

# Summary

Sweden today has modern and high-quality armed forces that are undergoing extensive reform. This reform process is intended to make Swedish defence more usable and available, with the aim of being able to accomplish tasks asked of it by the government authorities. This is the principal message from the Riksdag and Government in the 2009 decision on the orientation of defence. Further qualifications are that Swedish defence should be mobile, flexible and have some endurance. There should be planning with regard to how it should be possible for the defence organisation to be used: in Sweden, in the immediate region and in operations outside the immediate region. The instrument with which to accomplish this is the operational unit (sometimes called war unit), which should be capable of accomplishing various tasks in all cases and with short response times. The financial level according to the current orientation is around SEK 40 billion annually. Raised aspirations have to be offset against rationalisations and lowered aspirations. The idea is that more efficient use of resources in defence is to be ensured and that appropriations should be sufficient to accomplish more.

These may appear to be reasonable and natural objectives for armed forces, but they also pose challenges. Swedish defence has served various purposes over a long period – sometimes explicit, sometimes not – leading to recurrent conflicts of aims. Introducing usable and available defence within a given financial framework means that activities that have previously been undertaken need to be changed, accorded lower priority or abandoned. This may be difficult, particularly when activities such as training, development of military equipment or planning and administration have de facto been dominant elements in defence activities over a long period of time. This is evidenced by recurrent attempts to convert “defence held in reserve” to something that is to actually exist “here and

now”, to use a couple of the expressions that have been used in the defence debate over a long period. These difficulties and inertias are nothing to be surprised or to moralise about, but are something that should be openly recognised and explicitly included in calculations when defence is reformed. Phasing-out needed as a consequence of changed tasks or circumstances can very often be as demanding as development.

The subject of this report is the change-over in military defence in Sweden between 1990 and 2009. The start year is determined by the changes in security policy following the fall of the Berlin Wall and the break-up of the Soviet Union. The end year is determined by the orientation of defence decision in 2009, which among other things signified an end to conscription in peace-time. The 2009 decisions were thus the first in a qualitative sense to start fundamentally changing what are referred to in the report as the production factors of defence. The purpose of the report is to provide an overview description and analysis of development in military defence with regard to tasks, organisations, personnel and efficiency. The descriptive presentation is based on the Governments’ defence resolution bills over the period. Possible lessons for the future are discussed on this basis.

An analytical model divided into the production factors of personnel, infrastructure and military equipment and industry is used in the report. The production factors are combined as the Armed Forces output (product) in the model: usable and available operational units. The production factors may contribute to a greater or lesser extent to the organisation of operational units, for instance as a consequence of how well the production factors have been optimised or have been changed over from the situation with regard to the old defence organisation. During a change-over period, the part of the production factor that only contributes to the organisation of the organisational units to a small extent may be significant. The production factor of personnel is examined in depth in this report.

There are a number of events, decisions and enforcements of both an external and internal nature between 1990 and 2009. In terms of security policy, the Baltic is now surrounded by states that are NATO members, with the exception of Sweden, Finland and Russia. All the states in the immediate region of Sweden are, in addition, members of the EU except for Norway and Russia. International peace-supporting operations – and not defence of the

territory against armed aggression – have, in practice, become a decisive task for the Swedish Armed Forces in several (but not all) respects over a number of years. In 2009 Sweden issued a declaration of solidarity in security policy that covers EU Member States, together with Norway and Iceland. Under this declaration, Sweden should also have the capability to lend and receive military support.

