

WHITE PAPER ON DEFENCE

THE GOVERNMENT STATEMENT

£1,500,000,000 IN FIVE YEARS

The Government's statement on defence expenditure was issued last night as a White Paper (Cmd. 5374). It is as follows:—

In the statement made in the House of Commons on February 11 the Chancellor of the Exchequer explained that, while defence expenditure during the ensuing years could not equitably be met entirely from revenue, and must in part rest on appropriations from capital, neither the total amount which must be raised from capital, nor the total period over which such capital expenditure must be spread, could at present be predicted.

Constitutional usage requires that the Bill now proposed to be introduced should specify upward limits which cannot be exceeded except by further statutory authority. The authority which his Majesty's Government seek for the issue of sums not exceeding in the aggregate £400 millions, to be applied as appropriations in aid of the moneys provided by Parliament for the Defence Services over the five years from April 1, 1937, to March 31, 1942, does not imply that the whole of this sum will in fact be raised. The figure of £400 millions represents the maximum aggregate sum to be provided from borrowed moneys or from the Old Sinking Fund towards the total cost of defence which Parliament will be asked to authorize. The whole defence programme will, however, remain flexible and will be subject to such modification as circumstances may demand. If conditions should permit, the programme will be curtailed or its execution will be spread over a longer period. If events, which cannot now be foreseen, should show that amendment is called for, either in the maximum amount or in the period of years specified in the proposed resolution, the necessary measures will be submitted to Parliament.

In the meantime, as explained in the memorandum dated February 11 on the proposed resolution (Cmd. 5368), Parliament will retain full control over defence expenditure. The whole of such proposed expenditure will continue to be shown in the estimates laid before the House of Commons, and will be subject to the normal methods of Parliamentary scrutiny and authorization. It will also be provided that the sums which may be appropriated in aid of defence expenditure under the Bill must not in the course of any financial year exceed the sums shown in the estimates laid in connexion with the Votes approved by the House of Commons by resolution in supply.

SCIENCE AND INVENTION

In the White Paper presented to Parliament in March, 1936 (Cmd. 5107), an outline was given of the objectives aimed at, with an indication of the principal measures necessary for the reconditioning of our forces, as part of the coordinated plan which had been drawn up. As that paper shows, great importance has from the outset been attached to dealing with the problems of defence by elastic means susceptible of adaptation in the light of changes in world conditions and of the new needs which arise from the intensive application of scientific research and invention to the problems of defence.

The essential features of the White Paper of March, 1936, remain unchanged, although certain measures of acceleration have been approved by Parliament. On the present occasion, therefore, it is unnecessary to repeat in detail the information given a year ago on the programme of his Majesty's Government. Rather the opportunity is taken to indicate the width of the field necessarily covered by the defence programme in consequence of the extent of the developments in

by a consideration of the average cost of the new construction programmes in recent years, the figures being those of the complete cost of all vessels laid down in any particular year. The average cost for the years 1931-34 was less than £12,000,000, but the cost of the 1936 programme, including the measures of acceleration referred to in the preceding paragraph, will be nearly £50,000,000. It is contemplated that the cost of the 1937 programme will be substantially higher.

In addition to new construction, heavy expenditure must also be incurred in modernizing existing vessels. This applies, not only to capital ships, but also to cruisers. The provision of improved anti-aircraft defence is required. At the same time the acquisition in sufficient quantity and proper quality of the ammunition, fuel, stores, and various equipment of all types which the Navy requires has also to proceed.

The programme will involve a further large increase in the strength of the personnel of the Navy, as well as expenditure on the provision or adaptation of new quarters, and on important new works services needed in the dockyards and other naval establishments, more particularly in connexion with storage for ammunition, oil fuel, and other reserves.

The Fleet Air Arm is being substantially increased in numbers of aircraft, and considerable measures of re-equipment are also necessary to keep pace with the evolution of more powerful types.

THE ARMY

MAKING SERVICE MORE ATTRACTIVE

It was stated in the White Paper of March last that the only increase in the number of fighting units in the Regular Army then proposed was the creation of four new battalions of infantry. These units are required for maintaining our overseas garrisons. Two of them are to be raised in the near future. Certain additional increases are necessary. These include two new Army tank battalions, one of which will be raised in the near future, and certain ancillary troops necessary to enable a modern force to operate effectively in the field.

