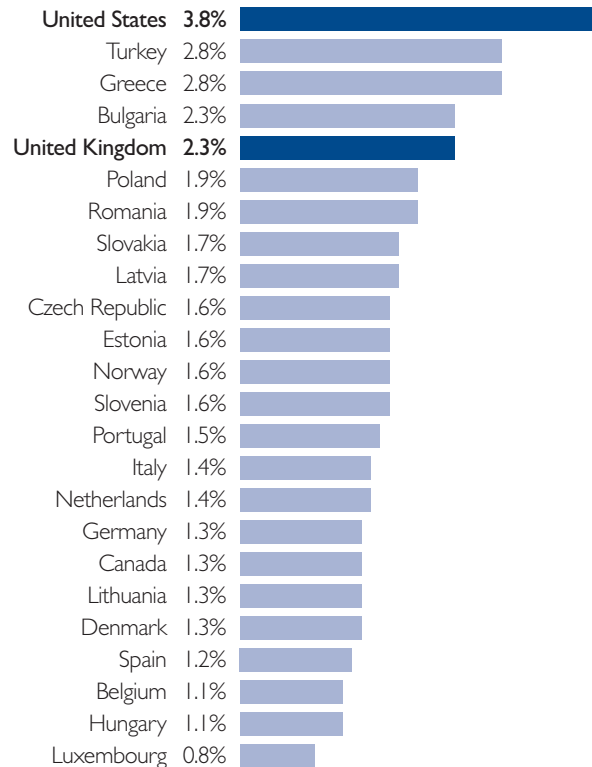
The Unrealistic Assumptions Underlying Spending Plans

The future of the forces is no brighter. The 2008 *Budget Report* forecasts that the MoD budget will increase to £36.9 billion by 2010–2011, which the Treasury characterizes as representing “1.5 per cent average annual real growth”³⁰ over the three years from 2008–2009 to 2010–2011. By way of comparison, spending on the National Health Service has almost doubled in real terms since 1997, an annual growth rate of 6 percent.³¹

However, the claim that defense spending will see real growth over that period assumes low and stable inflation in the civilian economy and steady economic growth averaging over 2 percent. It does not account for higher inflation of defense cost or commitments already made to raise the pay and improve the living standard of the forces.³² Nor does it account for the time value of money.³³ Given these factors, defense spending will likely grow only

NATO Defense Spending

Estimated 2007 Defense Spending by NATO Member States as Proportions of Their Respective GDPs



Source: Press release, “NATO–Russia Compendium of Financial and Economic Data Relating to Defence,” North Atlantic Treaty Organization, December 20, 2007, at <http://www.nato.int/docu/pr/2007/p07-141.pdf> (October 2, 2008).

Chart 3 • B 2210  heritage.org

28. BBC News, “Brown Hits Back on Forces Funding,” November 23, 2007, at http://news.bbc.co.uk/2/hi/uk_news/politics/7108650.stm (October 2, 2008).

29. U.K. House of Commons, Select Committee on Defence, “Ministry of Defence Main Estimates 2008–09,” July 7, 2008, para. 5, at <http://www.publications.parliament.uk/pa/cm200708/cmselect/cmdfence/885/88504.htm#a1> (October 2, 2008), and “Operational Costs in Afghanistan and Iraq: Spring Supplementary Estimate 2007–08,” March 10, 2008, para. 10, at <http://www.publications.parliament.uk/pa/cm200708/cmselect/cmdfence/400/40004.htm#a2> (October 2, 2008).

30. H.M. Treasury, *Economic and Fiscal Strategy Report*, para. 5.27.

31. *Ibid.*, para. 5.2.

32. U.K. House of Commons Library, *British Defence Policy Since 1997, Research Paper 08/57*, June 27, 2008, pp. 123–126, at <http://www.parliament.uk/commons/lib/research/rp2008/rp08-057.pdf> (October 7, 2008).

33. On the time value of money and discounting, see H.M. Treasury, *The Green Book*, 2008, paras. 5.48–5.53, at <http://greenbook.treasury.gov.uk/chapter05.htm#discounting> (October 2, 2008). It recommends using an annual discount rate of 3.5 percent to compare future costs and benefits with present ones.

slightly in real terms and at best remain stable as a percentage of GDP. Britain will likely be buying less defense in 2010–2011 than it is today.

Since 1997, the Labour governments have evaded the fundamental dilemma posed by their belief that:

[MoD could] radically reorganise our procurement and logistics organisations to spur efficiency and drive through best business practice. Then we will use the headroom we have generated to ensure that we have the forces we need to meet the new challenges.³⁴

In other words, savings from increased efficiency were to allow the forces to do more with less. This ignored two factors. First, defense costs, especially for procuring advanced systems, are notoriously prone to rise faster than the rate of inflation. In Britain, one Royal United Services Institute expert estimates that defense costs increase 5–10 percent faster than inflation in the civilian economy.³⁵ Second, while claiming that efficiency gains will materialize in the future is easy, actually achieving them is difficult, especially in government.

In these circumstances, the temptation to claim what has not been achieved is considerable. As Britain's National Audit Office reported in 2006, of the £781 million the MoD claimed to have saved on major procurement projects in the previous year, "57 per cent...was achieved by either reclassifying expenditure from procurement to support or transferring expenditure to other budgets for procurement or for corporate management where they can be best managed."³⁶ In other words, the savings were not savings: They were redefinitions.

The government has similarly emphasized increasing efficiency in all departments, with marginal results. For example, productivity gains in Britain's National Health Service (NHS) between 1999 and 2004 were close to zero.³⁷ Yet when the NHS failed to make gains, the government's response was to vastly increase its budget in an effort to make up in quantity what it had not achieved in quality. By contrast, when the MoD failed in the even more demanding task of realizing substantial savings in purchasing some of the world's most advanced weapons, the government's response was to hold its budget almost constant, guaranteeing that the forces would be smaller and less capably equipped.

The modest increases in defense spending have not ended the raids on the MoD budget. *The Times* reported in February that the ministry is being forced to cut up to £1 billion in planned spending per year over the next three years by "reprofil[ing] equipment programmes, which means delaying everything."³⁸ By mid-November, the shortfall had grown to between £1.5 billion and £2 billion, and the MoD had ordered a freeze on most new procurement spending.³⁹ This chopping and changing damages the forces and makes developing a systematic procurement program impossible. It amounts to imposing further reductions on services that are already incapable of fulfilling the duties the government has placed upon them.

There are many ways to assess how much better off Britain's armed forces would be if the government had not reduced their draw on the national product after 1996. If Britain still spent the 2.7 per-

34. U.K. Ministry of Defence, *Strategic Defence Review*, para. 8.

35. David Kirkpatrick, "How 'Real' Is the CSR Increase in UK Defence Expenditure?" Royal United Services Institute for Defence and Security Studies, 2008, at <http://www.rusi.org/research/militarysciences/strategy/commentary/ref:C470DE2F832A32> (October 2, 2008).

36. U.K. National Audit Office, "Ministry of Defence: Major Projects Report 2006," November 24, 2006, p. 5, at http://www.nao.org.uk/publications/nao_reports/06-07/060723i.pdf (October 2, 2008).

37. U.K. Centre for the Measurement of Government Activity, "Public Service Productivity: Health," *Economic Trends*, No. 628 (March 2006), p. 26, at http://www.statistics.gov.uk/articles/economic_trends/ET628_Productivity_Health.pdf (October 2, 2008).

