

**MILITARY SPENDING,  
DEFENCE CUTS  
AND ALTERNATIVE  
EMPLOYMENT**

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**Statement issued by the  
General Executive Council  
for the Twenty-seventh  
Biennial Delegate Conference  
(1977)**



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## **1. INTRODUCTION**

The General Executive Council considered the following resolution from Region No. 1 Committee:

"This Trade Group Committee deplores the fact that military spending has risen since Labour took office.

It is further alarmed at reports that the Government has embarked on a further costly programme of strategic nuclear weapons development. This Trade Group therefore calls for immediate action:

- (1) to reduce the proportion of GNP devoted to military spending to that of our major European allies, with planned redeployment of resources to civil uses,
- (2) to remove the American Polaris base,
- (3) to halt any further development of Britain's strategic nuclear weapons, and
- (4) demands that these policies are included in Labour's next General Election Manifesto."

The Executive asked for a detailed examination of the alternative employment for defence workers, as a consequence of any further cuts in defence expenditure.

## **2. For many years the Labour and Trade Union Movement has advocated a policy of reducing defence expenditure. The BDC 1975 carried the following resolution:**

"That this Conference considers the £30,000 ml. arms expenditure since World War II has not achieved any tangible military benefits, but has greatly contributed to Britain's economic decline, and that the continued arms spending projected for the next decade will be at the expense of essential public and social services and needs.

Conference, therefore, calls for implementation of BDC. Labour Party Conference and TUC demands for cuts of £1,000 m in defence expenditure believing that the monies saved would enable resources to be used for expansion of social services, education, pensions and employment creation."

3. The Labour Government has this to say on defence in its manifesto of 1974, "we shall, in consultation with our Allies, press forward with our plans to reduce the proportion of the nation's resources devoted to defence so that the burden we bear will be brought into line with that carried by our main European allies . . .

If this entails closure of or cutting back on defence establishments, alternative sources of employment will be sought, where possible by taking on major contract work and research for outside industry."

It must be stated that the Government have done very little indeed to carry out its manifesto promise.

The main reasons for a policy of cut backs can be summarised:

- (a) The vast amount of public expenditure on defence could be cut back and the spending devoted to other sectors of government expenditure, in particular to education, health and the social services.
- (b) Defence industries are parasitic on productive economic development, wasting scarce resources and diverting funds away from the manufacture of socially desirable products.
- (c) The UK is no longer a major power, we have major economic problems and yet we still spend a greater proportion of our GNP on defence than almost any other Western European nation. Though the UK is one of the weakest economies in NATO we contribute disproportionately to the common NATO defence forces.
- (d) A cut back on defence spending would allow the workers and the equipment and sites to be used for research, for the development and the production of socially desirable projects which at present, because of the workings of the private enterprise system are just not produced. There is an enormous gap between what technology can provide and what it does provide. Thus we are capable of producing Concorde yet old age pensioners still die of hypothermia.
- (e) Spending on defence in fact does not produce much employment and can be shown to have limited effects on increasing the country's investment and exports.

#### 4. A NATO COMPARISON

It has often been stated that the UK bears a disproportionate burden of NATO defence costs. Although we must beware of placing too great emphasis on statistics, those produced by the *Financial Times* last year do provide some illustration of our burden. The gap illustrated between the UK and her allies is too significant to be explained by any statistical quirks.

#### MILITARY SPENDING (as percentage of gross domestic product)

	1971	1973	1975	1976
Belgium	2.8	2.8	3.1	3.1
Denmark	2.5	2.1	2.6	2.5
France	4.0	3.8	3.9	3.8
West Germany	3.3	3.4	3.6	3.4
Greece	4.7	4.1	6.5	na
Italy	2.9	2.9	2.8	2.6
Luxembourg	0.8	0.8	1.0	1.0
Netherlands	3.4	3.3	3.5	3.3
Norway	3.4	3.1	3.2	3.0
Portugal	7.4	6.0	5.3	4.2
Turkey	4.5	4.2	na	na
UK	5.0	4.9	5.0	5.1
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NATO Europe	3.7	3.6	3.8	3.6
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Canada	2.3	2.0	2.0	2.0
US	7.0	6.0	6.0	5.9
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NATO average	5.5	4.8	4.8	4.7