While recruiting has already shown some slight improvement, it has been decided to adopt certain measures designed to improve conditions in the Army and to make the Service more attractive. Details of this scheme will be announced shortly. The adoption of these measures will bring about a considerable increase in normal maintenance costs, as a result of the increased numbers which it is expected will be borne on the strength, and of the additional expense arising from the measures designed to stimulate recruiting.

The main increase in expenditure on the Regular Army falls, however, under the heading of equipment. Viewed from the standpoint of the variety and extent of our Imperial responsibilities, or of comparison with Continental forces, our Regular Army is small in numbers. It is, therefore, all the more important that its equipment and organization should be brought up to the highest standard in all respects. Accordingly, steps are now in active progress for the modernization of the equipment of the field artillery, infantry, and all branches of the Service. The progress of mechanization, involving the provision of a complete system of motor transport and of armoured vehicles of all types, is being accelerated. The requirements of modern war demand the accumulation of immense reserves of ammunition to cover the first months before productive capacity can be increased, and the necessary arrangements for this provision are being made.

For the time being the urgent needs of the Regular Army have had to take priority over those of the Territorial Army. But in any survey covering a period of years account must be taken of the requirements of the latter, more especially since the training of the Territorial Army is at present severely handicapped by the lack of modern equipment. Plans are being drawn up to remedy this situation, and steps will be taken, as soon as the supply position permits, to enable the Territorial Army to train with the same types of weapons as those with which the Regular Army is equipped.

During the next few years it will be necessary to make provision in Army Estimates for heavy capital expenditure on works services in order to bring barrack accommodation up to modern standards and to provide the addi-

regard to the risks of air attack. Steps have been requisite in various instances to ensure that sources of essential supplies are sufficiently dispersed, and in some cases a degree of duplication of essential services is necessary even at the cost of some increase in expenditure.

A number of new Government factories for the manufacture of explosives, and for the filling of shells and bombs, are being built or planned. These factories represent in part the removal to safer localities of existing establishments, and in part the additions required to bring capacity up to the increased needs of the three Services.

VITAL INDUSTRIES

TERRITORIALS AND HOME DEFENCE

Steps are also being taken to see that national establishments and industries, vital to the Defence Services, are not paralysed by the shortage of certain essential raw materials. The accumulation of essential reserves for these and other purposes is in hand, and will of course involve very substantial expenditure. The provision of adequate supplies of fuel of the types required by each of the three Services and for civilian needs, as well as their protection and replenishment in the event of war, have received special consideration.

The needs of home defence now require a number of specific measures, each of much importance. Foremost among these is the provision of anti-aircraft defence. Two divisions of the Territorial Army have been reformed and greatly expanded for this essential service, and further expansion is to take place during the forthcoming year. This expansion involves the provision of new Territorial Army headquarters in many districts hitherto largely unrecruited, in addition to the modernization and in some instances entire replacement of existing drill halls. New and more efficient types of guns are being manufactured, together with large numbers of searchlights and other equipment, and reserves of ammunition are being accumulated. Balloons and equipment for balloon barrages are being manufactured. Plans are being made to ensure that the organization for air defence will be readily adaptable to meet whatever type of air attack this country might be called upon to face.

Among arrangements for the protection of the civil population against air raids, stocks of respirators and other equipment are being accumulated to provide against the contingency of gas attack. The preparation of local schemes of air raid precautions and the organization of the necessary personnel for air raid services are now being undertaken on an increasing scale throughout the country. His Majesty's Government have undertaken to provide instruction of the police and other personnel so as to make them capable of acting as instructors in anti-gas measures in their own areas. One anti-gas school has been in operation for almost a year, and in order to cope with increasing requirements in this respect a second school is now being established.

PRECAUTION AGAINST FIRE

The fire risks from incendiary bombs dropped from aeroplanes present a problem which is beyond the capacity of normal peace time fire brigade organizations. Arrangements are being planned to accumulate the additional fire-fighting appliances required to meet this risk, and to train reserve personnel.

The defences of our overseas bases also require additions to meet the menace of attack from the air, and increased protection will be provided at important ports abroad in the form of anti-aircraft batteries and searchlights. In addition, the modernization of coast defences at home and abroad will involve considerable expenditure.

It will be seen that the programme which must be carried out before our defences can be restored to a level of safety covers a wide range. It includes the provision of great quantities of material for all three Services, in the form of ships, guns and ammunition, aeroplanes, tanks, and equipment of all types. It also involves large additions to the personnel of the Services, and heavy expenditure on the purchase of land and the erection of buildings, barracks, workshops, and arsenals.