A fundamental principle in the report is that the change-over in defence is not just a consequence of an improved or changed security policy situation for Sweden. On the contrary, it took a number of years before this had an impact in a change in the tasks of the Armed Forces (1995/96) and even longer before the large war-time organisation of hundreds of thousands of men came to an end (1999/2001). An important factor in the change-over of defence, principally the army based on conscription, was that this was barely capable of accomplishing its envisaged tasks at the end of the Cold War. The deficiencies in military equipment were too great and the quality of personnel too low for this purpose. Ambitious attempts were made to modernise the army in the 1990s, but the levels in the defence economy – given the priorities that were set – were not sufficient even to support an army organisation reduced by half and at the same time to meet reasonable requirements for capability. Very large organisational cuts were therefore made in the defence resolutions of 1999–2001 and 2004, so that the Army organisation was eventually consolidated at around a tenth of the brigades and battalions that had been formally organised 15 years previously. The second half of the old Army, the very simply equipped territorial units, was disbanded from 2004 on. A very large organisational phase-out was consequently carried out which among other things would have decisive consequences for the supply of personnel to the defence organisation. At the same time, the change in quality of military equipment reflected substantially lower tolerance of losses than had been understood to apply in Sweden up to the start of the 1990s.

But military defence was far from the homogeneous organisation that the Armed Forces, a combined authority since 1994, might suggest. The Air Force was the armed service that in many respects was the opposite of the Army. Professionalised with essentially employed personnel (with the exception of the base organisation) and with the heaviest defence-industry segment

attached to it), the Air Force was modern, quantitatively significant, well equipped and in other respects fully bore international comparison. But as a consequence of technical and tactical development in the outside world – which was noted in this area – and the needs in terms of business economics to provide the aviation industry with development and production orders, the period 1990–2009 also signified extensive turnover of equipment. The Viggen system delivered during the 1970s and 1980s was replaced by the JAS 39 Gripen in various versions and with multi-role capability. The Air Force consequently also underwent extensive quantitative reduction (as in previous replacements of equipment), and after the 2004 Defence Resolution was around a third the size it had been at the end of the Cold War. Now, however, the Air Force was equipped with the ultra-modern versions JAS 39 C/D, with the impressive number for this small country of 100 combat aircraft in the operational organisation, but with less redundancy in weaponry and in the fire control and base functions.

Between the radical change in the Army and the more regular modernisation of the Air Force (the Air Force has been supplied with a new type or version of combat aircraft every decade since the 1950s) came the smallest armed service: the Navy. The Navy had long received a substantially smaller share of the defence budget than its two big brothers, but also underwent development reminiscent of that of the Air Force, with increasingly professionalised activity, with the exception of the coastal artillery. The quality of equipment in the high-quality units was high, and the period 1990–2009 here too brought modernisation, with new surface combat vessels and submarines. At the same time as this new equipment was being provided, however, the number of ships steadily declined and after the 2004 Defence Resolution settled at around 7 surface combat vessels and 4 submarines in the operational organisation, excluding support and command vessels etc. The Navy had consequently also undergone extensive quantitative reduction coupled with modernisation of hardware, where the now more versatile surface combat vessels numerically totalled around a fifth and the submarines a third of the size of the fleet at the end of the Cold War. The coastal artillery, focused on engaging a hostile invasion fleet, exemplified an armed service that was almost completely disbanded. The amphibious corps, its

successor, came to consist of one battalion after the 2004 Defence Resolution.

A conclusion to be drawn from this is that the change-over in the defence organisation has to a large degree been driven by an increase in the quality of hardware in the operational units, but with the JAS Gripen 39 dominant in financial terms. A very severe organisational reduction, which has also been the general trend in other countries in Europe, has been fundamental to this in a given framework of resources. The performance of the operational units has improved, particularly with regard to what are known as platforms, such as ships and aircraft. The average organisational unit is therefore incomparably better equipped today than 20 years ago, which does not rule out there still being deficiencies and “imbalances” that in various ways affect the usability of the units. Dealing with these will be an important priority over the next few years.

