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Restructuring the German Armed Forces – Regional Aspects

1. Challenges the German Armed Forces had to face after the end of the Cold War

After the Cold War had ended, many countries felt the necessity for a comprehensive reform and structural change of their armed forces. Due to the fundamental changes in Germany's security environment, this was particularly true for the German Armed Forces – the Bundeswehr. Now surrounded by friendly nations or allied states, Germany's position as a front-line state of the Cold War had vanished. The immediate risk of an existential threat had passed.

This opened chances for a new cooperative stability, though combined with new and different risks.

In view of these changes, restructuring the Bundeswehr was imperative. The planning and concept of this restructuring process started as early as 1989/90 and was basically concluded in 1994.

The major tasks to comply with in this context were

- to define the new role and mission of the Bundeswehr,
- to adapt the German Armed Forces' capabilities to the new mission,
- to integrate new structures in legal agreements, such as the Two-plus-Four Treaty and the conditions of the CFE Treaty,
- to adapt to the estimated defense budget,
- various conversion tasks and
- to cope with all the military tasks produced by Germany's reunification.

Especially the latter of the above-mentioned tasks require rapid and immediate action. The individual tasks of prime importance were the following

- to disband the East German Army with its personnel and materiel,
- to reduce the size of the German Armed Forces from 520,000 to 370,000 servicemen in less than four years,
- to establish the Bundeswehr in the new states of the Federal Republic of Germany, i.e. the former GDR, and simultaneously,

- to develop a new basing policy for the now larger territory of the Federal Republic of Germany.

A mere glance at these precise tasks for restructuring reveals that any decision concerning these issues had to be taken considering the regional aspects, which called for regional analyses on different levels.

Thinking in terms of regional analyses is not at all a new approach in the military decision-making process. Clausewitz already points out that it is space, time and assets that constitute the fundamental strategic key factors. This emphasizes the significance of spatial and regional analyses, but at the same time it backs up the fact that the relevance of space and region is affected by further variables.

In accordance with what has been outlined so far, the following comments are going to start off with a description of the basic methodical proceedings when restructuring armed forces and will be followed by a detailed examination of various regional aspects.

2. The methodical approach to reforming and restructuring armed forces

The methodical steps for reforming and restructuring armed forces are illustrated by viewgraph 1.

To start a comprehensive restructuring of armed forces, it is first of all necessary to determine the national values and interests, which of course also includes economic interests. Once this has been done, the results are to be combined with the analysis of two major categories of characteristics. That is, on the one hand, the security environment with its future risks but also chances that have to be precisely determined. On the other hand, it is equally important to thoroughly analyze the internal aspects when planning a reform. Of prime importance among these aspects is the economic capacity, which decisively determines the kind of armed forces a nation can afford.



The subsequent essential steps for analysis and planning consist in

- setting up a military strategic concept determining the aims and principles concerning the commitment of armed forces,
- deducing structural and functional capabilities according to quality and quantity,
- determining the resulting materiel and personnel requirements, on the whole and for individual operations,
- planning the basing, and finally,
- the resulting financial requirements of the armed forces.

All of the illustrated procedures were implemented in this way during the restructuring of the German Armed Forces, even though these steps do not necessarily reflect the chronological order of the process.

At the latest when the financial requirements of the armed forces have been determined, they generally turn out to overcharge the nations' economic capacity or are regarded as too high. For this reason the analyses are usually taken up again in order to try to cut down the financial requirements of the armed forces, while still ensuring an adequate fulfillment of the mission.

Therefore, in practice, the entire process is an iterative and very complex procedure with a large number of actors with again manifold interests and possibilities of exerting influence.

The result of the restructuring process usually is a compromise solution.

3. Regional aspects of the restructuring process in terms of security

The following comments are going to deal with some concrete examples of regional aspects that were taken into account on different levels within the framework of the methodical procedure presented.

In the first place, regional aspects were considered in terms of the security environment. This becomes especially clear when determining Germany's vital security interests.

Naturally any statements directly concerning Germany do display a regional character. Among Germany's vital security interests of prime importance figure the

protection against threats from outside, political blackmail as well as the prevention, containment and management of crises and conflicts that are about to impair Germany's integrity and stability.