38. Michael Evans, "Armed Forces Face Toughest Battle Yet over £1bn Cutback," *The Times* (London), February 20, 2008, at <http://www.timesonline.co.uk/tol/news/politics/article3399716.ece> (November 3, 2008). The *Telegraph* refers to "£3 billion black hole" in the MoD budget. Thomas Harding, "Forces Short of Morale—and 5,500 Personnel," *Telegraph*, February 22, 2008, at <http://www.telegraph.co.uk/global/main.jhtml?xml=/global/2008/02/22/narmy122.xml> (October 2, 2008).

39. Thompson Financial News, "UK defence chief orders spending clampdown—FT," November 16, 2008, at <http://www.forbes.com/afxnews/limited/feeds/afx/2008/11/16/afx5700519.html> (November 17, 2008).

cent of GDP on defense as it did in 1997, for example, MoD spending in 2006–2007 would have been approximately 15 percent (£5.9 billion) higher.⁴⁰ Instead, the government took another “peace dividend” and spent it on the social services, after having declared in 1998 that Britain had already taken its peace dividend.

Britain’s Defense Doctrine Under Labour

British defense doctrine revolves around three explicit and problematic assumptions articulated in the 2003 white paper *Delivering Security in a Changing World* and two unspoken, but vital, beliefs. These unspoken beliefs have been particularly damaging.

U.S. Involvement. The first assumption is that most future operations will be multilateral operations and that “intervention against state adversaries, can only plausibly be conducted if US forces are engaged, either leading a coalition or in NATO.”⁴¹ Therefore, Britain does “not need to generate large-scale [military] capabilities across the... spectrum.”⁴²

It is indeed difficult to conceive of a major war that would involve British forces without U.S. forces, although this was also said before the Falklands War, which Britain fought on its own. However, this argument also offers a justification to avoid developing expensive capacities, including those in which Britain is currently underinvested. There is an important difference between a doctrine that acknowledges that Britain is unlikely to fight alone and one that rationalizes its inability to do so.

Smaller and Asymmetrical Wars. The second explicit assumption is that British forces need to become lighter and more mobile to fight what are presumed to be the smaller, often asymmetrical wars of the future.⁴³ Therefore, Britain should cut back its heavier forces, focus on improving its light and medium weight forces, and emphasize the development of a “fully ‘networked enabled capability’” to enable British forces to “take advantage of the opportunities offered by new technologies to deliver military effects in different ways.”⁴⁴ In short, the 2003 *Review* calls on Britain to commit itself to the transformational agenda that is identified with former U.S. Secretary of Defense Donald Rumsfeld.

The argument that Britain needs to improve its capacity to fight asymmetrical wars is not without merit, although the claim that transformation is essential to that fight is more often asserted than proven. Yet this argument is also intended to justify spending less on large ground forces and on expensive air defense, naval escort, armor, and artillery capabilities. It under-rates both the usefulness of armor for force protection and the advantage in asymmetric wars of having more boots on the ground. It is based on a vision of war that, as Mackubin Thomas Owens notes, “reflect[s] a ‘business’ approach, stressing an economic concept of efficiency at the expense of military and political effectiveness.”⁴⁵

Above all, the MoD’s vision, like that of many of its critics, is based on the dangerous belief that Britain can predict the pattern of future wars.⁴⁶ If its

40. Computed against estimated total resource budget for 2006–2007 as reported in U.K. Ministry of Defence, “The Government’s Expenditure Plans 2007–2008,” July 2007, p. 13, at http://www.mod.uk/NR/rdonlyres/95BBA015-22B9-43EF-B2DC-DF14482A590/0/gep_200708.pdf (October 2, 2008).

41. U.K. Ministry of Defence, “Delivering Security in a Changing World,” December 2003, p. 8, at http://www.mod.uk/NR/rdonlyres/051AF365-0A97-4550-99C0-4D87D7C95DED/0/cm60411_whitepaper2003.pdf (October 2, 2008).

42. *Ibid.*, p. 7. This is a sharp retreat from the 1998 Review’s claim that Britain “need[s] a balanced and coherent spectrum of capabilities.” U.K. Ministry of Defence, “Supporting Essay Six: Future Military Capabilities,” *Strategic Defence Review*, para. 14.

43. U.K. Ministry of Defence, “Delivering Security in a Changing World,” pp. 1, 5, and 7.

44. *Ibid.*, p. 13. The broader 1998 *Strategic Defence Review* similarly observed that “systems now being developed will transform the way in which battles are fought, [so] we will invest sensibly to give our forces a decisive technological advantage in key battlewinning areas,” although the Review paid more attention to the advantages of “jointness,” another concept derived from the doctrine wars of recent American military policy. U.K. Ministry of Defence, “Modern Forces for the Modern World,” *Strategic Defence Review*, p. 263. See Frederick W. Kagan, *Finding the Target: The Transformation of American Military Policy* (New York: Encounter Books, 2006), pp. 227–233.

45. Mackubin Thomas Owens, “How We Fight,” review of *Finding the Target: The Transformation of American Military Policy*, by Frederick W. Kagan, *National Review*, December 4, 2006.

predictions are wrong, Britain will find itself short of precisely the kinds of heavy capabilities that are impossible to develop quickly. Not surprisingly, the future now looks like Iraq and Afghanistan. Yet before 2001, the MoD—like the U.S. Department of Defense—had little interest in asymmetric war. There is no reason to believe that the predictions the MoD is making today will prove any more accurate than those it made yesterday.

The fact that the MoD has been wrong in the past is not an argument against thinking about the future. It is an argument against believing that the future can be predicted with enough assurance to justify a wholesale restructuring of the armed forces and the attendant discarding of hard-won experience and heavier capabilities.

Transformation is an appealing word, but it offers no easy solutions to the problems of asymmetric war that confront Britain. Furthermore, both because it is part of a doctrinal vision of the future and because it must be funded now, it is detracting from Britain's ability to field balanced conventional forces to win the wars of today and deter and defeat the adversaries of tomorrow. The fact that the concept of deterrence appears in *Delivering Security in a Changing World* almost exclusively in the context of WMDs is a disturbing proof of just how far Britain has tilted away from what has long been a central mission of its armed forces: conventional deterrence. It is falling into the error of believing that its forces exist only to win a certain kind of war, not to deter and win across the spectrum of combat.

“Appropriate Sovereignty.” The third explicit argument is that Britain must retain the industrial capacity to equip its own forces. While acknowledging that Britain cannot be self-sufficient, the 2005 *Defence Industrial Strategy* states that its priority is to preserve “appropriate sovereignty” by “ensuring that UK industry can meet the requirements of the Armed Forces, both now and in the future.”⁴⁷ As a result of this emphasis on the domestic arms industry, in 2007 Britain became the world's largest weapons exporter.⁴⁸

The costs of this achievement have been substantial. Under the guise of preserving defense sovereignty, military procurement has become a social and corporate welfare system. As Lewis Page has pointed out, instead of buying helicopters from an Italian firm with manufacturing facilities in Britain, the state could “give the 800 workers in question redundancy payoffs of half a million each, buy an equal number of rather better [U.S.-made] Seahawks instead, get them sooner, and still save £180m.”⁴⁹ Announcements of major procurement decisions, such as the Royal Navy's July 2008 decision to build two new aircraft carriers, invariably emphasize the number of jobs that will be created—or saved—as a result.⁵⁰

This is bad economics because spending tax revenues does not create jobs. It is even worse defense policy. If the armed forces exist primarily to support domestic industry, decisions about their future will not be based on military considerations. Indeed, when this happens the forces have no future because there are easier ways to distribute welfare payments than by channeling them through the defense budget.

