

Why the Government should be spending more on defence



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Design for future warship for the Royal Navy CREDIT: BAE SYSTEMS

As regular readers know, I am not in the habit of recommending large increases in public expenditure. On the contrary, I want public spending to be kept under a tight rein so that the tax burden can be reduced, with consequent benefits from improved incentives and efficiency. But there is one area where I feel strongly that the British Government is not spending anywhere near enough – defence.

Over recent decades it has been common for the public, egged on by politicians, to expect the state to solve just about every sort of problem in their lives. This statist philosophy derives from a failure to understand the appropriate role of government in the economy and society. For most sorts of economic activity, and a good deal of the rest of national life, government's primary job should be to keep out of it.

But there are several things that only the state can properly provide. Prime among these so called "public goods" is defence. Yet in the UK, defence spending has

fallen sharply as a share of GDP. It is currently rumoured that the number of Royal Marines is about to be cut severely in order to save money. Meanwhile, the Royal Navy's much depleted warship strength may also be reduced.

This potential scaling back is not because of any assessment that the threats to the UK's security have diminished. On the contrary, they have surely increased. It is driven entirely by the urge to save money, accompanied by the hope (fingers crossed!) that the UK, its dependent territories or its allies won't face attack. This is economism gone mad. Sometimes economic considerations should take a backseat.



Theresa May and Philip Hammond could go down in history as complacent about defence if nothing changes, says Bootle

Admittedly, the latest squeeze is prompted by the need to fund the construction of two large aircraft carriers. But the “economy drive” is nothing new. Before Mrs May took over as Prime Minister, the Cameron–Osborne duo devastated Britain's armed forces in a bid to save what turned out to be comparatively small amounts of money. Meanwhile, quite apart from whatever they squandered elsewhere, they continued to honour the pledge to spend 0.7pc of GDP per annum on overseas aid, which has been enshrined in law.

This is nonsensical. Unless the May–Hammond duo wish to go down in history as similarly complacent about the UK's protection, this law needs to be repealed and a substantial part of the money saved should be redirected towards the defence budget. Being largely spent in the UK, this extra money would boost aggregate demand and create jobs, especially in manufacturing.

Plenty of people think it is atavistic for the UK to try to remain a major military power. They are wrong. It is perfectly reasonable for the world's fifth or sixth largest economy, with global interests and having a permanent seat on the UN's Security Council, to field significant armed forces. Indeed, we should not strut about the world stage, or face off against Russia in Estonia, without them. To talk loudly while carrying a small stick is a dangerous strategy.

It is all a matter of how much of your GDP you are prepared to spend on defence. The current figure of 2pc is too low. We spend on welfare about six times what we spend on defence. Yet during the early 1990s, defence spending ran at about 4pc of GDP. Today Russia spends about 5pc of GDP and the US 3.3pc.

Defence is an interesting example of the way that the EU's values have insidiously crept into our national policy decisions. With the exception of France, throughout western Europe defence occupies a lowly place in national life. The reason is clear from the Continent's history. European countries frequently used to embark on military adventures that cost them dear in both blood and treasure. But not any more – supposedly thanks to the EU.

Most Europeans implicitly seem to believe, though, that countries outside the EU have become just as cuddly towards each other and towards us. They haven't. It isn't only a bellicose Russia that we must be concerned about. China's defence spending is soaring and many other countries have significant military capability.

There is usually strong reluctance to spend more on defence – and especially when we have a large fiscal deficit. But there are currently some economic factors that point in the opposite direction. Mrs May has already underlined the UK's contribution to Europe's security. The bigger our defence budget the stronger her hand will be in negotiating with our soon-to-be-erstwhile EU partners. Money spent on ships and planes may pay dividends in trade and investment.



Donald Trump delivers an statement about missile strikes on a Syrian airbase CREDIT:REUTERS

Something similar is true of relations with the US. The more we can persuade the Trump administration that we have serious military capabilities to deploy in conjunction with US forces, the more likely it is that the US will put effort into securing a favourable US–UK trade deal, which would probably lead on to other favourable trade deals around the world.

More fundamentally, military service brings large benefits to society, benefits that most members of recent British governments, with scarcely any military experience or connections, have failed to appreciate. Traditionally, people from working class backgrounds have gained a sense of discipline, self-worth and identification with the wider community through serving in the armed forces. Many of them have acquired trades and traits that have helped them to secure employment once they have rejoined “Civvy Street”.

With globalisation and technological progress eroding traditional job opportunities, the potential contribution to human development from military service has increased. Yet there has probably never been a time in the UK’s recent history when the proportion of the population serving in our armed forces, and the corresponding extent of their influence in society, have been so low.

Brexit isn’t the only challenge facing Mrs May. If she does not restore a good part of the UK’s fighting capability she will be judged by history as failing in a central part of her duties.

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