Consequently the share of equipment appropriations out of the total defence budget was high over the period 1990–2009, peaking in the late 1990s and early 2000s. Modernisation of equipment has principally taken place through the supply of equipment developed and produced by defence industry operating in Sweden, which has been successfully active in around 20 high-quality segments, including command and control systems, combat aircraft, surface combat ships, submarines and combat vehicles. The recently introduced military equipment supply strategy, which as a primary alternative refers to upgrading of the existing equipment in the Armed Forces, can be viewed in this light. The strategy additionally presupposes increased procurement of proven equipment (fully developed and in series production). Supply of equipment is to be regarded as a means of satisfying the needs and design of the operational organisation. According to the Government strategy, new equipment should only be developed when there are no other alternatives. There has thus been a focus on supply of military equipment in official publications in a way that had barely been the case previously, but where application is now ahead of us. Notable outcomes of this strategy already visible are, however, the procurement of a new troop transport vehicle, which is an existing Finnish-made vehicle, and the procurement of new medium-weight transport helicopters for which there is no manufacturer operating in Sweden. The fact that extensive new development of equipment will also take place in Sweden is

exemplified by the decision to develop a new generation of submarines over the next decade. A fundamental limitation is, however, that a defence budget at the present level will barely be able, in the longer term, to finance development investments in a large number of segments and at the same time finance broadly building up usable and available units and conduct operations with these units.

Defence in the past 20 years has in certain parts and in various respects been “professionalised”, particularly as an effect of participation in international exercises and operations, in several cases in difficult circumstances. Many younger officers, particularly in the Army but in recent times also in the Navy, now have experience of service in operations, which at lower unit level have replaced earlier exercise activity as an opportunity for commanding units in the field. Younger officers will therefore have a different formative picture of the activity of defence than immediately preceding generations, which may be beneficial to the change-over in the defence organisation. Together with the modernisation of equipment just mentioned, the international operations have probably been the most important driver of the change in defence. The Armed Forces have encountered international recognition in the operations they have carried out. In terms of volume, the operations have increased in comparison with the shrinking war/operational organisation and reduced volumes of basic training of conscripts. The numbers of deployed soldiers decided upon is, however, substantially lower in absolute terms than the long-term political objectives and has been so for most of the period.

Do we have the “right” war/operational organisation after 20 years of organisational changes? Given the circumstances that have existed, the answer should, in the main, be yes. The formulation of the present-day operational organisation has been dictated for 10 years by the lack of a direct military threat against Sweden, with priority given to the international operations together with various forms of development activity, for example network-based defence. But in addition, the most important element in the formulation of the defence system has been to preserve an organisation that can maintain skills in the various types of units considered to be necessary in order to be able – if the situation in the outside world changes – to defend Sweden against armed aggression. Also included here are very high-quality combat forces such as modern mechanised army units and submarine and combat aircraft units. It

has been possible to develop functions that have been neglected previously, for instance in the area of command and control, but where work remains to be done before the specific operational organisation applications are in place. On the down side there are, for instance, the shortcomings in creating a helicopter-borne light army unit, where trials have now been discontinued after about ten years. Nor does preservation of organisational breadth in itself say anything more specific about the usability and availability of the remaining units under different operational conditions, although it is reasonable to assume that the deficiencies of equipment in the units of the operational organisation in several respects ought to be limited now that such a powerful consolidation has taken place.

If the breadth of mission units now existing can be preserved, which has been the intention, the number of units and sub-units included in them in many areas is low. This is particularly the case in the Army and the Navy. This is not an immediate problem in the current security policy situation. Nor is it a problem in relation to current ambitions for participation in operations, but a further force reduction in the Army from levels decided upon in 2009 would probably bring about a need to review the objectives for participation in missions. Nor can a deterioration in the security policy situation be ruled out in the longer term, including an increase in military capability in the immediate region of Sweden. If demands are made in the future for defence to act in an operationally effective manner, the present-day quantity of operational units in several areas will be scarcely sufficient and their endurance in various respects will be limited. If wishes to deal with such circumstances were to arise, this in turn would make demands on time, funding, knowledge and infrastructure. What can be done in the present-day security policy situation is to ensure that freedom of action in various areas is not excessively impaired. Usable operational units are essential to maintain and develop capability to accomplish military tasks.