In terms of its geostrategic position, Germany can be defined as a continental middle-ranking power in central Europe. For this reason, the spatial dimension of crisis management concentrates on Europe itself and its periphery. The graphic statement that it is part of Germany's vital security interests to keep crises at a distance should be considered in this context, for example.

The regional dimension of Germany's vital security interests includes the formation of Alliances with NATO's nuclear and naval powers, since Germany is not a nuclear power and not in a position to guard its worldwide interests as a continental middle-ranking power on its own.

Amongst the explicitly stated security interests of Germany is the consolidation and expansion of the European integration including the development of a European defense identity.

Regarding the basic strategies a nation can chose to enforce and ensure its national interests, there are about five major ones:

1. Neutrality
2. Balance of power
3. Dominance
4. Alliance
5. Trust in supranational organizations (world government)

Already in the fifties, Germany unmistakably opted for the Alliance strategy. And an increasing number of states is chosing this basic strategy.

It is primarily promoted by the formation of large economic areas and the effects of globalization.

In global terms, the vital security interests consist in maintaining the free worldwide trade and in the unimpeded access to markets and raw materials.

Germany's external trade amounts to more than 20% of its gross national product, half of which is realized with non-members of the European Union. Important strategic raw materials have to be imported. In the case of mineral oil, for instance, Germany is almost completely dependent on imports. This underlines the importance of these vital interests, which, from the German point of view, have

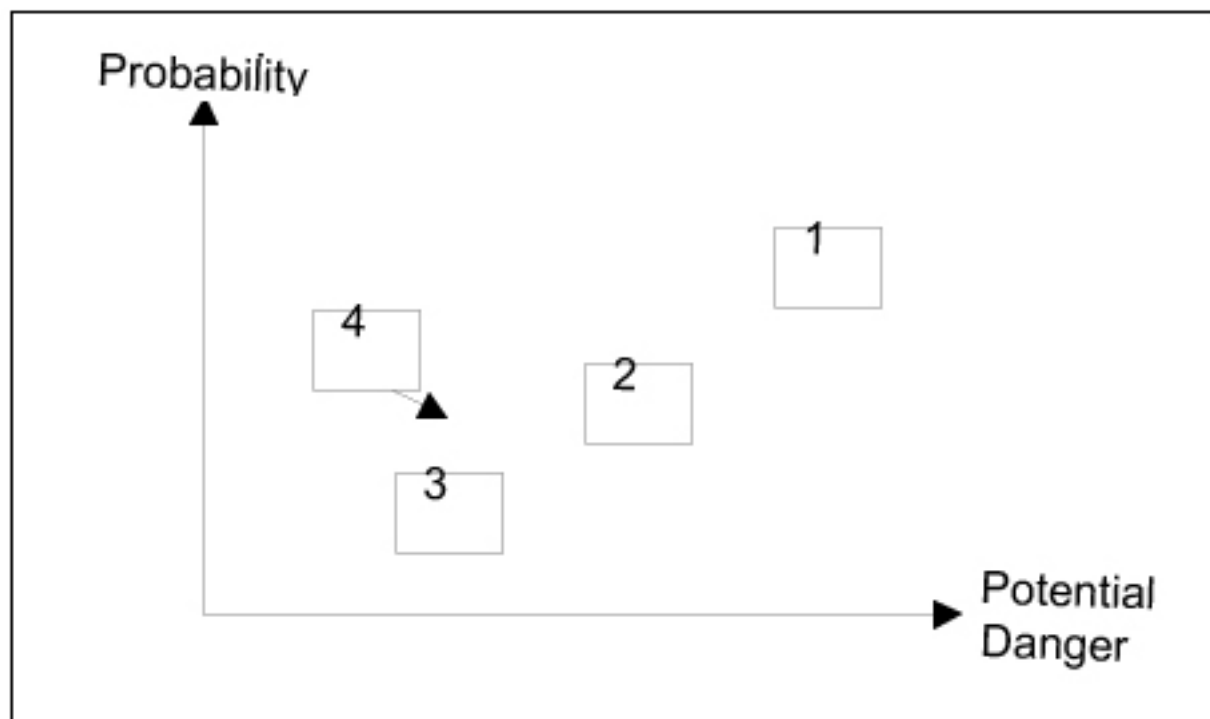
to be guarded above all by means of the globally and regionally effective security structures of complementary organizations.