46. For example, Lewis Page has described the existing British force structure as left over from the Cold War, called for radically transforming and lightening it, and argued that, through efficiency gains, Britain can both save money and develop armed forces that are better prepared to fight the light wars of the future. Lewis Page, *Cost-Effective Defence*, Economic Research Council *Comparative Advantage Series Paper* No. 1, October 2006, at <http://www.ercouncil.org/Cost-Effective%20Defence.pdf> (October 2, 2008). This is also the government's plan. The only difference between them is how light they are willing to go.

47. U.K. Ministry of Defence, *Defence Industrial Strategy*, December 2005, pp. 7 and 16, at http://www.mod.uk/NR/rdonlyres/F530ED6C-F80C-4F24-8438-0B587CC4BF4D/0/def_industrial_strategy_wp_cm6697.pdf (October 2, 2008).

48. Stephen Fidler, “UK Becomes Biggest Weapons Exporter,” *Financial Times*, June 17, 2008, at <http://www.ft.com/cms/s/0/00b5778e-3cb5-11dd-b958-0000779fd2ac.html> (October 2, 2008).

49. Lewis Page, “The Poor Bloody Infantry,” *Prospect*, March 2007, p. 4, at http://www.prospect-magazine.co.uk/article_details.php?id=8308 (October 2, 2008).

50. Graham Tibbetts, “Britain to Sign Deal for Biggest Ever Aircraft Carriers,” *Telegraph*, July 3, 2008, at <http://www.telegraph.co.uk/news/2239552/Britain-to-sign-deal-for-biggest-ever-aircraft-carriers.html> (October 2, 2008).

It is also bad procurement policy. Because of it, Britain has developed an unhealthy dependence on its national champion, BAE Systems.⁵¹ Britain urgently needs increased competition in procurement and British politicians with the courage to buy American equipment if it costs less and offers higher or equal quality. The reverse is also true of American politicians. The argument that British politicians must stand up for British jobs should not be allowed to impede a rational procurement policy that meets the needs of the armed forces.

Carefully Constraining Defense Spending.

The first unspoken belief, that the budget of the armed forces must be carefully constrained lest it threaten other line items, explains the Blair government's record on defense spending. When it came into office in 1997, the government had conflicting aims: It wanted to increase spending on the social services while not raising the headline rate of tax. Part of the solution was to squeeze the armed services, an option that commanded the support of both Chancellor Brown and eight out of 10 Labour MPs surveyed in 1997.⁵² As then-Secretary of the Treasury Alistair Darling stated, given the size of the defense budget, "there [is] scope for sacrifice."⁵³ Darling became Chancellor of the Exchequer in June 2007.

Unwillingness to Take Casualties. The second unspoken belief was the government's conviction that, while the British public was willing to see the forces deployed abroad, it was unwilling to take casualties. Thus, the government emphasized short, sharp interventions. These were successful in Kosovo and Sierra Leone. However, when success failed to come immediately in Iraq, protecting British forces took priority over maintaining control of

Basra and resisting Iranian aggression in the Gulf, which led to the humiliating capture of 15 Royal Navy personnel in March 2007.

In late 2007, British forces, after making a secret deal with the Iranian-backed militias to allow them to depart safely, abandoned their compound in Basra for a heavily attacked airport base outside the city.⁵⁴ As one U.S. intelligence official stated, "[t]he British have basically been defeated in the south."⁵⁵

Britain returned to Basra in 2008 on the heels of Operation Charge of the Knights, conducted by Iraqi and U.S. forces. Brigadier Julian Free, commander of the British 4th Mechanised Brigade, admitted that Britain needed the "huge amount of armoured combat power" that the U.S. brought to bear because Britain "didn't have enough capacity in the air and...didn't have enough capability on the ground." Indeed, he acknowledged, Britain could no longer conduct large-scale operations on its own.⁵⁶ This British failure, and the Iraqi and U.S. success, illustrates how the British armed forces, starved of the manpower, equipment, and political support they needed to achieve their mission, have suffered since 1997.

A Self-Defeating Cycle. In short, Britain places too little emphasis on heavy war-fighting capacity and too much on saving money, subsidizing British jobs, and avoiding casualties. This is the result, not of a reasoned assessment of British priorities, but of pressures to ensure that the services meet short-term political needs. This is a self-defeating cycle: The more politicians press these needs, the less capable the forces will be, which gives politicians another incentive to avoid undertaking serious

51. Page, "The Poor Bloody Infantry," pp. 2–3.

52. Paul Routledge, "Top Brass up in Arms over Forces Merger," *The Independent*, December 28, 1997, http://findarticles.com/p/articles/mi_qn4158/is_19971228/ai_n14139288 (November 3, 2008).

53. Anthony Bevins, "Defence Hit for NHS Winter Cash Injection," *The Independent*, October 13, 1997. Retrieved from LexisNexis on October 2, 2008.

54. BBC News, "UK Basra Deal Claims 'Not True,'" August 5, 2008, at http://news.bbc.co.uk/2/hi/middle_east/7543763.stm (October 6, 2008). The "deal" mentioned in the report's title is not the one noted above. As the BBC summarized, "The Army has admitted there was a deal last summer to allow their safe retreat from the city." *Ibid.*

55. Karen DeYoung and Thomas E. Ricks, "As British Leave, Basra Deteriorates," *The Washington Post*, August 7, 2007, p. A1, at http://www.washingtonpost.com/wp-dyn/content/article/2007/08/06/AR2007080601401_pf.html (October 6, 2008).

56. Richard Norton-Taylor, "British Troops Needed US Help to Quell Basra, Brigadier Admits," *The Guardian*, June 7, 2008, at <http://www.guardian.co.uk/uk/2008/jun/07/military.iraq> (October 6, 2008).

operations, which in turn justifies further reductions in the capabilities of the forces.

This cycle must be broken if the British armed forces are to continue playing a leading role in NATO. As Conservative Party leader David Cameron has put it, “what we need is a defence review based on our national security, not on Treasury guidelines, and that will tell us either that we need to reduce the commitments that we have or we need to increase spending.”⁵⁷

Britain’s Forces Today

As of August 1, 2008, the authorized strength of the British regular armed forces was slightly under 185,000, including untrained personnel.⁵⁸ This is down 12.3 percent from 211,000 in April 1997, before Blair was elected.⁵⁹ In 2007, only 0.9 percent of the labor force was employed by or serving in the military, compared to 1.4 percent in the U.S.⁶⁰

The Royal Air Force (RAF) has suffered the sharpest decline, reduced by 14,000 to slightly

over 43,000 authorized. The Royal Navy has been drawn down by 7,000 to its current strength of 38,000. The Army has done the best, declining by only 5,000 to 103,000 authorized, including untrained personnel.⁶¹ Yet the Army has borne the brunt of the wars in the Balkans, Iraq, and Afghanistan. The authorized size of the Army’s Volunteer Reserves, the Territorial Army, has fallen by 42 percent from under 52,000 in 1997 to slightly over 30,000 in 2008.⁶²

The 2004 white paper *Delivering Security in a Changing World: Future Capabilities* called for Britain to field an Army of 102,000.⁶³ Britain has already achieved that goal. As of July 2008, the Army was short 3,500 personnel, leaving it with a full-time, trained strength of 98,290.⁶⁴ The Territorial Army is short by 10,000, leaving it 34 percent under strength.⁶⁵ The MoD has also acknowledged that 8,500 of the 52,000 regular soldiers in deployable units are classified as unfit to serve in combat duties.⁶⁶ Record spending on recruitment has