Levels of appropriations are important in all central government activity, in real and symbolic terms. Political prioritisations are often manifested in changes in monetary allocation. Many countries endeavoured after the end of the Cold War in 1989 to reduce their defence budgets and collect a “peace dividend”, as a political expression of will or out of necessity due to difficulties with government finance. In Sweden it was not until the 1995/96 Defence Resolution that a reduction in appropriations in defence

took place, with the exception of the crisis settlement of 1992. This was followed by further financial reductions in the defence resolutions of 1999/2001 and 2004, including removal of the “technology factor” for adjustment of appropriations for military equipment. In simplified terms there was approximately a reduction of 10% (SEK 4, 4 and 3 billion respectively in annual appropriation level) in each defence resolution, although the actual structure and compensation differed. Despite the reductions in appropriations decided upon, the financial outturn shows that the level of appropriation in inflation-adjusted terms was relatively unchanged over the period 1990 to 2004, after which budget appropriations started to fall. In 2009 these amounted to around 85% of the budgeted appropriations in 1990 (at 1990 prices). What came about after the 1995/96 Defence Resolution, however, was that the share of defence in GDP fell, from around 2.4% in 1990 to around 1.3% in 2009. The share of defence in Swedish government expenditure was roughly halved between 1990 and 2009, from around 8% to around 4%. Measured in these terms, central government has been able to achieve a “peace dividend”, as it has been possible to allocate a substantially greater share of GDP and the government budget to other expenditure or to fund tax reductions than in 1990. Despite these comparisons (often used in international comparisons) it is, however, still difficult to give a clear answer as to what defence actually costs (or ought to cost), which is the subject of further comment below. Nor does the change say much about efficiency in the defence economy, that is to say the ratio between input and output.

What continued development opportunities are there in defence? If the issue is to be addressed from the point of view of efficiency and effectiveness, it is necessary to delve a little deeper into the production factors of defence. Special attention is focused in this report on the single largest cost item in the Armed Forces, personnel. It is important to remember once again in this context that the theme throughout the period 1990-2009 is that “deterrence behind the scenes” in the security policy of the late Cold War (which, it should be mentioned for the sake of correctness, also contained high-quality units) is to be replaced by defence which is mainly or entirely to be fully usable and available. This is a great change, the extent of which should not be underestimated. A description of problems and aspiration for change which in some respects are more open are evident in official

publications from the 1999/2001 defence resolution onwards, which in several respects can be regarded as a watershed. Some of the concepts and ideas that recur later are launched here, such as operational defence as a counterpart to the old invasion-based defence. The principle of adaptation also reached its zenith here in official publications, in part as a response to the large organisational reductions. Large quantitative reductions were made in order to accommodate an operational organisation with existing high-quality accessible operational units, but where the reductions, despite their size, proved insufficient in the run-up to the next defence resolution with the requirements for savings which it contained.

A significant circumstance in the 1999/2001 Defence Resolution was, however, that this essentially preserved the formulation of defence production factors, despite the sharp reductions in the basic and operational organisation. A traditional production perspective was largely preserved. Conscription remained the obvious and, above all, only model for supplying the Armed Forces with soldiers, and this completely dominated activity in the Army's regiments. This was the case while the units now also had to be capable of being used for international operations with short response times and in demanding circumstances. Alongside this situation the volumes of military units have, however, fallen to a level at which only a small part of the annual cohort of men could be given places for basic training, despite the time a conscript was assumed to be in a war-time position or in basic training having been cut to a minimum. As a consequence of this the mobilisation unit exercises ceased completely, conditions necessary in practice for a functioning conscript system of the Swedish kind. If not formally, conscription increasingly became voluntary in nature. Opposition from the government authorities to professional lower ranks in the Army was slightly softened in the 2004 Defence Resolution, after which the Armed Forces were allowed to employ professional soldiers to make up the rapid-reaction force for the EU (Nordic Battle Group). The basic and advanced training of this force periodically came to dominate activity in the Armed Forces. In practice a mixed form of conscription and professional soldiers was established. In comparison with the Army, the Navy and Air Force have long been principally manned by professional military personnel (in the form of officers) except for service functions or other simpler positions.