As I have shown, the statement of Germany's vital security interests explicitly integrates four regionally differentiating aspects and simultaneously determines the effectiveness and range of German security policy.

This differentiation is quite important for restructuring the German Armed Forces. Any armed forces have to be organized according to their political purpose. Their essential function is to keep the risks endangering vital security interests as low as possible.

Accordingly, the regional differentiation of the German security interests simultaneously determined the development of risk analyses requiring a corresponding regional differentiation.

In these analyses, four categories of immediate risks were established, which were taken into consideration according to their danger potential and probability of occurrence.



Viewgraph 2: Categories of risks

The first risk category was formed by the military potential within the territory of the former Soviet Union. This potential was classified as the risk with the highest danger potential but, at the same time, the smallest probability of occurrence.

The second risk category comprised the risks in Europe. The dangers Germany is exposed to due to conflicts within Europe were classified as comparatively small, however, their probability of occurrence was considered to be significantly higher.

The third risk category comprised the conflict zone reaching from Morocco to the Indian Ocean. For this region, the probability of military conflicts was considered to be the highest in comparison, while the danger potential for Germany was classified as rather small.

The fourth and therefore last direct risk category integrated the proliferation of modern weapons, in particular weapons of mass destruction with long-range launch vehicles. At that time, the danger potential and probability of this risk category were classified as rather small. However, at the same time, it was explicitly taken for granted that this risk would grow in both dimensions in the medium-term and long run.

Today, eight years after these analyses, it can certainly be said that this graphically summarized assessment was basically correct. To be sure, it was backed by the subsequent military conflicts as, for example, the Gulf War or the conflict in the Balkans.

Even when updating the above-mentioned risk categories from the point of view of the German security policy, you may expect some modifications, but not a completely different classification of risks.

The described direct risks were contrasted with the indirect risks produced by the increasing interdependence of global and regional developments. The main result of these analyses was that these interdependences imply conflict potentials that can easily escalate and turn into military conflicts although they do not have any direct military causes. Accordingly, from the German point of view, the provisions for these indirect risks had to follow a broad political and preventive approach where the armed forces had the function of an 'ultima ratio'. Because of the global interdependences, this approach could not be focused on Europe alone.

Subsequently, the new role and mission of the German Armed Forces was deduced from the regionally differentiating analyses of the security environment's interests and risks.

Based on these analyses and in logical consequence, the new mission consists of three components. They comprise, in the first place, the defense of Germany (national defense), in the second place, assistance to others in the entire territory of the Alliance (collective defense), and, in the third place, participation in operations of international conflict prevention and coping with crises (crises management). Moreover, disaster relief is also part of the mission.

The methodical procedure was to analyze and combine the different types of operations the German Armed Forces have to face according to their probability of occurrence and the intensity of the military effort - i.e. the threat affecting security in Germany.

The combination of different types of operations produced a rough picture of the desired capabilities which highlighted the importance of the crises management capability. Then individual analyses with a primarily regional focus were conducted; they particularly concentrated on military potentials and the time factor. The desired profile of capabilities thus produced was compared with the armed forces' actual capabilities. This comparison basically determined the scope and type of the necessary restructuring process.

When planning out armed forces' capability profiles, it is usually helpful to distinguish between three types of capabilities.

These are:

- structural capabilities, including above all the organization and its flexibility,
- qualitative capabilities, i.e. the capabilities concerning the different functional tasks of the armed forces, and eventually,
- quantitative capabilities, which are primarily expressed by the figures of personnel and materiel of the armed forces.

As far as the German Armed Forces were concerned, all three capabilities had to be modified considerably. From the structural point of view, the main

consequence was to organize the Armed Forces dividing them into main defense forces, crisis reaction forces and a basic military organization.

