CHAPTER ONE

Issues in Defence Management: An Introduction

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If the central defence management question during the Cold War was: “How much is enough?” the most pressing question today is: “How can we do more with what we have?” With only a few exceptions — the Republic of China, for example — soldiers and defence managers are asked to provide sophisticated military capabilities with less money, resources, and people.

Answering the question and selecting a strategy to maximize the outcomes of defence spending is made complicated in 1998 by several difficulties. During the Cold War many critical planning factors were known, sometimes in detail. Today, in a “threat ambiguous environment,” the only element of national defence planning that seems certain is uncertainty. There is no enemy nor any opponents’ grand strategy against which to build national armed forces. Theatres of operations in Europe, in the Atlantic, Pacific, and the Mediterranean Sea, and in the airspaces over North America once etched in the minds of generations of officers, appear almost irrelevant to those engaged in operations since 1989. Who would have predicted in 1988 that throughout the next decade the armed forces of the Western democracies would be engaged mainly in, and stressed by, conflicts in the Balkans, Africa, and the Persian Gulf?

The nature of warfare may be constant, a place, as John Keegan reminds us, of fear and bravery, boredom, and terror (Keegan 1976). However, the environment of warfare is changing and evolving rapidly in some technologically advanced states. The so-called “revolution in military affairs” (RMA) provides enormous advantages in combat on land, at sea, and in the air and it is transforming machine-age warfare. Nevertheless, the revolution is unevenly spread, even among modern states, because it is founded on unique combinations of technical, industrial, and managerial capabilities that in turn arise only in wealthy states with large,
technically educated populations. On the other hand, the ever present contradictions of international relations and warfare may depreciate the assumed benefits of the RMA.

While advanced weaponry can dramatically reduce an opponent's machines and support facilities to rubble and lead to a quick victory, the same result is difficult to achieve when one is fighting an enemy whose strength is not dependent on machines. In Vietnam, Afghanistan, and Somalia the value of highly technical weapons and the forces built around them was problematic. It is not obvious that smart bombs can seek out fighters immersed in an innocent population. In such circumstances perhaps only the old-fashioned smart infantry will succeed. Indeed, the very success of the RMA in some states may spark a counter-revolution in "dumb weapons" and smart tactics in other states. Guerrilla warfare, "war in the shadows," is always available to those who cannot match the strength and technical capabilities of their enemy's mainline, modern forces.

Although weapons, forces, and other capabilities created by the RMA may be cost-effective because, presumably, they reduce the duration of wars and human casualties, they are, nonetheless, costly to build, maintain, and employ. States with limited funds for defence may not be able to afford such capabilities or if they are able to buy some limited quantities, the numbers may not provide much real advantage. Eventually, nations like the United States, which can afford to run with the RMA, may find that they are so far in front of their friends and allies that they, out of necessity, become the champions of all. They may find themselves also saddled with the responsibilities and challenges that leading demands. Allies, on the other hand, may find themselves dragged into expensive defence programs or strategies that they would otherwise avoid. The long-term influence of the RMA on allied politics and defence management is not yet clearly evident.

Citizens and politicians in most states that have endured the high costs of the Cold War expect some relief, "a peace dividend," from the end of that conflict. Who would deny that the vast store of weapons, forces, defence industry, and infrastructure accumulated between 1950 and 1989 is now, in some respect, redundant? The difficulty is determining just what is redundant; is it weapons or forces, industry or infrastructure or some combination of all these resources? If a reduction in expenditures is worthwhile, where does one begin to make the necessary cuts? Should states lop off the top of the structure or chop away at the bottom? Are reserves more cost-effective than forces-in-being? Should governments spend money on readiness for current operations and missions or direct defence funds to research, the defence industrial base, and recapitalization of capabilities to construct a viable future force? How this particular question is resolved could turn the present force into the enemy of the future force or the future force into the enemy of today's readiness.
How can we get more "bang for the buck" and make do with what we have? These are questions at the centre of defence policies worldwide. Obviously, these are not questions that can be answered only by throwing money at them. Many ideas that once provided a framework for decisionmaking and resource allocations are now wanting. Politicians, military officers, and defence bureaucrats are searching for a new conceptual framework and new ways to manage national defence so as to preserve and build capabilities relevant to the needs of the post-Cold War world. This book is a collection of views on the nature of defence management and ideas for the way ahead in 1998.