FINANCIAL TIMES 9.12.76

#### 5. AN EXPENDITURE COMPARISON

The Labour Research Department produced in 1976 comparisons between some military and civilian items of expenditure:

Pay of armed forces . . . . .£1,138m	Family Allowances . . . . .£525m
Defence R&D . . . . .£702m	Medical Research Council . . .£36m
Production of one anti-submarine cruiser . . .£150m	18,750 new council houses . .£150m
Production of one Tornado aircraft . . . . .£10m	50 new primary schools . . . .£10m
Frigate Ambuscade . . . . .£16m	New hospital Bangor . . . . .£16m

#### 6. PRESENT EMPLOYMENT

The defence sector in the UK employs some 337,100 as military personnel and some 329,800 civilian personnel, of these civilians, about 34,500 are employed in the naval dockyards and 23,000 in the royal ordnance factories.\*

The TGWU is by far the largest union organising workers in the civilian defence sector particularly in the dockyards, and the ordnance factories and depots. Any policy of cutbacks would therefore have important effects on our members.

\*Figures from the 1977 Defence White Paper Cmd. 6735. Annex B.

How many workers would be affected by cuts?

As we have seen the weighted average figure for our main European NATO allies is 3.6 per cent of GNP. We would thus have to reduce our military spending from 5.1 per cent to 3.6 per cent (a reduction of about 30 per cent of our military spending). Though this sounds a large reduction, in fact a cut of this nature would be less than 1/2 per cent of total NATO defence spending.

The Labour Party Study Group on "Defence, Arms, Trade and Alternative Employment," which is to report to Party Conference this year, estimates this will require a cut of between £1,400 ml. — £1,700 ml. by 1979. In order to allow for fluctuations and inflation, we would need to aim at a cut of £1,000m. per annum, as the bare minimum cut needed in the defence budget.

It would clearly be necessary to allow a reasonable period of time over which to implement this reduction, in order for the industrial conversion to take place and a time period of five years would clearly be necessary for a smooth transition to civilian production.

The aggregate number of jobs likely to be affected by a cut of £1,000 million per annum has been calculated at 300,000 by Frank Blackaby of the National Institute of Economic and Social Research. Government ministers have said it could be 350,000. This unemployment will be localised, and may cause great problems for a local community. For example, Chatham Dockyard has often been threatened with closures. The Dockyard is the major employer in the Medway Towns and its closure would mean more than just loss of Dockyard jobs, it would mean unemployment in the related service industries in the area. So a policy of defence cuts would have effects outside the defence industry itself, unless the Government were prepared to consider alternative employment for the defence workers. The problem of defence cuts is particularly severe in a period of high unemployment and low demand such as at present.

7. What ought the policy of the Union to be? The choice has often been presented in terms of defence cuts and resultant heavy redundancies or preserving jobs. The choice is a false one and trade unionists working in the defence industry have shown that there is an alternative to be followed. This paper briefly outlines some of the initiatives that have been taken in Lucas Aerospace, in BAC at Preston and at Vickers. The Lucas Aerospace Corporate Plan is certainly the most advanced work so far done in Britain on the conversion of the arms industries to peaceful uses and so points the way to the whole Labour Movement in the way to tackle defence cuts.

## 8. LUCAS AEROSPACE

The Lucas Aerospace Combine Shop Stewards' Committee decided it was necessary to take action to prevent redundancies arising from cutbacks in the aerospace industry. The aerospace industry is one of the major industries to suffer with any cutbacks in military projects and therefore the developments in Lucas do point the way for further trade union action on these lines. Lucas Aerospace itself has about 50 per cent of its business on defence work. The workforce put forward a "Corporate Plan" which proposed various alternative products on which the workforce could be engaged as an

alternative to redundancies. On the subject of defence cuts the committee said,

"these reductions we regard as both inevitable and desirable. Indeed it is the national policy of almost all of the unions the Combine Committee represents that there should be cuts in defence expenditure. However, when these cuts are made our members are placed in the position of being made redundant . . . our intention is rather to suggest that alternative products should be introduced in a phased manner such that the tendency of the industry to contract would firstly be halted and then gradually reversed as Lucas Aerospace diversified into these new fields."

