Funding the Future

Andy Burnham is not a solution to any known problem

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The FT has reported today that:

Greater Manchester mayor Andy Burnham has reignited a debate about funding an uplift to defence spending via borrowing outside the UK's fiscal rules, in a veiled criticism of the government's approach.

Burnham floated the idea in a wide-ranging interview on Wednesday in which he warned Labour needed to take a "different course".

I agree about Labour. But as for the rest, that needs unpacking.

On the surface, this comment might appear to be about defence spending and fiscal rules. In reality, it was about something rather more significant. It is a piece of political positioning based on the persistence of deeply flawed economic thinking at the heart of the Labour Party.

Burnham suggested that increased defence spending might be funded by borrowing outside the UK's fiscal rules, whilst clearly criticising Keir Starmer. The politics, then, is straightforward. The economics is anything but.

What Burnham has done is to accept, apparently without challenge, the idea that defence spending must rise. That assumption now dominates Westminster debate, driven by geopolitical tension, alliance politics, and a very strong military-industrial complex rhetoric on this issue, driven by the likes of former Labour Defence Secretary, Lord George Robertson, who now works for the defence sector (surprise, surprise). But it remains an assumption. It is not a given. By accepting it, Burnham narrows the scope of any debate before it has even begun.

He then compounds that error by framing the issue purely in terms of how to fund this increase and whether it should be done within or outside fiscal rules. In doing so, he avoids the more fundamental question, which is whether this is the right form of spending at all. Most strikingly of all, he does not define what "defence" actually means. That omission is not incidental; it is central to the weakness of his argument.

If defence is taken to mean little more than increased military expenditure, then what is being proposed is an expansion of the military-industrial complex. That directs public money towards procurement contracts and corporate interests, all justified in the name of national security. Yet there is remarkably little evidence that such spending, in isolation, delivers genuine security for the population as a whole. Nor does it or can it deliver the growth Labour politicians crave. The economic multipliers from defence spending are dire.

That matters because real security is not created by weapons alone. A country is secure when its society is stable, cohesive, and resilient. That depends on the quality of its health service, its education system, its social security arrangements, its infrastructure, and its housing. These are not peripheral issues; they are the foundation of any meaningful concept of defence.

In that light, Burnham’s proposal looks not just incomplete, but misconceived. By focusing on the financing of defence without defining its purpose, he implicitly elevates military spending above social investment. That is a profoundly neoliberal framing of the issue, even if it is presented as a challenge to fiscal orthodoxy.

There is, moreover, a contradiction at the heart of his position. He appears willing to relax fiscal rules, but only for a specific category of spending. There is no suggestion that similar flexibility should apply to investment in health, education, or social security. That is not a rejection of neoliberalism. It is a selective adaptation of it, one that privileges the priorities of the state’s coercive apparatus over the well-being of its citizens.

Meanwhile, the government’s own position, articulated by Rachel Reeves, is to fund increased defence spending through reallocation. In practice, that has already meant cuts to overseas aid and implies further pressure on domestic budgets. So the debate is being conducted within a tightly constrained frame, where the expansion of defence spending is taken as given, and everything else must adjust around it.

What is required instead is a reframing of the issue. Defence should be understood not as the accumulation of military capability, but as the protection of the conditions necessary for a functioning society. That would mean recognising that investment in public services, in reducing inequality, and in addressing climate risk are all in themselves central to national security.

Burnham’s intervention is therefore revealing. It suggests that a leadership contest within Labour is taking shape, but it also suggests that even those positioning themselves as alternatives remain constrained by a narrow and inadequate neoliberal economic framework.

If there is to be a genuinely different course, it will not be found in adjusting fiscal rules to accommodate undefined defence spending. It will require a much more fundamental

reconsideration of what the economy is for, and what it is that we are seeking to defend.

Because defence, in any meaningful sense, is not about weapons. It is about people. And until that is recognised, the debate we are having is not about security at all, but about preserving priorities that no longer serve the public interest.

Seen in the light of his comments that firmly commit him to perpetuation of the status quo, Andy Burnham is not a solution to any known problem.