

Funding the Future

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It takes some political incompetence to announce a defence spending plan that reduces our security, undermines our soft power, does not deliver for the UK economy, and puts the cost on the wrong people, but Starmer's managed it.

https://www.youtube.com/watch?v=oMQ9sXCIJGM?si=MKwbWTi6_4iziP7G

This is the audio version:

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This is the transcript:

What is Keir Starmer doing about defence? The position that he has taken is utterly absurd.

In reality, Keir Starmer has announced a tiny increase in the UK's defence expenditure, just £6 billion a year in terms of total government spending of well over £1 trillion or £1,000 billion a year. That can be fairly described as the square root of diddly squat - neither here nor there - purely incidental - little more than the petty cash spend during the course of a year, and yet to achieve this, he has made the most fundamental and stupid error of judgment in policy and economic delivery. Let's just run through what I'm actually describing.

We all recognize that there are increased defence threats to the UK at present because,

frankly, we have a new enemy in the world. It's called the USA, and they are in alliance with Putin's Russia, and that creates the most enormous potential threat to our well-being.

Nothing about the rest of the world has changed. As a consequence, it is just those two states that are now in an alliance that changes the international architecture.

It also means that we only have one stable world power now, which is China.

But in response, first of all, Keir Starmer has made a puny gesture so inconsequential that it is ridiculous.

And secondly, he has cut 40% of UK aid to supposedly fund this, and that makes no sense at all. There are a number of reasons why that's the case. Let me explain.

The first is that the UK overseas aid agenda is not only fundamentally important for people in some countries because they're utterly dependent upon our aid for their protection, well-being, and support. This is particularly true of women and girls in many countries where we run programs that do, for example, provide education for girls who would otherwise never get it.

It is also true with regard to healthcare, where we run immunisation and other programs that protect people from harm that is easily avoided at very low cost but which may now not be available.

Those direct benefits will be lost almost certainly as a consequence of this.

But there's something much more profound about this cut to the aid budget, which had already been hit hard by the fact that the cost of keeping asylum seekers in the UK had to already be born out of this budget. And this is that we will lose our soft power in the world.

Soft power is the reason why the aid budget has been so important since we withdrew from Empire. To put it bluntly, the world of soft power is all about spreading influence.

The best representation of this was, in fact, the BBC World Service, which was enormously valued, quite literally, the world over when there was no other media on which people could rely because it was thought to be the one information source which people in countries where there was only a propaganda agenda for them to consume could use to get real information about what was going on in the world.

It gave the UK enormous soft power. It's very largely been removed. Now, much of the funding for that station has been cancelled, and many of its services in many of the languages it used have gone, but there's much more to soft power than that.

Our presence in many countries, for example, supporting work programmes, has meant

that people have not been radicalised, and that is of enormous benefit to our defence because if people aren't radicalised, they aren't going to move towards the organisations that actually threaten our wellbeing right here in the UK through terrorist activity.

And then there is the defence of our culture. Now some people will say our culture maybe shouldn't be defended. I don't agree with that. I think there are a lot of good things about the balance that the UK can supply to the world, although I question whether all our current politicians understand that. But there are, of course, opposing worldviews.

China has a very different view of the world and has an almost unlimited budget to spend when it comes to soft power spending on aid in Africa in particular. And this decision by Starmer is really all about conceding that ground to China. So, just as he's boosting our armaments to supposedly defend us against Putin, and I would suggest against the USA because those two are now allies, he is literally saying that the soft power war against the influence of China - which is probably as significant because let's be clear, we do not share ideology with China, which has a history of serious human rights abuses - is being lost, and willingly lost, because we are no longer going to engage in it.

But even that is not enough to explain how stupid his decision is if defence is so important. We didn't need to lose the soft power war with China or to undermine our defences by removing aid support in a way that will encourage extremism in the UK, which is what Starmer is doing. We could simply have borrowed another £6 billion a year from the financial markets, and nobody would have noticed.

In fact, we could have simply cancelled a small part of the Bank of England's quantitative tightening programme, which goes on each year in the sum of £100 billion of funds withdrawn from financial markets without any useful gain to society at all, could have been diverted into this process of funding the defence that we need now, but apparently the Bank of England's financial engineering is much more important than defence, and so that can't be disrupted.

Nor can the taxation of the wealthy be changed just because we as a country might perceive ourselves to be in peril. The vulnerable must pay instead. Labour has chosen the vulnerable overseas. The Tories would have chosen the vulnerable here. Either way - I'm going to use the next word carefully, and after due consideration - they're charlatans, and I really think that term is justified.

If we look at the reasons why we are defending the UK from attack, it is because any attacker will want to control UK natural resources - and we still have some - or UK technology - and we still have some - or UK productive capacity - we still are in possession of it - and the UK's ability to raise tax to support a foreign power, which is one of the biggest reasons why wars are ever undertaken, and all of those assets do in

effect belong to the wealthiest people in the UK. They should, therefore, be paying the cost of their defence.

Nobody else should be, and there's a very good economic reason for saying that. It's not just about money. If we are working at or near full employment, which is very clearly Rachel Reeve's assumption because she says we can't borrow more because that would overstimulate the economy and create inflation, then if we are to actually spend more on defence, cutting the overseas aid budget makes no difference because that does not reallocate the consumption of resources inside the UK. Anything that is going to fund defence has to do that.

Presuming that Rachel Reeves is right about full employment, and I'm not sure she is, but I'm accepting her position as being right in making this argument. - and in that case, to fund defence, you have to cut consumption of other goods or services. There is no other possibility, and the only people who have excess consumption of those goods and services at present are the wealthy.

Therefore, to impose a tax on them is essential to create the capacity for defence expenditure to take place inside the UK economy. It is as simple and straightforward as that.

We are not talking about finance here. We're talking about real physical situations, and that's what the economy is actually all about, but which the Treasury, our Labour ministers, and others don't understand.

So, at absolutely no level at all, whether it be strategic, or defence or with regard to soft power, or with regard to economics or financing, does what Keir Starmer has done make any sense at all? It's utterly politically and economically illiterate, and we've got these people in power at a time of crisis.

I am very worried as a result.