DEFENCE MANAGEMENT

It is sometimes convenient to segregate strategic and tactical operations from defence management, if only to simplify the study of warfare and national defence. The two fields, of course, cannot be bounded or separated in practice and must be considered together. Defence management, to paraphrase Henry Eccles, "is the bridge between the economy of the nation and the tactical operations of the combat forces. Obviously, then the [defence management] system must be in harmony, both with the economic system of the nation and with the tactical concept and environment of the forces" (Eccles 1965, p. 72).

At the level of governments, defence management transforms national policy into activities and joins the agencies of the state and the national economy to the armed forces, usually through some type of defence ministry. From this perspective, defence management is embraced by the national facts of life and concerned with civil-military relations, national economics, and domestic politics, along with the organization and functions of government. At a second level, defence management is about transforming allocated resources into military capabilities relevant to and in accord with government policy. Managing the national defence, therefore, requires a policy base, instruments and organizations to perform various and special functions; and individuals appropriately trained in defence science, defence economics and finance, law, industrial relations, and government.

The reality of bureaucratic politics and the vested powers of military officers and officials are too great to simply declare defence managers squires to combat commanders. Choosing between different ways to achieve defence outcomes is the essence of defence management at senior levels of government and the power of managers — whether politician, soldier, or public servant — lies in the discretion they have to choose among alternatives. In government, considerable bureaucratic power often flows to advisers who make the choice of possible options for politicians. Defence management, therefore, "is concerned with political responsibility, not the outpouring of menial clerks" (Sweetman 1984, p. 4). It is part of
governance and the policy process that defines problems and chooses solutions to address them.

ISSUES FOR TODAY

The papers in this study address three critical issues facing defence managers (and commanders) in 1998. If defence management is about choosing how to administer policy and how to convert resources into military capabilities, then the instrument for choosing, the defence ministry, is of primary concern. Ministries of defence on the Western model, which combine the responsibilities and authorities of politicians, bureaucrats and military officers are, in the long history of warfare and government, relatively recent innovations. They provide effective ways to join governments and armed forces and allow for the legitimate interplay of the three principal groups that make up the defence establishment. Although the Western model of an integrated ministry of defence has been a success (and is the NATO-standard organization in all member states and a near perquisite for states seeking membership), it is by no means a perfect instrument for managing national defence.

Ministries of defence can become bloated, stultified organizations seemingly concerned more with form than function. The integration of soldiers and civilian bureaucrats is not easily accomplished, nor do such arrangements exist for long without serious friction caused by fundamental differences in interests, perspectives, and attitudes.

Most ministries of defence combine the political and bureaucratic offices designed to support civilian ministers of defence with the senior command elements of the armed forces, but the fit is usually roughly forced together and uncomfortable. The greater the friction and discomfort, the less likely the chance that political, military, and public service leaders will find an operating consensus to guide defence management. In the absence of a consensus on policies on issues such as the roles and missions of the armed forces, the size of the defence budget, the organization of forces and the terms of reference for ministers, officers and bureaucrats, the ministry might become an arena for internal sparring and not a bridge from which to steer the national defence effort.