The main defense forces' primary task is national defense. They are composed of expansible and of fully manned and equipped units. The crisis reaction forces consist of fully manned and equipped formations, which are tasked with crises management and collective defense outside Germany's borders and which have to provide for the augmentation of the main defense forces in cases of national defense.

The basic military organization constitutes Germany's internal basis for the major combat and support units. It is above all composed of training and logistic facilities. This new structural organization precisely reflects the regional changes concerning the security environment. The same applies to the qualitative capabilities. Above all, potential operations outside Germany require new qualitative capabilities. This includes also long-range mobility as well as new qualities like for example in the functional areas of intelligence and command and control, personnel structures and training and, above all, the procurement of materiel and equipment, which have to be adapted to the new operational range.

This takes us to the third, i.e. the quantitative dimension of the capabilities, which is the question of the numbers of personnel and materiel.

The main issue was to determine the peacetime and wartime strengths of the German Armed Forces and the distribution of personnel into the three structural categories mentioned above. These decisions had to be coordinated with the assignment of personnel to the three services, Army, Air Force and Navy, and with the acquisition planning. All decisions required extensive individual analyses, which had to be considered within the context of complex systems of factors. The interdependent groups of factors comprised everything, from military risks over demographic and technological developments to providing the funds for the armed forces.

The methodical procedure is characterized by a wide variety of methods combining quantitative and qualitative analyses and starting out from various angles.

Besides, after the end of the Cold War, objective factors started to emerge which hamper or often rule out any quantitative optimization.

The main reason for this is the low predictability of possible crises and conflicts, which is even lower due to Russia's uncertain future. Russia is and - at least in the near future - will stay the largest European landpower and, at the same time, the largest nuclear and naval power. It is very hard to predict any possible developments as far as this is concerned.

The result of these circumstances was that, after the end of the Cold War, the classical method of determining military requirements had lost its dominant significance. According to this method, a comparatively small number of scenarios had to be thoroughly analyzed by employing various means, and this analysis determined the forces requirements. In the new security environment, this procedure is hardly feasible, since there is such a wide variety of possible scenarios. For this reason, military command echelons considered "thinking in terms of scenarios" in order to determine the requirements to be "out" and only used this method in rare cases.

Instead, the relevance of other criteria with a stronger focus on the regional aspects of the military, economic and demographic potential increased.

After the end of the bipolarity, the main aim of Germany's security policy is to maintain and expand stability, while the overall situation is highly unpredictable. As mentioned before, the basic strategy focuses on the expansion of globally and regionally effective security structures of complementary organizations and on a broad political approach making use of various areas of political activity to ensure the external security. The strength of the German Armed Forces had to be adapted to this aim and strategy. For this reason, figures facilitating regional comparison became important points of reference for the strength and structure of the German Armed Forces. Germany's military potential had to be designed in a way that would be adequate, balanced and stability enhancing, also in regional comparisons. Most importantly, the peacetime strength of the German Armed Forces had to be determined. To decide this, no extensive analyses were required, since the Two-plus-Four Treaty had politically fixed the upper limit at 370,000 servicemen (for the land and air forces). Considering a few other aspects, this total strength resulted in an annual budget of DM 50 billion which had to be provided by the defense budget.

In 1994, due to security and budgeting considerations, the actual strength was brought down to 340,000 servicemen while keeping a conscript army. At present,

the defense budget amounts to DM 47 billion. Until 2002, it is planned to raise the budget to DM 49 billion.

Compared to 1989, the present figures show that not only the actual strength of the German Armed Forces but also the defense budget suffered a cut-down in real terms of about 25 %.

So how can you draw any conclusions on adequateness and stability judging by regional comparisons of the present figures listed?

I will now present four comparative regional approaches, which were considered when determining the strength of the German Armed Forces.

The first regional approach concerns the stability of neighboring states. The term is meant to designate a military potential that neighboring states do not consider to be threatening.