To enable this programme to be carried to a successful conclusion, arrangements must be

...the growth of the underlying strategic requirements and the changing conditions of modern warfare.

Recent years have witnessed an immense stiffening of the national equipment of fighting Services in many countries. Modern forces, whether on land, at sea, or in the air, must, if they are to be effective, be provided with arms and defences more ingenious and formidable and far more costly than any conceived a generation ago. Moreover, it is not sufficient to equip a force in the first instance; it must be assured also of the swift and steady replacement of its equipment and supplies as war proceeds. This is a circumstance which has a most important bearing on the cost of the defence programme.

The growth in the destructive powers of air forces and their increasing range compel the adoption of a whole system of new measures, necessarily involving heavy cost, for air defence at home and overseas and for the protection of the civil population.

While the necessity for modern equipment and for protection against air attack is common to many nations, the wide dispersal of the territories comprised within the British Empire and the dependence of these islands upon supplies from overseas lay a special responsibility upon British Forces and, above all, upon the Navy to preserve the freedom of communication overseas, which is vital to our existence. The modernization of the defence of strategic points in various parts of the Empire is, in itself, a formidable item in the cost of the defence programme.

THE NAVY

SERIES OF HEAVY BUILDING PROGRAMMES

There is no need to amplify the statement of the Navy's functions contained in the White Papers presented to Parliament in 1935 and 1936 (Cmd. 4827 and 5107). Heavy expenditure must be incurred over the next few years if the Navy is to be brought up to the strength necessary to ensure that it will be in a position to perform these functions.

New construction constitutes one of the main heads of this expenditure. In normal times it is of great advantage to arrange new construction programmes so as to ensure that the number of new vessels of each type to be laid down shall be approximately the same in each year. If this plan can be followed the costs of construction are spread evenly, and the Navy never finds itself at any time in the position that an undue proportion of the fleet consists of old or obsolescent ships.

In present circumstances, however, an even spread of new building is impossible, and for some years the country will be constrained to undertake a series of heavy building programmes. The main reasons for this course are, first, that a considerable number of our existing ships are War built and are, or will shortly become, over age, and second, that no vessels of certain types were built for a number of the years immediately after the War.

Of our 15 capital ships only three are of post-War construction. Until the expiry of the London Naval Treaty on December 31, 1936, it was not possible to lay down any new vessels of this class. Two such ships (costing approximately £8,000,000 each) were included in the 1936 new construction programme, and preliminary steps have been taken which will permit of the ordering of three further capital ships early in the financial year 1937-38 as part of the new construction programme for that year, as soon as that programme has received Parliamentary authority.

In regard to cruisers, it was stated in the White Paper of March last that our aim was to increase the total from about 50 to 70, of which 60 would be under age and 10 over age, and that five cruisers would be included in the 1936 programme. Later, a measure of acceleration was deemed necessary, and the number of cruisers in the 1936 programme was raised to seven. It is anticipated that seven will be included in the 1937 programme.

Some acceleration was also decided upon in the construction of aircraft carriers. Two of these vessels, instead of one as originally contemplated, were laid down in 1936, and two further vessels of this type will probably be included in the 1937 programme.

The result of this increased building programme upon Navy Estimates may be indicated

...dead storage, workshops, and buildings required for modern mechanized forces.

THE R.A.F.

MATTER OF PARAMOUNT IMPORTANCE

It was stated in the White Paper of March, 1936, that the prime function of the Royal Air Force is to provide an effective deterrent to any attack upon the vital interests of this country whether at home or overseas. It may be added also that in recent years the range and performance of modern aircraft have undergone rapid development and this country has become increasingly vulnerable to air attack. The strength of the Royal Air Force has become a matter of paramount importance, and no effort has been or is being spared to bring that Force up to the strength and standard of efficiency which his Majesty's Government deem requisite for our safety. This aim entails both substantial expenditure of a capital nature, and a large increase in recurrent costs. The programme for the Royal Air Force includes the acquisition and preparation of large numbers of new aerodromes, with the building of over 75 new operational, training, and other stations both at home and abroad. The increase in the number of squadrons entails corresponding additions to the capacity of training and other ancillary establishments generally. The personnel of the Force has already risen from 31,000 in 1934 to over 50,000 in 1936, while a further large increase is contemplated in the coming financial year.

As regards equipment, the main requirement of the Royal Air Force consists, of course, of the very large numbers of airframes and aero-engines necessary to equip the new squadrons and to provide sufficient reserves to ensure that the first-line strength can be adequately maintained on active service. Further, the development of new types, which is constantly proceeding, tends to result in the production of more efficient, but at the same time more costly machines.