The command system was not reformed to meet increased requirements of usability at the same time, nor in response to the radically reduced number of positions in war/operational units. The latter had been regarded until some time in the 1990s as dictating the number of officers in various ranks and had determined training volumes at schools and in promotions. In line with the 1999/2001 Defence Resolution, the number of positions in the mobilisation/operational organisation was slashed and an increasing proportion of full-time professional officers could now be accommodated in the new operational defence organisation, a state of affairs which has actually occurred since the early 1990s. This tendency was accentuated by further sharp quantitative reductions in the operational defence operation in the 2004 Defence Resolution.

A new factor in the 1995/96 defence resolution was that participation in international peace-support operations became an ordinary task for the Armed Forces, alongside defending Sweden against armed aggression. Despite this new task, the obligation to serve in international operations for officers, as noted at the time of the 1999/2001 and 2004 defence resolutions, was not regulated until the autumn of 2010, although with application for newly qualified officers from 2004. A necessary consequence of a political orientation that has long been applicable has thus been put into effect.

Another imperfection in the common system was and is that it was characterised by a high average age – over 40 – an age which the average officer for performance reasons is no longer suitable for service in operational units in most cases. Of the approximately 9700 professional officers who were employed in the Armed Forces in 2009, around 5600 or 58% were aged 40 or over. Despite an ever increasing proportion of officers in the units, it was and is difficult, in part for this reason, to find placements for many officers in an operational unit. The Swedish officer corps in addition contained, and contains, a large proportion of senior officers in relation to the total number of officers, for example in a Nordic comparison (with the exception of Norway). There was also a lack of perhaps the most important category of officers for a defence organisation with strict requirements for usability and availability: non-commissioned officers. In brief, the structure of the officer corps has been for many years, and still is, designed for

a defence system with high aspirations for cost-effective usability and availability. In view of this situation, the orientation of defence resolution in 2009 was another watershed, as decisions were taken to allow conscription to remain dormant in peacetime, recruit soldiers on a voluntary basis and introduce a new “all ranks system”, important parts of which are intended to tie in with international practice.

The Armed Forces now have a great task in implementing the decisions in the personnel area, which will probably represent the greatest challenge of all over the next few years. A new cadre of military personnel is to be built up at the same time as the old model is to be phased out. The capability to recruit soldiers, seamen and non-commissioned officers needs to be built up. Good practice in a professionally run local operation in regiments, air force wings etc. is perhaps the greatest asset of the defence organisation in recruitment. The start of recruitment of (continuously serving) servicemen has gone well in many respects, particularly in view of the size of the change. It is important to emphasise the many competitive benefits of defence in recruitment. The defence organisation offers young people professions that have characteristics that few other professions can offer. Financial and other conditions for military personnel are as favourable as in any other publicly or privately run organisation for people in equivalent age groups and with equivalent skills. Many people will gain an introduction to professional life through defence which it is difficult for the present-day labour market to offer, and being a soldier is, and ought to be, a job the individual has for a limited number of years, for organisational and social reasons. Defence recruitment is obviously dependent on the economic climate, but this is nothing unique to defence and applies to many employers, in both the public and private sectors. Work remains, however, to put all the necessary conditions in place, principally with regard to the soldiers and seamen who will not serve continuously but are among the majority who are reservists of various types, including the Home Guard. It is important to carefully weigh up the distribution between different forms of active personnel and reservists of military and civilian personnel for the cost-effectiveness of defence. It also follows from this that cooperation between the defence organisation and the rest of society, including private enterprises, needs to be strengthened.

