

# The pound rises to \$1.30

We hear a no deal exit is still likely, with the UK rightly declining to make the unreasonable concessions the EU wants. All those Remain commentators need to explain the current strength of the pound against the world's main reserve currency, as they are ever ready to blame Brexit when the dollar is strong.

---

## Making our defence

Yesterday I defined some of our defence needs. Today we need to discuss how we carry this into effect.

Central to our defence against a major challenge lies our membership of NATO. NATO is our best protection against another world war. It was born of the experiences of the twentieth century where it took massive alliances to defeat a powerful common enemy on two occasions.

Those bitter experiences also taught us that the UK herself needs great resilience in technology and weapons production. The UK economy in both wars had to be transformed to divert massive amounts of production to the manufacture of warships and planes, weapons, ammunition, uniforms and the rest to maintain and supply mighty forces. As a major assault was made against our supply lines through submarine action, the point was reinforced that we needed to grow our own food and make our own tanks because imported ones might be sunk before arrival or would not be available from their old suppliers.

In the second world war the industrial achievement was huge. Not only did the UK have good designs of its own for some planes and ships, but it was soon able to make large quantities to replace the heavy losses of the war of the Atlantic and the battle of Britain. We also worked very closely with the USA and needed supplies to cross a dangerous Atlantic.

Today we should review our domestic capability and improve plans to scale up output at home should peril ever face us again. If you wish to defend yourself you have to allow for the loss of some allied support and capability, and need to have under your own control the crucial components and sinews of war. It is no good relying on long supply lines and imported components or ammunition should with our allies we face again a major enemy. Such a review will offer offsets to the state deficit through more employee and business taxes on the extra domestic manufacture, and will help cut the balance of trade deficit as we reduce our imports.

---

## Defending our nation

The world has been mercifully short of wars for NATO in the last few years. Mr Trump's decision to disengage from hot war in the Middle East has made a difference to the demands on our armed forces, after years of war in Iraq, Afghanistan, Libya and the wider Middle East. This does not mean the world has suddenly got less hostile, or we can afford to relax our guard and save our money on defence.

At the end of the Cold War the UK and other allies did cut budgets substantially because the threat of a possible major conflict in Europe against the USSR (Russia) reduced. Today we do not seek or anticipate conflict against Russia or China, but have to acknowledge that both those relationships can be testing. Needs may arise that require the West to show resolve to defend itself and its allies were the peace of the world to be threatened somewhere by some nation.

There are state and serious organised crime actors in today's digital world regularly testing our ability to defend and secure our systems, with challenges to data and phone networks and utility networks coming from afar. We need to spend enough to stay ahead in the cyber world, capable of defending our position and probing hostile systems.

As a believer in free trade and a leading member of the WTO the UK needs to make her contribution to keeping the shipping and air lanes of the globe free for legal commerce. There are pirates and terrorist forces to tackle and possible hostile state actors to impress with our intent and ability to keep international waters and airspace free. The U.K. also needs to understand other countries in the world may seek to exploit our belief in free trade and democracy for their own advancement. We should not be naive or one sided free traders.

As a maritime country with an important fishery we need vessels and aircraft to police and protect our fishing grounds and to prevent smuggling and people trafficking through our waters.

We do need to spend enough on our own protection. I will be developing how in future blogs.

---

## Investing in modern government

The public have had an enforced home course in doing much more on line. During the lock down you had to pay bills by electronic means, buy non food

items over the net, talk to friends and family by phone or video conference. I had to do most of my contact work by video or phone link, and everything else by email or blog. Many people have got used to working from home, linking to their colleagues, employer, clients and in my case constituents by the web.

This experience provides opportunity for government to make more progress with its digital transition. Much of government is about taking money off people and giving money to people who need state assistance. Road fund licence, congestion charges, many parking charges and other vehicle taxes are now collected electronically. Many people do now fill in on line tax returns, and VAT is paid often without people realising it when they settle a bill with a credit or debit card. There has also been substantial progress with paying benefits through on line claims.

The two large employers of the state, health and education, are likely now to adopt more of the digital revolution as a result of their experiences during the CV 19 crisis. Patients are being encouraged to go for on line or video based consultations. These can be adapted so the GP who might need an expert opinion can use the pictures to engage a specialist colleague rapidly when the symptoms are shown over the video link. Use is already made of remote technology for ordering follow on prescriptions.

Schools have been learning about remote teaching and the electronic assistance to receiving and marking home work. This can be useful when things have returned to a more normal pattern. Remote technology could allow more pupils to access exceptional lectures or lessons as state schools build a library of great lessons from their filmed activities.

Many service businesses already offer digital only services which are often better value because they only use individual employees to do the things that require judgement and differentiation. They can standardise and automate the rest. Opportunity presents to government and state services. On line is usually more efficient and cheaper offering economies to government as it adopts these methods.

---

## [Buying more at home](#)

As we exit the EU we will have more scope to decide what items should be matters for national security or resilience. Under EU rules we were allowed to favour UK suppliers of defence equipment, though even here the UK ended up buying support naval vessels from abroad and only confining the warship programme to UK yards. In future we should encourage competitive UK based companies or UK based subsidiaries of world companies to compete for crucial business.

We also need to make sure we have title or rights to use crucial intellectual

property in complex systems and equipment. The Covid 19 crisis showed our vulnerability through relying for some medical equipment and protective clothing on world markets instead of having a domestic capability which it would be easy to scale up.

Arranged well this need not be dearer. It will mean more UK tax revenue and budget savings, as the work will be done by UK employees and profits will accrue in the UK. During our years in the EU we came to rely for more and more of our goods and supplies on imports.

We could grow more of our own timber, generate more of our own power and grow more of our own food. I will be exploring these opportunities in future blogs. They all will help bring down the twin deficits we face- the government budget deficit and the balance of trade deficit.