FINDING EFFICIENCIES IN ORGANIZATION AND METHODS

Governments have been forced recently to look at their ministries of defence in order to find ways to improve their efficiency while consolidating the successes of the integrated model. Cathy Downes examines defence management "down
under” in her paper “Reforming Defence Management: Lessons from the New Zealand Defence Force Experience.” Admittedly, New Zealand has a small defence force with limited capabilities, but these limitations are a bonus for researchers in the sense that they simplify elements of the discussion on defence organization without detracting from essential considerations. Downes first situates the New Zealand Defence Force (NZDF) and the defence reforms in the context of a wider government strategy to change “the business practices of the nation.” The NZDF was caught up in attempts by government to stimulate the competitiveness of the private sector by releasing it from regulations and encouraging initiatives intended to bring “commercial disciplines” into public administration machinery.

The business plan approach to defence management developed in the NZDF has been a qualified success. According to Downes, a cooperative political-military system for determining “outputs” and gearing them to budgets and audits has enabled the NZDF to deliver “nearly the same quantity and quality of outputs as ten years ago but for approximately two-thirds of the price to New Zealand taxpayers.” However, the business plan approach as applied to defence management is not without problems, mainly because defining military outputs is so difficult.

New Zealand politicians tried to free themselves from the tyranny of their experts by both forcing a separation between those responsible for providing policy advice and those responsible for administering policy, and by adopting what they called “contestable advice.” The notion was that ministers only have true freedom to decide when they are provided with independently evaluated advice. This concept led them to separate the Ministry of Defence from the NZDF. In this regard, New Zealand ran counter to the trends in most other states where ministries have become increasing integrated, if not unified. Cathy Downes explains that the concept and the structure that flowed from it have not prospered well.

“Efficiency” is an elusive term, especially as it applies to the armed forces in war and peace. In recent years in many states, the quest for efficiency seems to overruns military demands for effectiveness in warfare. Martin Edmonds explores this contradiction in his survey of defence management in the United Kingdom over the last 20 years. In “Managing Defence in the Post-Cold War Era: A View from the United Kingdom,” Edmonds, like Downes, places defence management in a government and social context. He emphasizes that not only must military affairs follow the dictates of policy, but defence policy and the armed forces must be managed in accordance with general rules and norms applicable to all government departments. Senior officers in the United Kingdom can no longer look to the special nature of national defence for relief from frugal governments and their management gurus.

Edmonds reviews the various reasons for the drive toward efficient defence — a changed international situation, the high cost of weaponry, the desperate state
of British finances, and “Thatcherism,” among other things. He next traces the management strategies tried by ministers, noting their successes and failures. Politicians in every department attempted, generally, to separate policymaking from implementation. This notion and the icon of efficiency became policy in the Ministry of Defence based on the assumption that bureaucratic efficiency would produce improved and effective defence capabilities. Although the broad aim to improve management and “good housekeeping” was readily achievable, it was never easy for officers and officials to demonstrate an exact link between this effort and improved national defence.

Over the years, several new ideas and methods were introduced by ministers. These included, for instance, the development of quasi-official defence agencies to manage important policies and functions; the contracting-out of many activities; and the delegating of control (and risks) to lower level officers and officials.

The United Kingdom has a unique (and for foreigners, a sometimes baffling) system of defence organizations at the centre that depend on a subtle process of consensus-building through committees. It has worked reasonably well in the past, but the system in the 1980s soon attracted attention because it appeared overly redundant and layered in conflicting authorities. These observations led to recommendations to integrate further the ministry and the high command, “to break down organizational boundaries between services,” and to create more or less permanent “joint” headquarters to encourage and facilitate interservice cooperation and the coordination of policy and military operations.

In the past 20 years the British armed forces have been reduced by up to a quarter of their Cold War strength, inventories of weapons have been cut back, and the national defence strategy has been changed to meet new threats and demands. Defence budgets have steadily declined in real terms. Politicians, officers, and officials have sought to accommodate these changes by finding ways to do military things more efficiently. However, the danger, as Edmonds explains, is that efficiencies created in response to peacetime pressures might not withstand the demands of war. “The longer term benefits, or costs, of [these] practices have still to be established.” Although efficiencies may drive out redundancies, cautious people of experience know that “redundancy is a necessity, not a luxury, in war.” The lingering question for the efficiency managers is always, “will it work in wartime?” Martin Edmonds, for one, is not so sure that anyone knows the answer or even if it has even been adequately considered.