57. David Cameron, quoted in Dylan Jones, *Cameron on Cameron: Conversations with Dylan Jones* (London: Fourth Estate, 2008), quoted in “Cameron Pledges Proper Rest Periods for the Armed Forces,” ConservativeHome’s Tory Diary, September 2, 2008, at <http://conservativehome.blogs.com/torydiary/2008/09/cameron-pledges.html> (October 6, 2008).
58. U.K. Ministry of Defence, Defence Analytical Services and Advice, “UK Regular Forces Strengths and Changes,” TSP 01, September 22, 2008, Table 2, at <http://www.dasa.mod.uk/applications/newWeb/www/index.php?page=48&pubType=1&thiscontent=30&PublishTime=09:30:00&date=2008-10-14&disText=01%20Sep%202008&from=listing&topDate=2008-10-14> (November 3, 2008). All DASA figures have been rounded to the nearest thousand.
59. U.K. Ministry of Defence, Defence Analytical Services and Advice, “UK Regular Forces Strengths and Changes,” TSP 01, May 1, 2002, Table 1, at http://www.dasa.mod.uk/natstats/tsp1/pdfs/tsp01_apr02.pdf (October 6, 2008).
60. Press release, “NATO–Russia Compendium of Financial and Economic Data Relating to Defence,” p. 10, Table 6.
61. Data derived from comparing U.K. Ministry of Defence, “UK Regular Forces Strengths and Changes,” May 1, 2002, and September 22, 2008.
62. U.K. Ministry of Defence, Defence Analytical Services and Advice, “UK Reserves and Cadet Strengths at April 1, 2002,” TSP 07, August 31, 2002, Table 3, at http://www.dasa.mod.uk/natstats/tsp7/pdfs/tsp07_01apr02.pdf (October 6, 2008), and “UK Reserves and Cadet Strengths at 1 April 2008,” TSP 07, October 3, 2008, Table 3, <http://www.dasa.mod.uk/applications/newWeb/www/index.php?page=48&thiscontent=70&date=2008-10-03&pubType=1&PublishTime=09:30:00&from=home&tabOption=1> (October 6, 2008).
63. U.K. Ministry of Defence, “Delivering Security in a Changing World: Future Capabilities,” July 2004, p. 12, at http://www.mod.uk/NR/rdonlyres/147C7A19-8554-4DAE-9F88-6FBAD2D973F9/0/cm6269_future_capabilities.pdf (October 6, 2008).
64. U.K. Ministry of Defence, Defence Analytical Services and Advice, “UK Armed Forces Quarterly Manning Report,” TSP 04, August 28, 2008, Table 1, at <http://www.dasa.mod.uk/applications/newWeb/www/index.php?page=48&pubType=1&thiscontent=20&PublishTime=09:30:00&date=2008-08-28&disText=01%20Jul%202008&from=listing&topDate=2008-08-28> (November 3, 2008). The Royal Navy is short by 1,200 and the RAF by slightly over 1,000, leaving the actual strength of the forces at just over 173,000, or 6,000 under authorized levels.
65. U.K. Ministry of Defence, *Annual Report and Accounts 2007–2008 Volume 1: Annual Performance Report*, July 21, 2008, p. 195, Table 20, at http://www.mod.uk/NR/rdonlyres/31D096E9-3F41-4633-BEA2-AE62CF97C3AE/0/annrptvol1_200708.pdf (October 6, 2008).

increased the number of new recruits to the Army, but has not alleviated shortages in key areas or kept pace with outflow.⁶⁷

The Army, therefore, continues to shrink. In July 2008, outflow exceeded inflow by 120 officers and 540 enlisted, a reflection of the fact that in 2007–2008 only 45 percent of Army enlisted reported that they were satisfied with life in the service.⁶⁸ In the first six months of 2008, outflow exceeded inflow in almost every category across the services.⁶⁹ Outflow rates in all of the services are at or near 10-year highs. Retention bonuses have failed to stem the tide.⁷⁰ These are unprecedented developments in time of war.

In an effort to meet its recruitment goals, the Army has recruited in foreign countries for the past five years. It is now drawn from 54 nations, primarily those in the Commonwealth. Not including the Gurkhas, approximately 7,000 soldiers, or 7 percent of the Army, have been recruited from outside Britain. These soldiers have performed bravely, and no objection can be raised to accepting volunteers from Commonwealth countries, but reliance on overseas recruitment is a dangerous form of military outsourcing that weakens the connection between the British Army and the nation.⁷¹

The personnel shortfalls in all the services, especially the Army, have had a serious impact on the readiness of Britain's forces. In the last quarter of

2007–2008, 51 percent of the military reported serious weaknesses in their ability to deploy in a reasonable amount of time, up from 39 percent in 2006–2007. A further 7 percent reported critical weaknesses. The MoD's conclusion was that “the overall readiness of the force structure continued to deteriorate throughout the year.”⁷²

In key areas such as “Land forces; associated command and control facilities; intelligence, surveillance, target acquisition and reconnaissance assets; helicopters; strategic air transport; medical; and logistics enabling Assets,” Britain's forces are now “fully stretched.” This is because they have been required “to operate significantly beyond the level that they are resourced and structured to sustain over time.”⁷³ This has “in particular constrained the scope to conduct collective training for Large Scale war-fighting operations” because Britain has few troops in reserve to be trained—or deployed—after its commitments in the Balkans, Iraq, and Afghanistan.⁷⁴

On the surface, one of the MoD's few recent successes has been reducing the size of its civilian establishment. The total number of civilians employed in all capacities has fallen from 266,600 in 1997 to 196,100 in 2007, a decline of 26 percent, against the 12 percent decline in the size of the regular forces.⁷⁵ However, from 2001–2002 to 2006–2007, while civilians employed fell by 11 percent, expenditures on civilian employees in-

66. Sean Rayment, “Army Crisis as 10,000 Troops Are Unfit to Fight,” *Telegraph*, June 22, 2008, at <http://www.telegraph.co.uk/news/newstoppers/onthe frontline/2171797/Army-crisis-as-10000-troops-are-unfit-to-fight.html> (October 6, 2008).
67. Mark Townsend, “Army Weakened by Recruitment Failure,” *Observer*, April 27, 2008, at <http://www.guardian.co.uk/uk/2008/apr/27/military.defence> (October 6, 2008), and Harding, “Forces Short of Morale—and 5,500 Personnel.”
68. U.K. Ministry of Defence, “UK Regular Forces Strengths and Changes,” September 22, 2008, Table 5, and *Annual Report and Accounts 2007–2008 Volume 1*, p. 192, Table 19.
69. U.K. Ministry of Defence, “UK Regular Forces Strengths and Changes,” September 22, 2008, Table 5.
70. U.K. Ministry of Defence, Defence Analytical Services and Advice, “UK Regular Forces Outflow from Trained Strength To Civil Life,” TSP 05, September 29, 2008, Tables 1–2, at <http://www.dasa.mod.uk/applications/newWeb/www/index.php?page=48&thiscontent=60&date=2008-09-29&pubType=1&PublishTime=09:30:00&from=home&tabOption=1> (October 5, 2008), and Harding, “Forces Short of Morale—and 5,500 Personnel.”
71. Graeme Wilson, “One in 10 Soldiers Is Recruited Overseas,” *Telegraph*, April 13, 2006, at <http://www.telegraph.co.uk/news/uknews/1515558/One-in-10-soldiers-is-recruited-overseas.html> (October 6, 2008), and Harding, “Forces Short of Morale—and 5,500 Personnel.”
72. U.K. Ministry of Defence, *Annual Report and Accounts 2007–2008 Volume 1*, p. 50.
73. *Ibid.*, pp. 49–50.
74. *Ibid.*, pp. 44, 50, and 53.
75. U.K. Ministry of Defence, *UK Defence Statistics 2007*, Table 2.1.