The committee then set out in the Corporate Plan a list of alternative products in six major areas of technological activity.

- (a) Oceanics
- (b) telechiric machines
- (c) transport systems
- (d) braking systems
- (e) alternative energy sources
- (f) medical equipment

### (a) Oceanics

The ocean bed, which covers over 70 per cent of the earth's surface, offers a vast area of, as yet, unexploited natural resources. There are of course the areas of oil and natural gas in the North Sea and the committee suggested that there was great scope for the development of British oil technology, for example the development of valve technology. At present the USA leads in this area, and yet Lucas has manufacturing facilities for ballscrews which could be expanded to provide a complete valve operating system.

Over the next few decades there may be a growth in the extraction of metal bearing nodules from the sea bed. The small nodules, found virtually everywhere, are a rich source of various metals which may become rare on the land surface. Various USA companies have spent money exploiting the seas off California. Again, any developments in marine agriculture, would provide Lucas aerospace a field for the development of systems for vehicles and equipment.

### (b) Telechiric Machines

Telechiric machines are unmanned tethered submersible vehicles operated by cable control from the surface. This type of vehicle, equipped with a "human hand" mechanism has been used successfully to re-open a well-head, a job normally done by divers. The aerospace industry would be in an ideal position to develop these machines, for a much greater use underwater.

### (c) Transport Systems

In the transport field there are a number of projects which could be developed. For example a prototype hybrid power package could be designed and developed which incorporated an internal combustion engine, generator, batteries and an electric motor.

There are a number of projects for railway systems. The structure of railway coaches is based on a design philosophy which is 100 years out of date. The railway carriage could be made much lighter by developing a lighter suspension system with a new braking system. Lucas could provide a complete wheel and axle unit incorporating a pneumatic wheel, a retarder and disc brake and the braking system to go with it.

There might also be scope for the development of a vehicle that could be taken directly from a railway and run on wheels suitable for conventional road surfaces. The Scottish Highlands and Islands Board has already shown great interest in such a vehicle.

#### **(d) Braking Systems**

The EEC is now introducing a wide range of new braking regulations. Existing braking systems can be greatly improved by the addition of an "electric magnetic dynamometer". The Lucas company has refused to allow the development of these, though there are some 25 years' design experience in the Lucas's Willesden plant.

#### **(e) Alternative Energy Sources**

In this area there is considerable scope for the development of systems for generating energy.

It may be that there will be an energy gap developing in the late 1990s, in which case we ought to be investing now in the development of alternative energy sources. The system most well known is the project for solar heating of houses, which is in an experimental stage at present. There might also be scope for the application of advanced aerospace technology to harness wind power.

#### **(f) Medical Equipment**

There is at present a substantial shortage of kidney machines and if the Government gave the go ahead production of these could be increased substantially. Lucas at present makes pacemakers and kidney machines, and the workers pointed out the ludicrous fact that people are dying for want of a kidney machine, and yet Lucas workers were being made redundant. And there are other fields where more research and development work can be carried out — in building aids for the disabled and investigating the feasibility of applying aerospace technology to provide "sight" to the blind.

### **9. TORNADO AND PRESTON (BAC)**

Peter Ward a shop steward at the British Aircraft Corporation in Preston, which is to be the main centre for production of the Tornado aircraft, drew up a paper for a conference of the Preston Trades Council in 1976, in which he showed the range of products that could be made by aircraft workers there. The Tornado plane is a major new project for the RAF. It is a multi-role combat aircraft which is likely to cost Britain at least £7,000 million. In addition to the sorts of products that Lucas were putting forward, e.g. energy, marine, transport and medical products, it pointed to the substantial decline of the British machine tool industry. Most of the advanced tools are

now imported from abroad, and rebuilding a machine tool industry seems to be a basic condition for revitalising British industry as a whole. The US aerospace company Pratt and Whitney, has already shown the way by converting some of its capacity to machine tool manufacture.

### **10. SHIPBUILDING WORKERS**

The Vickers National Shop Stewards Combine Committee have been working with Mary Kaldor of Sussex University on the possibilities for alternative employment for naval shipbuilding workers. Working with the Unions at Vickers in Barrow, she has produced a paper which outlines the possibilities for alternative products that could be produced by naval shipyards (and not only at Barrow).