What is perhaps more difficult to carry out than is apparent at first glance is to change officer systems and move from a decision in principle – which was initiated by the Riksdag in 2008 – to practice. Changes, although probably regarded by many officers as desirable or necessary, based on problems to which attention has been drawn over a long period, may be deemed to be detrimental at the personal level. This may apply to promotion opportunities, material conditions or the officer profession not to date being capable of offering a lifetime career, the latter being mentioned by governments in bills for ten years. It can hardly be expected that structural problems in the composition of the officer corps will solve themselves. With the exception of recurrent early retirements, which have affected many people over the past 20 years, the voluntary phase-out programmes including the career switching programme in the Armed Forces have resulted in few departures. What are referred to as spontaneous departures are currently at historically low levels. Despite generally acknowledged problems, the Armed Forces, with present-day forms of employment, do not have any cost-effective or appropriate instruments for phasing out officers under a functioning and ongoing system. The remaining option is redundancies, which to date have, however, only been associated with disbanding of units in the basic organisation over the period from 2005 to 2007. There has been a disinclination to date to define shortage of work among career officers in existing organisational units on the basis of requirement profiles designed for operational defence, with the exception that notice has recently been given of redundancies for some officers who have chosen not to have a duty of service in operations written into their employment contracts. Having said this, redundancies due to shortage of work in the longer term cannot be regarded as a suitable model to continuously keep an effective system of ranks in balance. New applications and instruments are therefore needed, of which fixed-term employment is probably the most important factor, see below. The officer system makes up the bulk of personnel costs today and will probably continue to do so in the future. It is therefore very important to resolve these issues, for both organisational and financial reasons.

The pace of the switch to the new personnel system will to a great extent determine efficiency or the relationship between input and output in the Armed Forces. Two positive signs have become

visible in 2010. One is that the Armed Forces and the trade union concerned (the Swedish Military Officers' Association) have reached agreement on the terms of employment for non-commissioned officers and lower Army and Navy ranks, entailing limited periods of employment of 8 + 4 years. The other, as mentioned previously, is that the absolute majority of career officers have proved willing to readjust their contracts of employment, so that the duty to take part in international service (as well as to serve in operations in Sweden) becomes mandatory. Both are fundamentally important steps along the road to a usable and available defence organisation.

What may appear surprising is that the extensive organisational changes during the period have not led to major reductions in appropriations, or conversely that the relatively limited reductions in appropriations have not led to such great reductions in the organisation. Some attempts are made in the report to describe and explain the savings strategy applied and forces driving it, on the repeated occasions when the Armed Forces have tried to adapt to an assigned financial framework. At the time of each defence resolution up to 2004 the government authorities have noted that the security policy situation has (to varying degrees) improved, that this has permitted a smaller war/operational organisation and that the financial frameworks can consequently become smaller. As the review in the report emphasises, however, reductions in the war/operational organisation provide small savings in themselves, unless notional savings are included when future expenditure on turnover of equipment, training, exercises etc. is avoided. But in the next stage a reduced war/operational organisation has justified reductions in the basic organisation, the Armed Forces infrastructure. The single largest closures were made in the 1999/2001 Defence Resolution. A rough estimate indicates that the regiments, air force wings etc. (known as organisational units) decreased in number by perhaps 70% over the period 1990-2009, although remaining units may be larger than they were 20 years ago, measured for example in number of employees.

Reported costs of premises (SEK 2.3 billion in 2009) in the Armed Forces were, however, relatively unaffected in nominal terms over the period 1999 to 2009, but have fallen by 18% in fixed prices (adjusted in line with the consumer price index). This can be compared with around 25 regiments and air force wings etc. being disbanded over the same period. Part of the explanation for the

relatively modest reductions in costs of premises is that large new investments have been made in remaining establishments in connection with activity having been moved from a disbanded regiment or wing to one that remains. Rent has consequently increased as a result of additional capital expenses. The new investments in the Armed Forces infrastructure (land, facilities and premises) have totalled around SEK 7.3 billion during the 2000s. No collective evaluation has been made of the financial effects of the changes in the basic organisation from 1999 to 2009, regardless of possible operational effects as a result of closures and transfers. Ahead of the considerations on possible future changes to the basic organisation, it should be of interest to make an evaluation of defence economic and other effects of decisions taken to date, which cover, for instance, review of preliminary costings and other assumptions against outturn. Questions on which light may be shed are in what cases and in what way changes in the basic organisation have been successful and what alternative methods for achieving various aims (efficiency improvements, savings) there may be for the future.