creased from £2.442 billion to £2.781 billion in current values.⁷⁶ Between 2003–2004 and 2007–2008, expenditure on personnel in the armed forces increased 8.5 percent, while expenditure on civilians increased 15.2 percent.⁷⁷

Thus, while the size of the civilian establishment has shrunk, its draw on the personnel budget has increased. Fewer civilians are consuming more resources. The increase in the MoD budget from 2003–2004 to 2004–2005, which brought British defense spending past its 1996 level, was partially the result of a desirable, but poorly planned, increase in capital spending on major procurement projects.⁷⁸ However, approximately two-thirds was the result of an accounting artifact (a decrease in depreciation) and of increased payments to civilians, which surged by £490 million (25 percent at current prices). Payments to men and women in uniform rose by only £73 million.⁷⁹

Where Britain Falls Short

Britain's most urgent need is to restore the strength of its land forces. The MoD's *Annual Report* for 2007–2008 showed a shortfall of 1,647 infantrymen in ranks from private to lance corporal, almost half the Army's total deficit.⁸⁰ Yet even if these ranks were filled, the Army would be too small and too focused, for financial reasons, on fighting low-intensity conflicts. The recent conversion of the 4th Armored Brigade into a mechanized brigade has been exposed, as its commander Brigadier Free admitted, as an error that left it lacking in the combat power needed to restore order in Basra.

The RAF and the Royal Navy also need attention. Their manning shortfalls are less severe, and their equipment and personnel have suffered less wear and tear since 1997, but both have major procurement gaps. Closing these gaps will require substantial increases in personnel.

The RAF's troubled relationship with the Eurofighter illustrate its equipment problems. The headline RAF commitment in the 1998 *Strategic Defence Review* was to purchase 232 Eurofighter Typhoons, which it described as "central to our long term plans."⁸¹ In August 2008, it emerged that the MoD was in talks with a several nations to sell off the final 88 Eurofighters it had ordered but could no longer afford to buy or, given the contractual penalties, to cancel.⁸² That amounts to a cut of more than one-third in the planned size of Britain's advanced fighter fleet. More broadly, all aircraft fleets—transport, combat, reconnaissance, and air tanker—have already been at least halved since the end of the Cold War.⁸³ To fly its forces home from Afghanistan, Britain relies on chartering transport aircraft from former Soviet republics.⁸⁴

The Navy's situation is equally serious. In early 2007, with 13 of its 44 warships mothballed and thus 18 months away from readiness, the Navy proposed mothballing a further six destroyers and frigates.⁸⁵ The 1998 *Review* stated that Britain required two large aircraft carriers, which were ordered a decade later in July 2008 for delivery in 2014 and 2016 at the earliest. The *Review* also indicated a requirement for 32 escorts, including 12 new Type 45 destroyers. Today, Britain has only 22 escorts in

76. *Ibid.*, Tables 2.1 and 1.3.

77. *Ibid.*, Table 1.3.

78. Lewis Page, *Lions, Donkeys and Dinosaurs: Waste and Blundering in the Military* (London: Arrow Books, 2007), pp. 276–284.

79. U.K. Ministry of Defence, *UK Defence Statistics 2007*, Table 1.3.

80. U.K. Ministry of Defence, *Annual Report and Accounts 2007–2008 Volume 1*, p. 174.

81. U.K. Ministry of Defence, *Strategic Defence Review*, para. 117.

82. Stephen Fidler, Sylvia Pfeifer, and Alex Barker, "UK Tries to Offload Typhoon Fighters," *Financial Times*, August 19, 2008, at <http://www.ft.com/cms/s/0/144f2f38-6e2e-11dd-b5df-0000779fd18c.html> (October 7, 2008).

83. United Kingdom National Defence Association, *Overcoming the Defence Crisis*, September 2008, p. iv, at http://www.uknda.org/my_documents/my_files/OVERCOMING_THE_DEFENCE_CRISIS_Sep08.pdf (November 3, 2008).

84. Page, *Cost-Effective Defence*, p. 21

85. Thomas Harding, "Navy to Cut Its Fleet by Half," *Telegraph*, January 5, 2007, at <http://www.telegraph.co.uk/news/uknews/1538567/Navy-to-cut-its-fleet-by-half.html> (October 7, 2008).

service and is building only six Type 45s.⁸⁶ In 2006, the Navy withdrew its Sea Harrier FA2 from service for financial reasons. For at least the next nine years the fleet will have only short-range air cover provided by Harrier GR.7 aircraft, which are being upgraded to the GR.9 standard.⁸⁷

Critics often argue that the MoD does not act fast enough to cancel unnecessary or inefficient procurement programs.⁸⁸ When based on the mistaken belief that heavier weapons are by definition unnecessary, these criticisms are wrong. In other cases, the criticisms have merit. The MoD needs to reassess its inventory of procurement programs, but it cannot allow this reassessment to become an excuse for further spending cuts. But clearly, logistical and supply problems cannot be allowed to persist. They affect the forces today, and they lead directly to unnecessary casualties and hardships. The *Review* properly argued that “logistic support is the life-blood of the forces, and we must ensure that our forces get the back up they need.” It expressed concern that Britain’s forces had been hollowed out by inadequate support.⁸⁹ The catalog of concerns in the Ministry’s *Annual Report* for 2007–2008 reveals that the Labour government has failed to heed the lessons of its own *Review*.

While the 1998 *Review* was far from perfect, it made a sustained case that the wars of the future would be smaller, lighter, more frequent, and focused on religious and ethnic conflicts and that Britain needed to improve its expeditionary and peacekeeping capacity, its mobility, and its logistics.

By 2004, Britain found itself in two wars (Afghanistan and Iraq) and one minor peacekeeping mission (Bosnia) that, by a combination of good fortune and forethought, only moderately exceeded the 1998 *Review*’s predictions.⁹⁰ Yet Britain found itself unprepared for these wars and unable to fight them simultaneously for any extended period of time, even though the total commitment required was less than 15,000 troops. That is the painful irony of defense under Labour and the measure of Labour’s lack of commitment to it.

The Mirage of Overextension

Even more alarming is the fact that political leaders such as David Cameron continue to speak of the need to adjust resources to commitments—or, he added, commitments to resources. This is the will-o’-the-wisp of British defense policy. The belief that Britain could not afford more defense inhibited British policymakers before World War I. Fear of damaging the economy, the “fourth arm of defense,” paralyzed governments before World War II. In 1952, Foreign Secretary Anthony Eden wrote that “sound foreign policy...ensure[s] that a country’s strength is equal to its obligations. If that is not the case, then either the obligations must be reduced...or a greater share of the country’s resources devoted.”⁹¹ In 1987, historian Paul Kennedy wrote of the “divergence between Britain’s shrunken economic state and its overextended strategic posture.”⁹²

What is astonishing is how the measure of overextension has declined. In 1952, Britain spent 9.7

86. U.K. Ministry of Defence, *Strategic Defence Review*, para. 116; United Kingdom National Defence Association, *Overcoming the Defence Crisis*, pp. 12–13; and Richard Scott, “Royal Navy Mothballs Three Type 42 Destroyers,” *Jane’s Navy International*, October 2008.

87. United Kingdom National Defence Association, *Overcoming the Defence Crisis*, p. 13; Jamie Hunter, ed., *Jane’s Aircraft Upgrades 2006–2007*, 14th ed. (Coulsdon, U.K.: Jane’s Information Group, 2006), pp. 254 and 256–257; and Wertheim, *The Naval Institute Guide to Combat Fleets of the World*, p. 840.