THE ECONOMICS OF NATIONAL DEFENCE

The efficient allocation of scarce defence resources among competing demands is a permanent issue for political leaders and defence planners. Governments and
defence ministries have tried various methods and techniques to determine defence needs and to make rational allocations such that resource distribution just matches requirements. Most of these rational systems are of limited value and fail to explain adequately the workings of the actual process that allocates resources over time. That actual process is complicated by its high political content, the uncertainties in international relations and warfare, and by the inescapable struggle for resources between the interest groups that make up the armed forces.

Understanding the actual process is also complicated because arguably there are several allocation processes in play at any time in most defence bureaucracies. For instance, there is a continual competition between national policy components, between "guns and butter." There are competitions within the defence and security communities between foreign aid and development funding and military funding. Within the defence establishment there are struggles between the services and inside the services for particular programs, clashes between military officers and civil servants, and skirmishes between the guardians of the official process and bureaucratic opportunists. From a macroeconomic point of view, there are ongoing competitions between the main components of defence spending, personnel, operations and maintenance, and capital. Finally, perhaps, there is always a contest between the champions of force readiness and force development. Despite these complexities, defence managers cannot ignore the allocation dynamic in defence planning.

John Treddenick at the beginning of his paper, "Distributing the Defence Budget: Choosing Between Capital and Manpower," highlights the importance of the allocation problem. "It is no exaggeration," he explains, "to suggest that how the budget is allocated is as clear a statement about a country's defence posture as is the size of the budget itself, perhaps even more." In Treddenick's view, defence allocation is "a two-stage economic process." First, governments decide the level of the defence budget and then defence managers decide how it is to be spent. In this sense, policy follows from budgets and from internal allocations of that budget.

Treddenick, a defence economist, considers an aspect of the allocation dynamic, capital versus manpower, as a way of thinking about the larger question of the internal distribution of defence dollars. He wishes to know, generally, what is the appropriate distribution of funds? Treddenick situates the question in the Canadian experience and employs some "basis economic ideas ... to clarify the nature of the problem of choosing between capital and manpower." The model he develops for this purpose helps to draw some inferences about how to make choices and the consequences of taking different allocation decisions.

We might assume that the goal of defence management is to produce an optimum defence capability from the resources provided for national defence. This simple equation, however, disguises several critical aspects of defence planning.
Should one begin the planning process or analysis at the point of inputs — government allocations — or at the opposite end, at the point of outputs? Outputs, however, can be merely the residuals of inefficient, and thus ineffective, allocation processes; one driven by domestic political imperatives, for instance. It might be more useful to manage defence policy and spending on the basis of precisely defined (and in New Zealand, contracted) outcomes, various categories of capabilities, and to place those objectives foremost in the allocation process. Treddenick then “forces us to come to grips with the concepts of defence outputs and defence inputs” in the context of the allocation dynamic.

EDUCATING THE MANAGERS

Who needs to know what? This is a fundamental question before every educator. National defence is managed at various levels and degrees by politicians, military officers, and public servants. Most, but not all, of these individuals reside within the defence establishment, broadly defined. Nevertheless, defence managers, especially at the centre, function within a wide government environment and without perfect control over their actions and decisions. Generally, therefore, we can assume that military officers and officials are the “target audience” for defence management educators. (There seems to be little hope of formally educating politicians in defence management, except through the sometimes painful process of “internal briefings” and personal experience.)