As far as France is concerned, this meant that the absolute and the relative actual military potential should not exceed the French potential. For comparisons, one can use the figures of peacetime strength, the percentage of personnel measured against the entire population and the expenditure for defense in relation to the GNP (in percent). Chart 1 shows the figures in question:

	Peacetime strength	Percentage of the population	Percentage of the GNP spent on defense
Germany	340,000	0.41	1.5
France	390,000	0.67	2.8

Chart 1: Peacetime strengths and defense percentages in Germany and France

A comparison between the two countries shows that the German potential is smaller than the French one, as far as these threshold figures are concerned.

At the beginning of the nineties, Germany's neighboring states to the East considered Germany to be quite threatening. E.g. in 1993, 68 % of the Polish population regarded Germany as a possible threat. For this reason, it was only logical to demand that Germany's military potential should not exceed that of several neighboring states in the East. Chart 2 shows the current figures:

	Peacetime strength	Percentage of the population	Percentage of the GNP spent on defense
Germany	340,000	0.41	1.5
Poland	235,000	0.62	1.7
Czech Republic	65,000	0.63	1.1
Slovak Republic	40,000	0.74	1.1

Chart 2: Peacetime strengths and defense percentages in Germany, Poland, the Czech Republic and the Slovak Republic.

Neither in the first case nor in this case do the figures indicate an excessive military potential.

Another regional comparison can be established between the military potential of similar middle-ranking powers. Concerning the German Armed Forces, it was quite logical to compare them to France, the U.K. and Italy.

	Peacetime strength	Percentage of the population	Percentage of the GNP spent on defense
Germany	340,000	0.41	1.5
France	390,000	0.67	2.8
United Kingdom	220,000	0.38	2.7
Italy	290,000	0.51	1.6

Chart 3: Peacetime strengths and defense percentages of several European middle-ranking powers.

Even when the strength of the German Armed Forces is compared to other middle-ranking powers, on the whole, their strength of 340,000 servicemen can be considered as adequate.

The regional considerations mentioned have highlighted and taken into account possible feelings of fear and threat produced by the military potential in the

adjoining European environment - feelings that originate in European history. These feelings determined Germany's aim never to build up a military potential that the European neighboring states would regard as excessive.

But on the other hand, it was equally important to avoid ending up with insufficiently manned and equipped forces. One of Germany's vital security interests is its NATO membership. Being a member of NATO requires a military contribution on behalf of Germany that corresponds to its total potential. One of the essential elements of a cooperative stability within the Alliance is the fair distribution of responsibilities among the member states.

The above-listed figures representing the comparable middle-ranking powers within the Alliance show that although the German contribution is inferior to that of the others, it does not confirm the reproach of being really insufficiently manned and equipped. And this still applies if the German contribution is measured against NATO's corresponding average figures and if Germany's non-military contributions to NATO's security and stability are considered.

Further proof of the adequateness of the military contribution to the Alliance can be provided by percentages of the total population and of the member states' total gross national product. Chart 4 contains the German figures.

	Percentage of NATO's population	Percentage of the strength of NATO's armed forces	Percentage of NATO's GNP	Percentage of NATO's defense expenses
Germany	11 %	9 %	13 %	14 %

Chart 4: Germany's contribution to the Alliance in percent.

Also when considering this regional aspect, the basic figures for the restructuring of the German Armed Forces can be regarded as adequate.

The fourth regional comparison concerns the military potential of Russia. Chart 5 shows the corresponding figures while additionally indicating the figures for the US.

	Peacetime strength	Percentage of the population	Percentage of the GNP spent on defense
Germany	340,000	0.41	1.5
Russia	approx. 1.6 Mio.	1.1	3.8
United States	1.4 Mio.	0.53	3.4

Chart 5: Peacetime strengths and defense percentages of Germany, Russia and the US.

In comparison to these figures, Germany's expenses for its Armed Forces and its military potential are relatively low. This emphasizes how important the Alliance is for Germany and that the German Armed Forces are designated as armed forces of the Alliance.

At the same time, the expressiveness of the basic figures used is somewhat limited. The figures certainly do offer some important information on regional military power potentials and their development in time. They are widely employed for measuring armament and disarmament.