Other items required by the programme of expansion include the provision of specialized equipment for aircraft, stores of bombs and other ammunition, adequate reserves of fuel, additional motor transport, and the storage accommodation required for reserves of all kinds.

It must be appreciated that the scale of expenditure on the maintenance of the Royal Air Force which obtained before the present measures of expansion were put in hand will be very largely increased to provide for the future upkeep of the Force, even when the initial expenditure on the expansion programme has been met.

A "WAR POTENTIAL"

The measures briefly referred to in the preceding paragraphs would not, however, suffice to meet the needs of the Defence Services, unless adequate preparations were made in peace time to ensure a sufficient supply of munitions and stores in time of emergency. For this reason, steps are being taken to build up what has come to be known as a "war potential." Thus in the aircraft industry, over and above the expansion of the capacity of the existing aircraft firms, steps have been taken to build "shadow" aircraft factories. These factories will be available in any emergency to provide aircraft in large quantities, and since they will be used in the first instance to supply aircraft required for the expansion scheme, the engineering firms who are co-operating in the scheme will thereby gain invaluable experience in the technique of aircraft manufacture.

The same principle is being adopted in regard to the supply of other types of munitions. Extensions of plant are being laid down by firms not normally engaged on the production of munitions, and the orders placed with these firms fulfil the double purpose of making good existing deficiencies and of providing means for the rapid expansion of output in war time. These extensions of capacity are being made under arrangements which ensure their retention over a period of years, after the existing orders have been completed, in a form capable of rapid turnover to munitions in the event of emergency.

In making plans for the industrial resources required by the Forces it is necessary to have

capacity to supply munitions for the Defence Services. The development of air power has raised entirely new problems of defence both at home and abroad requiring not only increased quantities of the obvious defensive weapons and equipment, but also a certain amount of redistribution and dispersal of resources, all of which naturally adds to the cost.

From the outline here sketched in the formidable nature of the task confronting his Majesty's Government is apparent. Since they first embarked upon it the conditions which governed its extent and pace cannot be said to have become more favourable, and at present, at any rate, there would in the view of his Majesty's Government be no justification for any reduction or slowing down of the programme. It is their firm belief that in the form here presented it is a contribution indispensable to peace and one which it is the duty of the people of this country to make.

THE COST

£1,500,000,000 IN FIVE YEARS

As stated in the memorandum on the proposed resolution dated February 11, 1937 (Cmd. 5368), it is not practicable to state the total cost of a programme which it is intended to spread over a period of years, and which will necessarily be subject to substantial modifications as conditions change. Nevertheless, some indication can now be given of the order of magnitude of the expenditure which must be contemplated.

Taking into account the rapid growth of defence expenditure in the last two years, and the fact that an appreciable time necessarily elapses between the date when increases in capacity are laid down and the date when full production is achieved, it is probable that the level of expenditure over the next two or three years at least will be very much heavier than in the current year. It is not at present possible to determine what will be the peak year of defence expenditure; that must depend on circumstances which cannot at present be foreseen, and upon decisions to be taken in future years. Taking the programme as it stands to-day, however, it would be imprudent to contemplate a total expenditure on defence during the next five years of much less than £1,500,000,000.

Deeply as they deplore the necessity for this vast expenditure on armaments and other defensive measures, his Majesty's Government are convinced that it must be undertaken. It has been forced upon them, partly by the circumstances of the time, and partly by the long interval during which comparatively small demands have been made upon the national finances for the purposes of the Defence Forces. It would be neither practicable nor just that the whole burden of making good these deficiencies in the short period of five years should be thrown upon the taxpayer during that time, and his Majesty's Government are satisfied that, in proposing to spread a part of it over a longer period, they are pursuing a course which is fully justified both in equity and in the general interests of the nation.

TRANSATLANTIC AIR SERVICES

A statement issued by Imperial Airways last night says that the financial provision made by the Government of the United States for the operation of the transatlantic air service is in conformity with the plans that have been the subject of discussion and negotiation for some time past. Pending the incorporation of the agreed joint company, in which the United Kingdom, Canada, and the Irish Free State will each have a financial interest, experimental flights and investigations are being conducted by Imperial Airways. It is expected that the company will be in a position to operate alternate experimental air mail services by the time the American company is ready to operate. The establishment of a passenger service is to follow as soon as possible.