The single largest cost item in the Armed Forces is personnel (SEK 10.7 billion in 2009). Personnel costs fell by 23% over the period from 1999 to 2009 in fixed prices (adjusted in line with the consumer price index). This can be compared with a war/operational organisation reduction in output measures of nearly 90% for the Army and around 50% or more for the Navy and Air Force (depending on type of unit) over the same period. Notice of termination of employment has been a part of the savings in the disbanding of regiments in connection with the closing-down of organisational units since the early 1990s. In the same way it has been possible for certain savings to be made in the extent to which military personnel have left voluntarily and have not chosen to be transferred to a remaining regiment or air force wing. The military personnel have not decreased in proportion to the disbanding of regiments and wings in the operational or basic organisation, and the activities of the Armed Forces instead in this sense became increasingly personnel-intensive over the period 1990–2009. This applies to the number of officers in operational units, manning in the basic organisation (for example in training activity) and the superstructure of the Armed Forces in relation to the contracting size of the operational organisation (command, schools, centres etc.) Although some of these trends have been

unavoidable or, in some cases, desirable, it is in the area of personnel that opportunities to achieve greater cost-effectiveness in future ought to be particularly good, given that usable and available operational units have to be prioritised over other activity. This may be an interesting and complementary rationalisation perspective alongside the recurring ambitions to reduce rents and other “support activity” in the defence sector (logistics in a broad sense).

The Armed Forces’ officer system therefore needs to be looked at to a greater extent from the point of view of purpose – usable and available defence – and from an economic perspective. An important change, as mentioned, is the establishment of two categories of officers in 2009. However, work remains to be done to convert the existing officer corps in accordance with this. The conversion of officers to junior commissioned officer (specialistofficerare) has only affected a small number of individuals to date. However, a conversion of this kind in itself has built-in restrictions insofar as personnel de facto have the seniority, form of employment and skills they have with consequences for usability, cost-effectiveness etc. in relation to the needs of the operational organisation.

If greater usability and cost-effectiveness of personnel are wanted, there is a need for further measures, several of which have been discussed in authority reports and in official publications over the past two decades. Examples of such measures relate to application of more appropriate terms of employment for the Armed Forces, for instance with regard to length of periods of improvement. Fixed-term employment, not just for soldiers, as has now been agreed, but also for commissioned officers and junior commissioned officers, are, as the Armed Forces have previously proposed, one of the changes it is appropriate to implement if the desire is to give priority in particular to greater effectiveness from pay resources invested and a rank structure designed on the basis of the needs of the operational organisation. The latter signifies a pyramid of command with a broad base and rapidly narrowing tip and where the number of officers who are automatically transferred to administrative work after 10–15 years is reduced in comparison to what has been the case to date. The recurring phase-out measures for officers over the past 20 years can also be regarded as a symptom of the need for changed terms of employment. However, if a change-over to fixed-term employment is to be

possible in practice, there is a need for special considerations on the existing population of officers, including transitional solutions. Continued reform also highlights the need to change the system of training for different ranks in order to raise the precision in resources committed, reduce the time for officers in various types of on-the-job training and facilitate the transition from employment in the defence organisation to the labour market outside the authority. From the point of view of officers this may mean requirements for civil university education or qualification prior to employment in the Armed Forces, while for junior commissioned officers this mean conversely mean support with the funding of training after service in the Armed Forces has come to an end.

