

By Ian Godden

Various commentators and service chiefs are arguing over whether the UK needs large defence equipment, such as aircraft carriers, or more troops and support equipment. However, the Society of British Aerospace Companies (SBAC) believes that this is a risky distraction, brought about by the fact that defence has been underfunded, and that defence is about to be short-changed again.

The debate about big projects versus better conditions for troops or more boots on the ground and between one service or another is a false one or at best highly risky. The real issue is the fact that as a nation we no longer adequately fund our own defence. Threats to our security do not go away simply because we are in a recession.

Instead, the debate needs to reflect two fundamental points, one of which appears to be missing entirely:

1. The nature of threats to the nation and Britain's role in the world;
2. The fact that the defence industry enhances the UK economy by playing a positive and active role. Cutting defence will shrink the economy and make us more, not less, reliant on financial services and supermarkets and less of a high-value, high-technology, export-based economy.

At present the danger is that the review will instead be Treasury-driven, becoming a budget-reduction exercise, downplaying the threats facing the UK for the sake of budgets and missing the second of the points above altogether.

Alongside our armed forces there are over 300,000 people working in the high-value, high-tech defence industry equipping them with world-leading equipment. This combination delivers security for our nation and its interests at home and abroad. If in the end we cannot afford either to protect our nation or invest in defence then we should not pretend to the public that we have done the right thing by cancelling aircraft carriers and claiming it was to pay for more soldiers on the ground.

However, world-class armed forces and a highly-performing defence industry that supports them do not occur by accident. It comes about through sufficient investment over decades. The irony is that the defence industry provides a tremendous return on investment to the nation as well as a further boost through exports. So not only are we underfunding our security but we are also holding back our own economic recovery from recession.

The SBAC therefore recommends:

- \* That a Strategic Defence Review is carried out immediately.
- \* That the Government recognises the tremendous economic returns that the defence industry can deliver for the country, alongside the defence and security capability for our armed forces by investing in the sector at a more sustainable level.
- \* That the seven per cent cut in the defence R&T budget for this year is reversed in future years to safeguard our future defence.
- \* That other ways to achieve savings are considered instead of the stale either/or equipment choices such as:
  - Much better bi-lateral collaboration on international programmes;
  - Increasing defence exports to be able to meet the up-front costs of programmes;
  - and
  - Further, more radical, reform of procurement.
- \* That the review has capability, not just cost-cutting, as its main focus, examining the potential future threats that the country faces and devising a fully-funded method with which to address them.

Figures from The Treasury's website demonstrate that defence spending has fallen by half over the last twenty years as a percentage of GDP. The industry believes that the nation can have both the major defence projects, such as aircraft carriers and Trident, as well as more frontline troops and more equipment for them if only this decline in funding from the Treasury to the Ministry of Defence is partially reversed. This will enable the country to protect itself against all potential future threats rather than have to gamble on forecasts of an uncertain world. It will also end the inter-service squabbles over budgets because each will be adequately funded.

(The figures mentioned above are from HM

Treasury at [http://www.hm-treasury.gov.uk/pesa2009\\_tables.htm](http://www.hm-treasury.gov.uk/pesa2009_tables.htm) (Chapter 4 Tables). The UK has the world's largest aerospace industry outside the USA. UK-based aerospace activity had a turnover of more than £20bn in 2008, employing a highly skilled workforce of over 100,000 people.)<br /><br />Ian Godden is Chief Executive of SBAC</p>