



Dropping the pilot

In the famous Punch cartoon of March 1890, Otto von Bismark is seen leaving the ship (of state) having done so much to bring about the creation of modern Germany. As he leaves, he is watched by a young Kaiser Wilhelm ii. Perhaps the analogy is a little contrived, but dropping Keir Starmer who made Labour electable again, watched by a 'young' Andy Burnham, comes to mind.

This really began with the resignation of John Healey, followed by another MOD minister, Al Carns. Commentary readers will be familiar with the woeful litany surrounding the non-appearance of the DIP, and the underwhelming response of the Treasury in its funding offer. This was seen by many commentators, and members of the Labour Party, as indicative of the stagnant nature of Starmer's administration.

What matters now for the UK, and its allies, is that the new Prime Minister gets down to business fast. Commentary does not buy the narrative that the job of the PM is impossible, or that the UK has become ungovernable. What matters is that Prime Ministers deliver what they promise, something that Starmer proved unable to do, as a result he lost the support of his party as well as of much of the public. Also – politicians must level with their public, the UK and many other developed economies face difficult problems.

In the case of the UK, this won't be fixed by promising free beer tomorrow, as some on the right think, or that benefits for the disadvantaged can be paid for by taxing other people, as some on the left think. Governments must promote growth, which drives economic well-being. Starmer and his Chancellor mouthed words in praise of growth sectors, including the aerospace and defence sector, and the result was the meagre offering from the Treasury to fund the DIP.

So a new team will face the same problems that confronted Starmer, Commentary previously addressed a memo to the new PM (Commentary 1, September 2024) which won't be rehearsed here. Suffice it to say that hopefully a copy may find its way into the new PM's briefing folder!

NATO Summit

More immediately, while he is still Prime Minister, Keir Starmer will go to the forthcoming NATO Summit in Ankara, on 7th – 8th July. Once again, this event will most likely be overshadowed by the presence of Donald Trump. It will be Keir Starmer's last appearance on the global stage, and he will no doubt try to persuade the UK's Allies that the government is committed to raising defence expenditure in line with the goals set by the Alliance.

This will be awkward, both for Starmer and for Burnham, if he does indeed succeed to the role as PM. Offering an anaemic funding package for the DIP will raise questions about the credibility and reliability of the UK as a key player in the NATO Alliance. It also means that the incoming PM faces the choice of renouncing the DIP as it stands or accepting it with the caveat that the ambition for growth remains. The comments made by Healey and Carns, in their resignation speeches, reveal the risk of even more cuts to the capability of the UK's armed forces in the short term. This will not be well received by the UK's NATO partners, many of whom are facing the same problems as the UK but are still managing to raise their defence expenditure.

Defence reform

While he was in office, John Healey revealed a Defence Reform plan, with the aim of reducing the accretion of 'peace time' regulations which did not fit with the changed circumstances the country faces after the invasion of Ukraine. He also initiated the office of National Armaments Director, to speed up the acquisition process, and hopefully put an end to the woeful sagas that beset the acquisition and upgrading of much needed equipment.

The dilemmas confronting the armed forces today are the result of decisions taken over ten years ago, a shortage of surface vessels and submarines for the navy, arise from penny pinching by previous governments. It falls to this Prime Minister to rectify these shortcomings, and he needs to get on with it.

Technology

The answer to any defence question nowadays seems to involve the use of drones, whether it is the ambition of the Chief of the General Staff to increase the lethality of the army, or the use of Remotely Operated Vessels to clear mines from the seabed. The lessons learnt from the Ukraine conflict shows that the development and fielding of updated drones is done in a matter of weeks. If defence reform is to mean anything, it must mean that the armed forces are able to develop and field the equipment they need quickly.

There is no point stockpiling drones which will be out of date by the end of the month, so the MOD and the services must work much more closely with industry, specifically SMEs, to bring about this transformation. In discussions with industry over the past several months, Commentary has gained the impression that the MOD is either cloth eared about what is on offer, or too wedded to large framework contracts which are managed by the big prime contractors, and not agile enough to meet the needs of today.

Finance

Whoever becomes the new Chancellor will be dealing with the same set of cards that were dealt to their predecessor. The question arises as to how they will play them. The potential for the defence sector to help drive the economic growth the UK so badly needs must rank highly for the new Chancellor. Investing in high tech industries and the STEM skills needed to meet the challenges of tomorrow, would be a vote of confidence in the UK, and most likely a vote winner in any election on the horizon.

There are many creative approaches to solving the financial dilemma, from joining the EU SAFE programme, to the Defence, Security and Resilience bank promoted by Mark Carney and others. In any event a workable solution must be found. Alongside this, the MOD must be more closely scrutinised on how it negotiates its contracts with industry. Presently problems only emerge after the contract has been concluded and the taxpayer is on the hook for money that could otherwise be invested in, say, service accommodation. The NAD will need to be working alongside both the National Audit Office and the Public Accounts Committee, to show that he is making a difference.

Meanwhile

Let us not forget the good work which continues, with regard to the UK's support for Ukraine. Whilst the Trump regime has been focussed on its Iran imbroglio, the UK has continued to keep the Ukraine conflict in the public eye and high on the agenda of our European allies. It remains to be seen what the new PM will make of the Coalition of the willing, and commitments made about the UK's participation in any peacekeeping or stabilisation force. Likewise the role of the UK in mine clearance of the Strait of Hormuz will send a reassuring message to our allies in the Gulf.

Transparency

Finally, it must be hoped that the new PM and his new Secretary of State will end the foolish omerta that has prevented both government ministers and senior service chiefs from engaging with the media. We are all fed up with the Pravda-esque style of boosterism showing happy service personnel playing sport and parading for commemorations. Challenging times call for leadership and an honest dialogue with the public, who are the taxpayers, the investors in our world class industry and service families and veterans.