The governance of the Armed Forces has otherwise been partly subject to general trends in central government administration over the period 1990-2010. These general trends include a transition from more or less detailed governance by rules to more extensive governance by objectives and results, where the idea has been for the authorities to be allowed to decide on their own funds on the basis of objectives and appropriations decided by the government authorities. For the purpose of the Armed Forces the Riksdag and the Government have, however, additionally decided on localisation of the basic organisation of the Armed Forces in the form of regiments and other organisational units. This type of localisation decision also exists in other areas of administration, but the defence organisation for historical reasons is in a class of its own. Another example of typical governance principles from the 1990s is the delegated employment policy within central government. Despite this general principle, the Government and the Riksdag have exercised decisive influence in the personnel area on several matters during the period in question. This has applied for example with regard to the application or termination of conscription, the options for the Armed Forces to employ soldiers for particular tasks and particular periods of time or with regard to the design and application of the officer system. The frameworks have thus been laid for the usability and availability of the Armed Forces and are examples of issues where the formulation of means has long been as important as the ends, abstract or concrete.

However, as the descriptive presentation in the report shows, other personnel-related issues have been consistently claimed by the government authorities to be issues for negotiation between

the authority and the employee organisations, or issues of work management within the authority. In these respects the importance of a strict interpretation of delegated employer policy has been emphasised in the relationship between the Government and the authority. Such issues may, however, likewise determine the usability and available of the defence organisation, particularly in relation to total defence personnel costs. Examples already mentioned are obligation to serve in international operations and fixed-term employment for career officers, but rank structure and training volumes, period of services in a position, application of transfer obligation for officers with permanent employment etc. also play a role in this context. This may raise the issue of the need for further incentives for the defence organisation to move in the direction of an increased proportion of usable and available operational units. It should be possible for the personnel area here to be used as an instrument, for example by introducing different size ranges for personnel categories and levels/ranks within these. This can be done without the positive aspects of delegated employer policy being lost.

It is of great importance for the continued reorganisation of defence – in the direction of usability and availability – that management and follow-up are focused on setting up operational units or the requirements for preparedness set by the Government or, where applicable by the Riksdag. Specific requirements also follow from this for topping up personnel and equipment and the training and exercise situation. To achieve great effect, the governance and follow-up should aim for practicality, simplicity and transparency, internally within the Armed Forces and in the relationship between Government and authority. There is also a need to an increased extent for data that are reliable and comparable over time on relevant parts of the development of the defence organisation. The fact that the Armed Forces are now a far smaller organisation compared with the situation in 1990 is an advantage from the point of view of governance and follow-up, and consequently makes both overview and depth possible in a new way. The operational organisation in 2014 is to consist of around 50 operational units (excluding the Home Guard), which from the administrative point of view are of a fully manageable size of organisation even with strict requirements for accuracy in governance and follow-up.

It is also of special significance that financial governance and reporting linked to the operational units is brought about. Without this it is unclear what it costs to set up a unit with certain preparedness requirements and what it costs to make use of the units in various types of operations. Information on this is needed in order to be able to pronounce on whether the finances of the Armed Forces are in balance or not. Financial governance and control needs to be focused on this to a greater extent. In recent years the government authorities' aspiration has also included redistributing money from support activity to core activity in defence. These terms are not entirely simple to define, and what may be regarded as support from one perspective is regarded by others as a more or less indispensable core activity. Efforts to bring about a financial redistribution between these quantities have, however, been made after the 2004 defence resolution and associated inquiries. A problem in order to achieve success in this context has been to assess more closely how freed resources have been put to use in the Armed Forces. This too is an example of development opportunities in the financial governance of the defence organisation where there is a need to strengthen the link between finance and activity.

Finally the Armed Forces undertake an activity that is well suited to the sometimes debated governance by results in central government, in that its outputs in the form of operational units have (or ought to have) a practicality that other more typical parts of central government administration may lack. This is particularly the case with the orientation formulated for defence through the 2009 orientation of defence resolution. From the point of view of the government authorities, governance of the product is the essential factor and not traditional governance of production factors. Although fundamental decisions have been taken, it is important that the Armed Forces and the other authorities in the defence area have the confidence and ability not to waiver in the forthcoming implementation, and to highlight that the guiding principle in the defence reform of usable and available operational units remains. The creation of such operational units demands a focus on the objective, priorities and endurance.