Determining what managers need to know is more problematic. Should they, for example, be completely indoctrinated in the formal techniques for defence decisionmaking (whatever those may be in the state in question), or should they be educated so they can adapt to the bureaucratic politics of defence management? How is one to incorporate into a defence management curriculum all the ancillary subjects that a well-rounded officer or official needs as background information in the daily job? Defence managers should know, for instance, something of politics and government, organizational and decisionmaking theories, international relations and warfare, law, ethics, and economics. Is there a field of study called defence management having its own conceptual framework, literature, and history and how does it (if it exists) differ from public administration and business management? Is knowledge of defence management transferrable between states and cultures? This question is particularly germane today as Western liberal democracies attempt to spread their concepts and styles of government to so-called emerging democracies and defence partners.

Two papers in this volume address aspects of these questions. John Dawson and Charles LaCivita meet the current education challenge head-on in their paper, “Education in Defence Resources Management: The Next Decade.” According
to the authors, defence management is caught up in a “major shift in attention by executives in the public sector.” This shift is causing the “strategic process” to become “more periodic” while the “operating process” is becoming “more immediate.” Governments are increasingly concerned with “performance” and being “where the action is.” The accumulative effect of downsizing, restructuring, and flattening of organizations allows (or demands, perhaps) the close management of policy and administration by senior officers and officials. This new environment, in the opinion of Dawson and LaCivita “calls for a change in emphasis in education in resources management.”

They begin by reviewing the development of defence resources management from the end of the Second World War to the fall of the Berlin Wall. The system developed during this period (mainly in the United States and the United Kingdom) called for officers and officials who had backgrounds in economics, decision science, and management systems theory. Moreover, officers and officials assigned to work within the resources management process required training in cost-benefit analysis, systems analysis, and program management.

The “current environment” is not as urgent as the previous Cold War period. Defence decisionmakers in most areas have been given an opportunity to step out of the arms race and the continuous scramble for new and better capabilities. Today, they can take a “periodic approach to the big issues” in an atmosphere that gives “greater stability to the defence program.” However, this respite is not a “stand-down” from operations, because it is characterized by ongoing low-level operations, as in the former Yugoslavia. While time and opportunity exist to rethink fundamental issues and to reorganize the armed forces, “the message [is that] defence management has to continue to operate the ‘going store’ while changing how the store operates.”

The authors illustrate how this new emphasis on operations and change is borne out in major innovations in defence resources management. Defence managers now need to know not only the techniques particular to their special area, but they also need to be much more acquainted with businesslike practices, production economics, human behaviour, and how organizations change. The bottom line for Dawson and LaCivita is that defence management education needs to aim at producing officers and officials who can work in the periodic and immediate world of change, reform, and consensus. This new emphasis does “not require radical or wholesale departures from the way defence resources management have been taught in the past.” But it does require “a modest shift that gives more attention to operations and less to weapons acquisition.” Teachers and scholars of defence management, however, do face a major challenge and that is to develop ways to explain the underlying rationale for the defence management systems and techniques that are emerging in a radically different post-Cold War era.
Few citizens, politicians, officers, or officials in any state confront a greater challenge than those in the emerging democracies in Eastern and Central Europe who are trying to change the political and military culture of their armed forces. Officers in these states must not only become acquainted with a vast range of foreign (in all senses of the word) political, social, and military concepts, but they must submit to a fundamental reorientation of the way they think about armed forces and society. And they need to learn quickly.

Moreover, defence planners in Eastern and Central European states were told by domestic and allied politicians to build ministries of defence like those in Western states. However, leaders there had no more than a dim comprehension of a ministry of defence as Westerns understand the term. Moreover, Western ministries depend on large numbers of specially trained and experienced public servants, but in 1989-90 few of the new partnership and allied states had any defence public servants capable of moving into high office. Misunderstandings, lack of information and experience, and the practical difficulty in finding suitable public servants for defence ministries produced additional stresses on military officers and civil-military relationships in these states.