However, the limits of the expressiveness of these figures have to be clearly pointed out - a requirement which is not only due to the information's varying reliability and difficult calculation. What has more weight are other limiting factors. As I have tried to convey, military potentials, above all, have to be measured against their structural, qualitative and quantitative capabilities. Of the three capability components, the basic figures used only cover a partial aspect of the third, the quantitative component. Other important quantitative aspects, like for example the number of weapon systems and the capability of augmentation to combat strength, are not taken into consideration.

Besides, an isolated analysis of the structural, qualitative and quantitative capabilities - i.e. the efficiency of the armed forces - does not allow an overall assessment. This can only be achieved if the political intentions are considered and the efficiency is measured against that of the opponent and the operation's actual conditions in terms of time and space.

Among the wars in history there are numerous examples of armed forces inferior in number being successful and achieving their political aim with their operation. This changes the definition of the term 'military balance'.

What needs to be balanced are not that much regional military power potentials but rather military options, while proceeding on the assumption of dynamic processes in the context of a basically undetermined future, and not on the assumption of a static stability. A logical consequence of this opinion is that quantitative disarmament - which, for example, could be deduced from the basic figures used - not at all needs to be equivalent to a reduction of military capabilities and potentials. It is certainly possible to combine quantitative disarmament with an augmentation of military capabilities.

This, of course, reduces the effectiveness of quantitative regional arms control agreements. Such agreements would be far more valuable, if not only the quantitative but also the structural and qualitative capabilities were controlled by a supervising authority. But even if these conditions were granted, it would still remain uncertain whether wars could be effectively prevented.

The political agents with their intentions and readiness to take risks still constitute an uncalculable factor. Equally uncalculable are the future forms of violent and military conflicts.

The regional approach we are familiar with presumes states or groups of states that act rationally. It is very much centered on those categories in which the European wars of the last centuries were conducted. It is quite unlikely that this category of thought is applicable to the conflicts of the next century. There is every reason to believe that there will be new forms of military conflicts. In particular those states and national factions that are ready to enter a conflict and dispose of an inferior economic and military potential are going to pursue these new forms.

Considering everything that has been said, it becomes clear why military command echelons are sceptical of any approach that deduces the total strength of armed forces from regional and scenario-centered analyses and combat simulations.

It may disappoint any scientist thinking in terms of quantity, but I am not aware of any decision on strength where OR-based considerations or analyses regarding the play's theory played a significant role.

This also applies to the restructuring of the German Armed Forces. Regional aspects as outlined for the peacetime strength of the German Armed Forces, however, did play a really important role.

Not only in the case of this decision, but also on the occasion of the fundamental structural decision on the strength of the crisis reaction forces regional aspects were considered. The regional aspect of this, for Germany, new type of forces has already been discussed. Generally, crisis reaction forces have to be organized in a way that they are able to conduct an operation outside Germany. Regionally, they are primarily oriented towards Europe and the European periphery, but on a larger spatial scale, it is also imaginable that they participate in international crises management in other regions. In general, the location, time and intensity of such crises cannot be predicted. To deduce the required strength from individual regional and operational analyses can at best provide some punctual contributions. For this reason, it were mostly other criteria that were applied when this structural decision was taken. The integration of regional aspects was conducted in the same way as the considerations regarding the total strength of the armed forces. Once again, the regional points of reference considered concerned the stability of neighboring states, comparisons with other middle-ranking powers and expectations of the Alliance.

The result of this process was to fix the strength of the Bundeswehr's crisis reaction forces at about 54,000 servicemen, which corresponds to approximately 16% of its peacetime strength. 37,000 of them are Army personnel. This number ensures the sustained operation of one division outside Germany.

Even when comparing the regional aspects, on the whole, the strength of the German crisis reaction forces can still be regarded as adequate. This is partly confirmed by the current analyses of the Kosovo conflict. In a worst case scenario, it would be necessary to deploy about 200,000 servicemen of NATO Armed Forces. In theory, the German contingent could comprise approximately 20,000 servicemen, and these 10 % would about correspond to Germany's share of the total economic and military potential of NATO. However, if you only take into account the European NATO members, the German contingent would be by far undersized.

