

The country cannot afford to have no orders, argues Shadow Secretary of State for Defence, Rt Hon Jim Murphy MP. National security and economic stability are mutually reinforcing and the UK defence industry is vital to both, he says.

News that France rather than the UK may be set to secure a major order of fast jets from India was of serious concern not just for thousands of workers, but for our Armed Forces who rely on a leading defence industry and for our country seeking to rebalance our economy.

Fears were compounded with last week's release of the Government's defence industrial strategy. Far-reaching reform is required to instil deep behavioural change at the MoD and to prevent scope creep and delay, and yet a focus on buying off-the-shelf from overseas will jeopardise defence sectors which can serve the frontline and the nation's bottom line.

The defence industry deserves certainty around where investment is warranted against long-term opportunities. The Government should outline capabilities which will be developed domestically to allow strategic investment decisions to be made. Ministers have eschewed this approach. Should France secure the Indian contract the UK will now be left looking as though there is no strategy for UK aerospace. That's bad for jobs and growth and it's bad for our ability to modernise our equipment programme.

Politics is often about the clash of big ideas. Long-term support for the UK defence industry shouldn't normally fall in to that category but, regrettably, because of the Government's ambivalence, that is now the case. We want to see a system where equipment is not procured if it cannot be upgraded within the UK, to protect skills and intellectual property and prevent against our upgrades being "put to the back of the queue" overseas. Government should be prepared to shut down or return a project to the approval stage when forecast cost or timescale exceeds a set target. A culture of confident professionalism can be created by ending the practise of two-year tours in defence procurement by military personnel and replacing it with permanent professional career paths and real rewards for excellence. Ministers avoid these hard issues.

The Government has failed to grasp that it is self-defeating to have a programme of spending reductions without reform. We know that budgetary constraint is unavoidable. That is why we identified £5bn worth of defence savings. We must go further in itemising savings that cannot be reversed. We could make careful cuts to civil servant numbers, retaining the capacity to deliver. Savings can be found in manpower across the three Services, in particular at the top. We would make further changes to the equipment programme, including reducing the number of Tornado jets.

Significant reform of the Army, including reducing the non-deployable regional administrative structure, could also save tens of millions.

Defence spending should always be decided by national governments, but collective defence is a matter for NATO. NATO members are making significant cuts to defence capability in isolation of one another, the aggregate consequence of which may be significant capability shortfalls across the Alliance. We now need a conversation on a 'coalition of cuts', exploring how reductions in trans-national defence spend and resultant changes to force structures can be better co-ordinated. The practice of fighting conflicts together but preparing for them individually must come to an end.

If you were to design from scratch an industry-of-the-future that offered large numbers of high skilled jobs, contributing greatly to our export wealth and our national income, you would come up with something like the UK defence industry. In today's tough economic climate support and reform are more important than ever. The Government is in danger of not having a strategy; the country cannot afford to have no orders.