The most obvious solution would be merchant shipbuilding. The problem is the fact that there is tremendous over-capacity in shipbuilding. Success in the naval yards could be achieved at the expense of existing yards. Therefore there is a need to search for other alternatives, and in so far as other alternatives are developed, some element of retraining for the workforce might be needed. But the emphasis would be on developing projects on which the workers existing skills can be put to use

11. There are a large number of land-based manufacturing activities for which the skills and facilities available at naval shipyards are suitable. Indeed at Barrow the Vickers group have already considerable manufacturing skills in the production of a variety of products such as —

- cement kilns
- pumping plants and pipeline systems for irrigation (used in a scheme in Rumania)
- Sulzer diesel engines for British Rail
- sugar beet crushers
- commercial boilers for power stations
- cablelaying
- machinery for North Sea Oil projects

Other shipyards have done work like this, often just to fill excess capacity in the interim between naval or merchant ship orders, for example various kinds of construction activities like watergates, locks, bridges and dams.

12. Other alternatives could perhaps be developed from new sea-based technologies. It is widely considered that future developments in such fields as agriculture, mining and energy will be based on the exploration and exploitation of the sea and sea bed. The shipbuilding and the aerospace industry in Britain are in an ideal position to participate in these developments. Possible ideas for development are as follows:

**Wave Power:** It is possible to generate energy from the movement of waves. The most promising designs are based on large off-shore rafts, hinged together so that the constant motion of the waves generates power. Though installation costs would be tremendous, running costs would be almost nil. There is an operating pilot wave power scheme off the NW coast of Scotland.

**Tidal Power:** Sources could be used (for example on the Severn estuary or the Morecambe estuary) by building barrages, as has been done in France.

**Submersibles:** For firefighting on oil rigs, deep sea mining, marine agriculture and nodule collection. Clearly the development of these vessels would be ideal for shipyards with long experience of submarine manufacture. Vickers Offshore Engineering is at the forefront of this technology with its fleet of five submersibles. Development on these lines would be profitable both for the shipbuilding and aerospace defence manufacturers.

### 13. CONCLUSIONS

There will be opposition to arms cuts unless and until there are concrete alternatives to provide jobs for redundant defence workers. There is a great deal of suspicion at present proposals for arms cuts and this should cause no surprise in view of the present unemployment total.

However, it is clear that from what work has been done, and from the present work of the Labour Party Study Group on this matter (the Report goes to this year's conference) that there are possibilities for conversion and diversification in our defence industries. A Labour Government in particular should be prepared to commit itself to fairly detailed planning for this, rather than following the traditional route of cancellation and closures and leaving the workers to find jobs elsewhere.

The Americans have established an Office of Economic Adjustment, and in each locality subject to defence cut-backs, this office has helped establish conversion of units to other jobs. This sort of agency could easily be established in the UK.

There is not one blue-print available. The vast amount of preliminary work necessary in exploring possibilities for conversion and diversification should be done by the local workforce and their union representatives with outside help particularly from the Government, when necessary.

It is possible to convert a part of our military sector. There are problems which must be taken seriously, but they are solvable. *The real obstacle is the lack of will to act.* It is up to the Government to show determination and start the necessary planning immediately. There must be effective and detailed planning, but the machinery is there through the Government's control of the dockyards and ordnance factories, the British Shipbuilding and Aerospace industry and through planning agreements.

If carried out with effective planning a policy of arms cuts can provide a tremendous opportunity for producing things that we do need but which are not produced at the moment (or not produced in sufficient quantities), for revitalising important sections of industry and for taking up new and exciting technologies.

A number of conclusions can be drawn from this study.

1. The Government should commit itself to consultations with the trade unions *before* any planned cut-backs, closures, or cancellation of projects, with a view to finding alternative employment for any workers involved.