The need to reeducate the officer corps and establish a viable defence civil service is almost an overwhelming task for reformers in Eastern and Central Europe. Nevertheless, they, with assistance from NATO and member states of the Alliance, have made some notable strides in this direction. Zoltán Szenes, a general officer in the Hungarian Defence Forces, is both an example of the changes that are possible and an influential advocate for reform. In his paper, “Military Educational Reform and Defence Management Studies in Hungary,” Szenes explains the changes and the frustrations that move hand-in-hand through this sentinel period in Hungarian history. He reminds us that defence management, like defence policy and the character of a state’s officer corps, is built on the social, cultural, political, and military history of the state. Each system is, therefore, unique and one should expect that they can graft a foreign defence structure onto a living organism without accommodating local circumstances.

Szenes reviews the disputes over fundamental political and military reforms that in some cases continue to worry those trying to change the military education system in Hungary. There were many disputes; and how current agreements will fall out in the future is not obvious. Army officers had to build a national armed force from the remnants of their Warsaw-Pact-dominated military. They had to reconcile themselves to civil control by politicians few trusted or respected. Budget cuts and the demands of new NATO “partners” forced officers to learn new languages, modern marketing methods, Western-style terminologies and techniques, all while meeting the sometimes unrealistic demands of politicians for immediate change.
In the midst of these problems, a dispute erupted in 1990 concerning the reform of higher education of the officer corps. Politicians wanted to use civilian standards in the new system but senior officers resisted, insisting that military norms prevail. Concern for the details of officer education in this context became a second-order question after consideration of who would control this type of basic national defence policy decision. Szénes outlines the argument (it continued for three years) and how the Hungarian Defence Forces finally accepted a “defence university” concept for higher education and enacted laws to support the change.

The Hungarian Defence Forces, like armed forces in most modern states after the Cold War, had to decide what and how to teach officers. The essential difference for Hungarians was that they had to reform officers’ education in the midst of unprecedented social and political change. The professional debates, familiar to Western military officers, focused on the degree to which senior officers must be educated in subjects, like defence management and government, that are outside a strictly military curriculum. Szénes explains these arguments and the outcome of the often intense debates. He follows this overview with a detailed description of the current state of officer education in Hungary.

DEFENCE MANAGEMENT FOR THE FUTURE

The symposium on *Issues in Defence Management* that brought the authors of this study together was intended to touch on some of the issues facing politicians, military officers, and officials who manage national defence during this period of significant change. There are many such issues and, indeed, issues within issues, but defence organization for decisionmaking, resource allocation, and the education of managers are important building blocks in any national defence system for management.

Although the practice of defence management is the usual fare in discussions and writings in this field, policies and practices are really “ideas in action.” Therefore, studies of the concepts underlying policy and practices ought to engage scholars and managers at least as often as management techniques and business procedures. For example, defence managers aim to develop efficient military capabilities that serve national defence policy effectively. The two concepts, efficiency and effectiveness, are key ideas in defence organization, economics, and education because a national defence system must function in peace and war where circumstances are usually always different. A cardinal objective is to develop defence management systems that are efficient in peacetime and effective and applicable without change in wartime. How is this to be accomplished?

Readiness is another basic concept, but what does it mean? Ready for what — for deployment or employment? Might it not be more helpful to assess the fitness
of individuals, commanders, and units for operations? The idea of readiness is a critical element in defence management, but it is used and abused so freely that in practice the idea may have no meaning. Similarly, many states base defence allocations at the governmental and bureaucratic levels on rough notions of outputs, but this term also has “weak legs.” Defence managers need to understand clearly what they are supposed to accomplish. Perhaps the idea of outcomes where that term means the coherent and comprehensive description of capabilities that include all materiel, personnel, training, and sustainment resources related to a capability would better guide the practices of defence planners.

Theory founded on valid concepts provides a beacon for safe passage in uncertain waters. Theory can never direct decisions, but it can help “to penetrate to the inner structure of warfare, to its component parts, and to their interrelations” (Eccles 1965, p. 27). Defence management in 1998 is in want of theory. Perhaps now, during the respite offered by the post-Cold War era, is the time to construct a conceptual framework on which to build a defence management theory for the future.

REFERENCES