88. Editorial, “Credible Defence Is Not a Cheap Option,” *Financial Times*, August 20, 2008, at <http://www.ft.com/cms/s/0/de4c2b1c-6ee0-11dd-a80a-0000779fd18c.html> (October 28, 2008).

89. U.K. Ministry of Defence, *Strategic Defence Review*, Introduction, para. 7.

90. U.K. Ministry of Defence, *Strategic Defence Review*, para. 89. “Our conclusion was that not to be able to conduct two medium scale operations at the same time would be an unacceptable constraint on our ability to discharge Britain’s commitments and responsibilities.” U.K. Ministry of Defence, “Supporting Essay Six,” para. 8.

91. David Goldsworthy, ed., *British Documents on the End of Empire. The Conservative Government and the End of Empire, 1951–1957*, 3 vols. (London: Her Majesty’s Stationery Office, 1994), vol. 1, doc. 3.

92. Paul Kennedy, *The Rise and Fall of the Great Powers*, p. 482.

percent of GDP on defense. By 1987, it was spending 4.5 percent. In 2008, it is spending 2.3 percent. Britain is far richer than it was in 1952 or 1987. Yet the calls to adjust commitments to resources continue to resound and invariably lead to spending cuts. Cameron is correct to note that he does not “hear an idea that doesn’t involve me spending more money.”⁹³ The reason for that is simple: Building creditable defenses takes money. In today’s Britain, creditable defense is being sacrificed to the social welfare state, not to excessive overseas commitments. If a mere 2.3 percent is too much to spend on defense, there is no reason to believe that less will be considered affordable. And if Britain spends less, it will abandon its core security responsibilities.

Today, Britain’s forces are less well placed than they were a decade ago to deploy to the battlefield, to maneuver on the battlefield, to engage in anything more than light operations, and to sustain operations over an extended period. Britain is becoming a “European power,” which is increasingly geared only for limited commitments to light warfare and peacekeeping operations. This form of specialization places increased weight on the U.S. to provide lift and to undertake the heavy combat. The argument that such warfare has no place in the modern world is a dangerous piece of self-delusion.

The European Snare

One frequently canvassed “solution” to Britain’s defense needs is increased cooperation within Europe through the ESDP, but European defense cooperation has never been effective outside the NATO framework. The first such effort, the European Defense Community (EDC), collapsed in 1954 as a result of French opposition. Before it fell apart, Prime Minister Winston Churchill derided the effort to create a combined European army as likely to produce only a “sludgy amalgam.”⁹⁴ Churchill, a firm advocate of Western cooperation, strongly believed that armies could be effective only if they represented and fought on behalf of nations. He, therefore, disliked the supranational elements

of the EDC, preferring instead the NATO structure based on national cooperation.

Churchill correctly identified the two dangers of a European-based defense plan. It is true that European states have consistently displayed an unwillingness to spend enough to support their forces, to create forces deployable outside Europe, to deploy those forces in times of crisis, or to take or inflict casualties when they actually deploy forces. From the former Yugoslavia to Afghanistan, the European record is notorious and poses a very serious danger to NATO itself. But to weaken or abandon NATO’s state-based system for the sake of an untried European “solution” is to forsake the parts of the system that work by giving more power to the parts that refuse to work. Until European states take defense seriously, no one should take European defense plans seriously.

The second danger is that, as with the EDC, all European-based defense plans are intended to achieve political goals unrelated to defense. The EDC’s goal was to transfer power from the nation-states of Europe to a supranational authority for the sake of containing Germany. Today, the ESDP’s real goal is not to encourage or require Europe to spend more on defense, to better coordinate what it does spend, or to enable it to undertake out-of-area operations more effectively. Indeed, given European reluctance to deploy forces into combat, an ESDP would be a move toward walling Europe off from the world, an effort to escape its realities by creating a comfortable and exclusive club that would allow the EU to place a strictly rhetorical claim to a global role.

The ESDP’s goal is to create a defense organization that does not include the U.S. This would enable France, the driving force behind the ESDP, to continue its almost 50-year-old effort to use the EU as its chosen national instrument and would empower European elites across the continent who seek to reduce the influence of both the U.S. and European nation-states. Yet any European efforts will either duplicate NATO, in which case they will be an unnecessary burden on states that already

93. Iain Martin, “Britain’s Defence Spending Is a Disgrace,” *Telegraph*, February 21, 2008, at <http://www.telegraph.co.uk/opinion/main.jhtml?xml=/opinion/2008/02/21/do2101.xml> (November 3, 2008).

94. D. A. Gowland and Arthur Turner, *Britain and European Integration, 1945–1998: A Documentary History* (New York: Routledge, 2000), p. 28.

devote too few resources to defense, or seek to push NATO aside, in which case they are misguided.

The European Defence Agency (EDA) illustrates this point. The EDA's goal is to "sustain the European Security and Defence Policy as it stands now and develops in the future."⁹⁵ In late 2007, EU defense ministers announced an increase in the EDA's budget to help to fill "existing gaps" in strategic transport, force protection, and intelligence.⁹⁶ The size of the increase (10 million Euros) reveals the lack of seriousness. The main proposal on the table was explicitly political: a French suggestion to transfer more institutional power to the EDA. Wisely, Britain vetoed it. As one British official stated, "We don't back a budget without seeing what we are paying for."⁹⁷

Blair's Error at St. Malo. Nor should Britain allow itself to be pulled into ESDP by the argument that it is a quid pro quo that will be repaid in other areas: National sovereignty is too important to be traded away. For committed Europeans, of course, defense issues are a lever to apply against British sovereignty. Because Britain takes defense more seriously than most, it is particularly vulnerable to the European argument that Britain should not "go it alone." This belief led Blair to make a grave error when he and French President Jacques Chirac launched the ESDP in 1998 during the summit at St. Malo.

Blair was driven in part by his understandable frustration with Europe's poor performance during the crises in the former Yugoslavia, but his main goal was to build credibility in Europe to fulfill his desire and Labour's 1997 manifesto commitment to have "leadership in Europe."⁹⁸ The result was a declaration that, to respond to international crises, the

EU "must have the capacity for autonomous action, backed up by credible military forces, the means to decide to use them, and a readiness to do so."⁹⁹ Over the past decade, Labour governments have continued to reiterate their commitment to schemes for European defense and to insist on their compatibility with NATO.¹⁰⁰

However, recent crises from Iraq to Georgia illustrate that there is no European agreement on central foreign policy questions and no ability to carry out any agreement that might be reached. In their absence, any European policy will be pursued at the lowest common denominator, more intent on elevating Brussels and on preventing action by Britain in alliance with the U.S. than on achieving any substantive aim.¹⁰¹

European institutions do have one remarkable capacity: the ability to respond to failure by demanding and receiving more resources and more responsibilities. The relative insignificance of the ESDP today should not blind Britain to the considerable dangers inherent in the European project. No matter what its proponents claim, there is no point in coordinating with European forces that do not exist to fight.

The Dangers of a De Facto ESDP. The U.S. and Britain also need to pay careful attention to the danger of Britain being sucked into a de facto ESDP through procurement decisions. Promoting interoperability with U.S. forces within NATO needs to remain a primary goal of U.S. policy. British defense reviews regularly emphasize the centrality of U.S. coalition leadership, and the MoD states explicitly that interoperability with the U.S. is a key goal, so there is much current practice on which the U.S. can build.¹⁰²

95. European Defense Agency, "Building Capabilities for a Secure Europe," January 24, 2008, p. 1, at <http://www.eda.europa.eu/WebUtils/downloadfile.aspx?fileid=77> (October 7, 2008).