Among the options of the medium-term and long-term development there is a further relative expansion of the military crisis reaction capability. Any decisions

concerning this issue will basically depend on NATO's political future. A political decision will have to be taken on whether and to which degree NATO as a whole is ready to conduct crises management tasks on a global scale. There is a tendency of ad hoc coalitions like they were formed in the conflict in the Balkans.

Independently of this, it is certainly not at issue that, from a global point of view, the NATO member states dispose of a military potential that clearly beats the potential of all other global regions. Even though - as opposed to NATO - a buildup of the military potential in other regions is registered, it is rather unlikely that this will change the superiority status.

Experience has always confirmed the close relationship between the economic and technological potential on the one hand and the military potential on the other hand.

The total gross national product of all NATO member states amounts to 13,700 Bn¹ \$, of which approx. 400 Bn \$ are earmarked for military purposes. This sum corresponds to a percentage of 2.9 %.

Assuming, for the next twenty years, an average growth of the NATO GNP amounting to 2 % accompanied by a 2 % cut-down on military expenditure, NATO's military expenditure will total around 410 Bn \$ in twenty years.

At present, in the entire East-Asian region, the annual military expenditure amounts to approx. 160 Bn \$. In order to reach a budget of 400 Bn \$ within twenty years, this region would require a growth rate of the military expenditure of 4 %. It is certainly possible to afford this sum, but it is not very likely - and don't forget that in this case the Western states could easily raise their military budget again, thus at least keeping their technological superiority of the weapon systems. If you reduce these considerations to the US and China, China's military expenditure will remain way below that of the US, also in the long run, even with a Chinese military budget growth rate of over 10 %.

To a minor extent, these statements also apply to the region of the Russian Federation and the CIS.

Although these figures have to be treated with caution, you can still spot an overall trend. The increase of military expenditure in some regions and the

¹ A.d.Ü.: Vermutlich liegt hier im deutschen Ausgangstext ein Fehler vor, da durchgängig von Billionen die Rede ist, aber wohl eher Milliarden gemeint sind. Die Übersetzung geht auch in den nachstehenden Summenangaben von Milliarden aus.

diminution of these expenses within NATO will not bring about any fundamental changes concerning the global distribution of military power. Regarding the competition for the superior military potential, in the near future, the Western industrialized nations will hold on to their dominant role, and the US will stay a superpower.

From what has been discussed you certainly cannot draw any conclusions about the probability of future wars and armed conflicts. However, the foreseeable demographic, economic and ecological problems - accompanied by new technologies for weapon systems and new ways of settling conflicts by means of violence - rather lead to the assumption that the future will not be a very peaceful one.

4. Regional aspects in domestic policy

During the Bundeswehr's structuring, regional aspects not only played an important part with regard to security policy, but they also had to be allowed for in many decisions made in the domestic-policy sphere. I am going to briefly discuss two of these domestic regional aspects. Both are closely related to the problem of what is referred to as military base and defense industry conversion.

The downsizing of the Bundeswehr and the reunification of Germany made it inevitable to restructure our network of military bases. Decisions had to be made as to which bases should be closed, which ones should be downsized, and where new bases should be established.

In this context, the Ministry of Defense's foremost objective was to ensure an area-wide presence of the Bundeswehr to foster a close relationship between the general population and the armed forces. Given this primary objective, detailed criteria were then prepared to consider, among other issues, economic and operational necessities.

Based on these measures, a tentative military-base plan was developed. While the regional economic situation was taken into consideration, it was not weighted as a major factor. This initial plan was then forwarded to the regional governments of the sixteen states for comment. Understandably, the state governments' primary concern in reviewing the plan were the economic consequences at the regional and local level. Therefore, pertinent changes were

proposed which, through iterative processes, led to compromises and final decisions.

This approach with its mix of top-down and bottom-up planning kept the whole process free of conflicts and has generally proven effective.

This is remarkable, the more so because the effects of downsizing and structuring on the regions were by no means marginal.

In the wake of the Bundeswehr's force cuts in the reunified Germany, some 160,000 positions in the armed forces (not including the reduction in the number of draftees) were deleted as a direct result, which led to the loss of another 70,000 jobs because of the reduced purchasing power in the various garrison towns. This meant that a total of approximately 200,000 jobs had to be given up or converted in such a way that the burden was reasonably distributed among the affected regions.