2. To this end the Government should establish an office for Defence Conversion, which would work closely with the MSC, the TSA and various training boards and other government agencies in helping plan for conversion.
3. The Government, through its control of British Shipbuilding, British Aerospace and the ordnance factories, should use its opportunity to help research and develop alternative products and to diversify their operations.
4. In the private sector of the defence industry (e.g. Lucas aerospace) planning agreements are a matter of urgency. The Government should use their bargaining position as buyers of defence equipment to insist on planning agreements. These agreements would lay down alternative products for development by these companies.
5. The Government must be prepared to place considerable resources behind its new agency to help provide money for research and for product development. It would need to provide some funds for any retraining for workers that might be necessary, though the emphasis should be on using workers existing skills. The Government can also help with contracts, for example, for medical equipment for the National Health Service.
6. Shop Stewards' committees can take the initiative now and follow the Lucas Aerospace Combine Committee's example and draw up their own plans for alternative employment.
7. It should be emphasised that the trade unions should be involved in all the discussions over alternative production. In the event of cut backs and closures, the transfer to alternative production could be carried out through a joint management committee involving both union representatives and managements.



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# A BETTER DEAL FOR GOVERNMENT WORKERS

EXTRACT FROM WAGE CLAIM FOR INDUSTRIAL  
CIVIL SERVANTS DEALING WITH DIVERSIFICATION  
IN THE DEFENCE INDUSTRIES.

TGWU. March 1978

### **(b) Diversification in the Defence Industries**

In 1977 the General Executive Council of our Union issued a statement that had originated from our own public services national trade group on the question of defence cuts and alternative employment.

Our conclusion was "that there are possibilities for conversion and diversification in our defence industries. A Labour Government in particular should be prepared to commit itself to fairly detailed planning for this, rather than following the traditional route of cancellation and closures and leaving the workers to find jobs elsewhere."

There are tremendous possibilities in all our defence establishments for the production of new products and we are pressing the Government to join with us in planning for alternative employment. Some 10,000 jobs are due to be lost over the next few years and already defence establishments are closing, 3,500 in Northern Ireland, 800 at Banderath in Scotland, and no plans are made to find these workers alternative employment.

In the U.S.A. the Americans established an Office of Economic Adjustment and in each locality subject to defence cut-backs, this Office has helped establish conversion of units to other jobs. We want the Government to provide money and manpower to do the same here.

There are tremendous skills and ability amongst the workforce in defence establishments. Also many of the establishments are ideally suited for conversion to other employment. Our naval dockyards are almost self-contained units. For example in Chatham dockyard they have their own power plant, a saw mill, machine tool department, plants for making ropes and flags and such like. The workers there say they have the capability for building nuclear reactors and oil rigs.

In our previous pamphlet we outlined some of the projects that could be carried on in our dockyards and ordnance factories. In the whole area of oceanics there is a need for the development of fishery and North Sea installations projection. Then there is scope for the development of vessels and equipment for the extraction of the vast mineral wealth on the sea bed.

In the third world there is much need for manufacturing equipment for their industries and agriculture — for example irrigation equipment — which could easily be made in the defence establishments under contract from foreign governments (and possibly with aid grants from the Government.)

It seems crazy to us that a couple of years ago when the Inland Waterway Board put out a tender for heavy duty pumps, they got no reply from the U.K., and so the Dutch got the contract: these could have been made in our defence establishments. Again, we had the capability for building oil rigs in the naval dockyards (indeed Chatham even put up the idea of building rigs) and yet a large number of rigs were built outside this country.

In other sectors of the defence industry, in Lucas Aerospace and Vickers in particular, some considerable work has been undertaken by the workers, in putting forward alternative products for development. The groundwork has been done, and now we want the Government to give a commitment to set up a tripartite body for Defence Conversion (of Government Ministers, management and unions) with sufficient funds, to plan for alternative production.

In the event of redundancies we would want such a body to help in finding alternative work for individual workers in the dockyards, factories and depots. We would also expect such a body to investigate areas where present establishments could take on new work, to help create new jobs.



### **CONCLUSION**

We have already stated we want a firm commitment from the official side — and ultimately the Government — that they want to substantially improve pay and conditions for Government workers. We also want to see the wages of workers reviewed regularly to ensure that the position does not slip again and this means the restoration of the Pay Research Unit. We will also expect to be freed from the rigidities of previous pay policies when we could not pursue sectional claims and the need to abolish the bottom pay bands (0 and 2).

**The time for action is NOW.**

**No rigid 10% pay policy or 'son of 10%' should deter us from doing justice for workers in defence establishments who have been overlooked for too long.**



## SOURCES OF INFORMATION

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