96. Renata Goldirova, "EU Defence Ministers Give Boost to Military Spending," *EUobserver*, November 20, 2007, at <http://euobserver.com/9/25174> (October 7, 2008).

97. *Ibid.*

98. Labour Party Manifesto, General Election of 1997, at <http://www.psr.keele.ac.uk/area/uk/man/lab97.htm> (October 7, 2008).

99. Joseph Fitchett, "Britain and France Call for EU Military Capability for Crises," *International Herald Tribune*, December 5, 1998, at http://www.iht.com/articles/1998/12/05/summit.t_2.php (October 7, 2008).

100. U.K. Ministry of Defence, "Delivering Security in a Changing World," p. 6.

101. Sally McNamara, "Shaping the NATO–EU Relationship: What the U.S. Must Do," *Heritage Foundation Backgrounder* No. 2195, October 8, 2008, at <http://www.heritage.org/Research/Europe/bg2195.cfm>.

Yet European states will continue to offer to share the development or manufacturing of new weapons systems with Britain. These offers will continue to be attractive bribes to British governments seeking to preserve jobs in domestic industry. The proposed weapon systems will inevitably be the ones that other European states, which are more committed to the ESDP, wish to buy. In some cases, these systems, such as the Eurofighter, are or will be less capable than comparable U.S. weapons.¹⁰³ In others, such as the Galileo satellite navigation system, they were launched with the stated aim of ending Europe reliance on U.S. capabilities, which may over time have alarming implications for interoperability of command and control systems within NATO.¹⁰⁴ These considerations will not always be sufficient to sway British governments away from the European alternative.

The United States Must Be Proactive

To counter this threat, the U.S. must become more proactive in signing similar deals in Britain and must seek to do so in advance of European offers. Some systems, such as robotics, next-generation unmanned vehicles, missile defense systems, and directed-energy weapons, are in research and development stages. Others are entering production, such as the F-35 Joint Strike Fighter, or are well tested, such as the UH-60 Black Hawk helicopter and the Trident II D-5 missile. The U.S. should negotiate agreements throughout this spectrum, including both licensing and manufacturing arrangements for in-demand systems, such as the Black Hawk.

To achieve this, the U.S. will need to continue revising its system of export controls. These controls, part of the International Traffic in Arms Regulations, are interpreted and controlled by the U.S. Department of State. They serve the valuable purposes of restricting foreign access to U.S. technology, but also deter friendly foreign powers from buying—and U.S. firms from selling—American military and even civilian systems.¹⁰⁵

For example, the co-development agreement between the U.S. and Britain that created the F-35 almost fell apart because of U.S. reluctance to grant Britain full access to the plane's source code.¹⁰⁶ If the U.S. wishes to dissuade Britain and other allies from turning to European systems, it must be a responsible partner. The Senate's failure to date to consider the U.S.–U.K. and U.S.–Australian Defense Trade Cooperation Treaties, which resulted in part from the F-35 controversy, is regrettable.¹⁰⁷

However, the question is broader than one of export controls. While British and U.S. politicians have an obvious interest in preserving the jobs and the skill base that are essential to their defense industrial bases, they also have an interest in effective intra-industry competition that can hold down the costs of major procurement programs. In both the U.S. and Britain, the defense sectors have become increasingly concentrated. Increased international competition and cooperation on the procurement front holds the possibility of more efficient purchasing that saves money, preserves the defense industrial base of the West, and supplies its armed forces with the most effective weapons.

102. U.K. Ministry of Defence, "Delivering Security in a Changing World," p. 8.

103. Anthony Murch and Christopher Bolkcom, "F-35 Lightning II Joint Strike Fighter (JSF) Program: Background, Status, and Issues," Congressional Research Service Report for Congress, updated October 25, 2007, p. 18, at <http://www.fas.org/sgp/crs/weapons/RL30563.pdf> (November 3, 2008).

104. BBC News, "Green Light for Galileo Project," March 26, 2002, at <http://news.bbc.co.uk/2/hi/science/nature/1893022.stm> (October 8, 2008), and "Britain's 'Anti-US' Procurement Policies—and the Future Dynamics of Global Procurement," *Defense Industry Daily*, August 31, 2005, at <http://www.defenseindustrydaily.com/britains-anti-us-procurement-policies-and-the-future-dynamics-of-global-procurement-01112> (October 8, 2008). See also U.S. Department of State, "Joint Statement by Representatives of the United States, the European Community and its Member States on GPS and Galileo Cooperation," October 24, 2008, at <http://www.state.gov/r/pa/prs/ps/2008/oct/111234.htm> (October 27, 2008).

105. "Earthbound," *Economist*, August 23, 2008, pp. 66–67.

106. "ITAR Fallout: Britain to Pull out of F-35 JSF Program?" *Defense Industry Daily*, December 7, 2005, at <http://www.defenseindustrydaily.com/itar-fallout-britain-to-pull-out-of-f35-jsf-program-01587> (October 8, 2008).

107. Ted R. Bromund, "The Defense Trade Cooperation Treaties with the United Kingdom and Australia Advance the American Interest," Heritage Foundation WebMemo No. 2090, September 29, 2008, at <http://www.heritage.org/Research/Europe/wm2090.cfm>.

The Political Context in Britain

The Ministry of Defence was once one of the leading offices of state. Past defense ministers included Winston Churchill, Clement Attlee, Earl Alexander, and Harold Macmillan. Since 1964, when the current office of Secretary of State for Defence was created, officeholders have included Denis Healey, Lord Carrington, Michael Heseltine, Malcolm Rifkind, and Michael Portillo.

Until he was relieved in an early October 2008 Cabinet reshuffle, Des Browne was both Secretary of State for Defence and Secretary of State for Scotland. Thus, as British forces were in action in Iraq and Afghanistan, the MoD was being run by a part-time minister.¹⁰⁸ Browne, a solicitor with a background in child law, had no experience either personally or professionally with the armed forces before his May 2006 appointment. His previous positions were in the Northern Ireland Office, Work and Pensions, the Home Office, and the Treasury. His successor, John Hutton, has as little relevant experience as Browne did.

The fundamental problem facing the British armed services is not that they are doing too much with too little. It is that they have been ordered to do too much with too little. Traditionally, the MoD, Treasury, Home Office, and Foreign Office were the “Big Four” offices of state. Today, no ambitious politician aspires to be head of MoD: It is an assignment to be avoided.¹⁰⁹ As a result, the MoD has neither the political strength nor the clear focus on its mission that the services and the nation require. Other ministries treat the armed forces with disinterest. For example, the subject of the national defense occupied only a single paragraph in the 212-page *Budget Report* issued in March 2008.¹¹⁰

Browne’s tenure is thus symptomatic of broader problems. In June 2008, an anonymous officer working in the MoD published a scathing attack on his employer, titled “The MOD: Unfit for Purpose.” The officer summarized:

[The MoD] is an organisation dominated numerically, culturally and structurally by civil servants and consultants, many of whom are unsympathetic to its underlying purpose or even hostile to the military and its ethos. You just have to spend a few days at the MOD before you realise that the culture there is not just non-military, but anti-military.... Cost-cutting at the MOD comes at the expense of the uniformed services. That is partly because military officials are more expensive: the civilian equivalent of a colonel is paid less. But it is mostly because military people get in the way and ask awkward questions.¹¹¹

Thus, while Britain’s services are indeed underfunded, the broader problem is that the British political system does not take defense issues as seriously as it used to do. This lack of seriousness is reflected in Britain’s defense doctrines, procurement policies, and bureaucratic and political processes that determine how well its forces are funded. In this way, too, Britain is becoming European. If cost containment, buying British, and casualty avoidance continue to be the central pillars of British defense strategy, the much-publicized problems of the past decade will continue and worsen.