Another domestic regional aspect were the consequences the defense industry had to deal with as a result of the Bundeswehr structuring. It is mainly the drastic decline in military purchasing expenditures that has caused the number of employees in the German defense industry sector to fall from 280,000 to some 100,000.

Basically, the same approach was adopted to deal with the problem as was used for the base conversion program.

In this case, the Ministry's foremost objective was to retain minimum capacities of internationally competitive companies in the key sectors of the national defense industry and military technology. Here, the issues of domestic regional-structure policy had to take a back seat. Nevertheless, they were allowed for in the decision-making process. In industry-specific joint working groups, but also in the comments obtained from state governments and members of parliament, the economic consequences at the regional and local level were discussed and taken into consideration with respect to future purchase planning. The fact that German companies in the defense industry sector had for quite some time expanded their range of products to cater to the civilian market as well, and that these products constitute a considerable percentage of the companies' turnover, had a positive effect all across.

In my opinion, the solutions adopted to solve the regional conversion problems in Germany have generally been successful. Mention should be made of the fact, though, that in order to solve their conversion problems, the states did receive additional funds in the amount of some 10 billion DM, and that in many cases real estate that was formerly occupied by the armed forces became now available for the states to use.

5. Summary

My summary is going to be fairly short.

Regional aspects did play an important role in the structuring of the German armed forces.

As for security policy, this showed itself in a regional differentiation of vital German security interests as well as the risks. This differentiation was a major factor in determining what the new mission of the German armed forces should be, thus influencing the capabilities in terms of structure, quality and quantity they will need in the future. Regional comparative figures served as important reference points to determine the future strength of the armed forces and the scope of the overall defense effort.

Comments as to fundamental aspects served to highlight the limited assessment value of comparisons as to the quantity of regional military potentials, as well as the importance of context variables. Quantitative disarmament does not necessarily reduce military capabilities nor does it in itself further the peace process.

From a global perspective, the considerable cuts in NATO's military budget are countered by increased military spending in other regions. However, this will not cause any significant changes in the global distribution of military power in the foreseeable future. For various reasons, new forms of resolving conflicts by force must be expected, and the importance of military power balances as a category of rational thinking needs to be seen in more relative terms.

Apart from regional aspects in the field of security policy, the structuring of the armed forces in Germany was decidedly influenced by regional aspects in the domestic-policy sphere. They were duly taken into consideration with regard to military base conversion, but also within the context of the defense industry's conversion, and - on the whole - led to regionally balanced results. From the viewpoint of regional competition, the following general theses were brought forward:

First: On a security-policy level, the regional competition for superior military potentials will follow the economic trend towards globalization. Increasingly, the

main players will include regional groups of states that are connected through close economic ties and shared cultural values. Arms control treaties focusing on quantity reduction will gain in importance. This is the main reason why the global competition for military superiority will see a shift from quantity-related capabilities to structure- and quality-related capabilities.

Regional military balances will more and more be replaced by the careful balancing of military options.

Conflict-prone states and intra-state groups with a low economic potential will seek to develop new conflict-by-force approaches which make use of the sensitivity and vulnerability of highly developed, interdependent industrial nations. The global distribution of military power will essentially remain unchanged, but will not lead to a lasting, peaceful stability.

Within the alliances, national military potential will not be determined by the criteria of competition but by the criteria of making an adequate and fair contribution.

Second: In the domestic sphere, regions and economically attractive locations will compete with each other to secure military purchase orders for their local companies.

Generally, competition among locations occurs only when armed forces are restructured. It is characterized by the domination of national objectives and little freedom to act for the competitors.

The regional competition for military purchases will intensify because of the lower purchase volume. Companies in the defense sector respond by adopting various competitive strategies, mainly mergers and the forming of international strategic alliances. In Germany, government influence is limited to retaining minimum capacities in the defense industry and providing information on planned purchase projects. Defense spending is not considered an instrument of regional-structure policy. Purchase orders are awarded according to economic criteria and integrated in the private-industry competitive process.

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