

Rt. Hon. John Healey, Chancellor  
Rt. Hon. Wes Streeting, Secretary of State for Defence

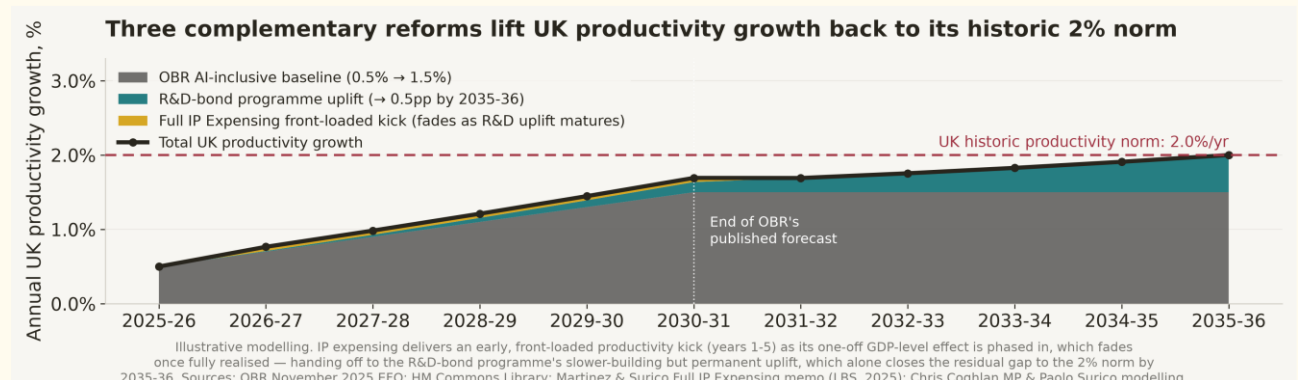
24<sup>th</sup> September 2026

Dear Chancellor and Defence Secretary,

The likely increase in defence spending in the budget offers the country a unique opportunity to address our national security, fiscal and economic challenges together. Defence research and development (R&D) can accelerate growth within a parliament because the resulting civilian spillover technologies power productivity. Borrowing for defence R&D can reduce debt to GDP over time as GDP grows faster than debt.

In the 2025 Spring Statement, the former Chancellor used research by Professor Paolo Surico on defence R&D to upgrade long term GDP forecasts by £11bn a year. I introduced the Chancellor to Professor Surico's research when she appeared in front of the Treasury Select Committee.

Professor Surico and I have now built a model (paper attached) to explore the potential impact of both his research and US Congressional Budget Office research on the impact of using R&D to power the British economy. The results are stunning:



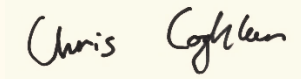
On a ten-year view, productivity can return to the 2% pre-2008 financial crash levels which would transform living standards. This could be achieved with minimal to no additional borrowing at the outset until credit market conditions improve. Despite extra borrowing in scaling increments of £1.6bn per annum overall, debt to GDP is 3% (£90bn) lower than the OBR baseline after ten years from faster growth. The effects on growth peak at ten years but already start to materialise after 2-3 years. Defence spending also reaches the 3% NATO target in 2030. Issuing debt jointly with our Canadian and European allies for defence R&D could reassure credit markets and be a powerful tool to build a new relationship with Europe and the middle power alliance.

In short, a defence research and development economy could bring our country back security and hope.

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**Chris Coghlan MP**  
Member of Parliament  
for Dorking and Horley

Yours sincerely,

A handwritten signature in black ink that reads "Chris Coghlan". The signature is written in a cursive, slightly slanted style.

**Chris Coghlan MP**

**Liberal Democrat MP for Dorking and Horley**

**Treasury Select Committee**

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