If Britain and NATO are unlucky in their enemies, the problems will become much worse. The central cause of the totalitarian wars against the democracies in the 20th century, from World War II to Korea to the

108. Shadow Defense Secretary Liam Fox coined this phrase in December 2007. See “Outrage as Cash-Strapped MoD Forced to Pay for Des Browne’s ‘Part-Time’ Scottish Job,” *Daily Mail*, December 5, 2007, at <http://www.dailymail.co.uk/news/article-499871/Outrage-cash-strapped-MoD-forced-pay-Des-Brownes-time-Scottish-job.html> (October 8, 2008).

109. It is revealing that the official press release on October 3, 2008, announcing the reshuffled cabinet put the Ministry of Defence in tenth place, behind the Ministry of Environment, Food and Rural Affairs and the Department for International Development. Press release, “Ministerial Appointments,” Prime Minister’s Office, October 3, 2008, at <http://www.number10.gov.uk/Page17065> (October 7, 2008).

110. H.M. Treasury, *Economic and Fiscal Strategy Report and Financial Statement and Budget Report*, March 2008.

111. Anonymous, “The MOD: Unfit for Purpose,” *Standpoint Online*, June 2008, at <http://www.standpointmag.co.uk/node/53/full> (October 7, 2008).

First Gulf War, has been the unwillingness of the democracies to invest in their own deterrent capacity until the shooting starts. An underarmed Britain is not simply failing to fulfill its duties to its citizens, NATO, and its men and women in uniform. It is tempting predatory powers to take chances.

The British Side of the Bargain

The next U.K. administration will have much to do in the realm of defense, beginning with restoring the MoD to its former position as one of the central offices of state. Without a strong and principled Secretary of State for Defence who is firmly committed to reforming its culture, defending and increasing the MoD budget, making appropriate procurement decisions, and articulating the core deterrent purpose of Britain's armed forces, British armed forces will continue to decline and the problems confronting them will not be addressed. The ultimate result will be a Britain unable to carry out its responsibilities, to the detriment of its citizens and the world's democracies.

The defense of those democracies must continue to rest on NATO, to which Britain must remain unalterably committed. NATO is the only effective defense for the democratic West because it is the only alliance that includes the United States. Britain's contribution is vital, but it cannot meet the need on its own. Only the U.S. can provide the necessary strength. Any diversion of capacity or institutional energy into ESDP will only further weaken NATO.

NATO cannot fulfill its role unless its member states increase their defense spending. Britain, as a leading member of the alliance, has a special role to play in restoring defense spending to a sensible level. The next administration should commit to increasing defense spending to 4 percent of GDP by the end of the Parliament after next (estimated for 2018). Setting defense spending as a percentage of GDP is the only way to ensure that defense budgets are not drawn down by demands for further "peace dividends." Spending 4 percent of GDP on defense is a realistic target that falls within historic patterns, will adequately fund armed forces of a reasonable size, and will not damage the economy.

The Army should be the first service to benefit from increased funding. The next administration should commit to raising the size of the regular Army to 120,000 by the end of the Parliament after next, thus restoring the Army to the strength proposed in 1990.¹¹² It should also reform recruiting practices and retention policies to emphasize attracting British nationals. The size of the other services should first be stabilized and then increased as required by new equipment. To that end, the next administration should carry out the announced procurement decisions to build two new aircraft carriers and to replace the *Vanguard*-class submarines with a new generation of submarines carrying upgraded Trident missiles.

To allocate the remainder of the funding increase, the next administration should undertake a defense review not based on doctrines devised to yield cheap conclusions. It must also show an increased willingness to cancel genuinely unnecessary or poorly run programs. The administration should retain and augment the Army's heavy war-fighting capacity and attack helicopters, improve readiness of existing ships and escort and air cover capability in the Navy, and emphasize the RAF's lift, surveillance, and helicopter capacity. In all the services, it should improve pay, conditions, and logistical support.

Finally, it should reform defense procurement by recognizing that Britain cannot preserve "appropriate sovereignty" in the military realm. Claims that this is essential are intended only to justify inefficient production in Britain of what are often less-than-capable weapons systems. Instead, it should emphasize competition in the defense market and should expand purchases from and all forms of joint agreements with the U.S. This principle should also be applied to European firms as long as the resulting weapons are employed by NATO forces.

What the United States Should Do

The United States has a clear interest in preserving and increasing the strength of the British armed forces. Without a strong Britain, NATO cannot be

112. U.K. House of Commons, Select Committee on Defence, "The Strategic Defence Review," Vol. 1, September 3, 1998, para. 32, Figure 1, at <http://www.publications.parliament.uk/pa/cm/199798/cmselect/cmdfence/138/13805.htm> (October 7, 2008).

strong and protect the old and new democracies of Europe. If democratic Europe is left undefended, the U.S. will be forced to reconsider the foreign and security policy that it has pursued since the end of World War II. As the security threats around Europe grow, it is increasingly vital that the U.S. make every effort to build strength within the alliance.

Ultimately, the United Kingdom, like all the democracies within the alliance, will need to make its own decisions on defense policy, but the U.S. can and should help Britain to fulfill its side of the bargain by taking the following steps:

- **The President should urge Britain and all its NATO allies to keep their security and financial commitments.** With only four of the European NATO allies spending the NATO minimum of 2 percent of GDP, the alliance is excessively reliant on the U.S. This both increases the burden on the American taxpayer and encourages European members to enjoy the luxury of criticism without taking responsibility for action.
- **The U.S. Department of Defense should continue to emphasize institutional links between the U.S. and British armed forces.** It should conduct, in cooperation with Britain, a full review of opportunities for joint Anglo-American training programs. It should continue sharing information on recruiting policies and offer any desired assistance with Britain's recruiting and retention review, thus leveraging U.S. expertise with maintaining an all-volunteer force that represents a cross-section of the nation.
- **All U.S. authorities should continue to promote interoperability with U.S. forces within NATO.** In particular, the U.S. Congress needs to recognize the responsibilities inherent in developing and funding new weapons systems that allied forces have budgeted for and are relying upon. It needs to continue fully funding the short takeoff/vertical landing variant of the F-35, without which Britain's new aircraft carriers will have no planes, and to sup-

port Britain's participation in the Trident II D-5 life extension program.

- **The Defense Department and Congress should give greater emphasis to joint development, manufacturing, and purchasing agreements with Britain.** These agreements should cover research and development, early production, and mature systems. The U.S. should press for licensing the manufacture of in-demand systems to Britain on a commercial basis. For example, the Black Hawk could replace overpriced British systems.
- **Congress should reform the export control system** to improve the ability of U.S. firms to sell abroad to trusted allies. In particular, the Senate should give early consideration to the U.S.–U.K. and U.S.–Australian Defense Trade Cooperation Treaties.

Conclusion

The British armed forces are too weak and are becoming weaker. They are underfunded, and the defense doctrines advanced since 1997 are intended to rationalize that underfunding and the resulting loss of capabilities. The Ministry of Defence does not carry sufficient political weight to remedy the problem. The Brown government is weakening NATO by failing to support its own forces and by giving institutional credibility to an ESDP that seeks to supplant NATO.

Both British and American authorities should act to counter these trends. Failing to do so will increase the burdens on the U.S., render NATO incapable of carrying out its responsibilities, and expose the democracies of the West to the will of the world's dictatorships.

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