

Ministers Reflect Sir Michael Fallon



3 July 2018

Biographical details

Parliamentary history

1997–present: Member of Parliament for Sevenoaks

1983–92: Member of Parliament for Darlington

Government career

2014–17: Secretary of State for Defence

2014: Minister of State for Portsmouth

2013–14: Minister of State for Energy (Department for Business, Innovation and Skills and Department of Energy and Climate Change)

2012–13: Minister of State for Business and Enterprise (Department for Business, Innovation and Skills)

1990–92: Parliamentary Under-Secretary (Department of Education and Science)

1990: Lord Commissioner (HM Treasury) (Whip)

1988–90: Assistant Whip (HM Treasury)

Sir Michael Fallon was interviewed by Daniel Thornton and Tess Kidney Bishop on 3 July 2018 for the Institute for Government's Ministers Reflect project.

Sir Michael Fallon reflects on his decisions as a minister on education reforms in the early 1990s, the Hinkley Point C deal, the 2015 defence review and intervention in Iraq and Syria.

Daniel Thornton (DT): Perhaps we can start at the beginning when you first became a whip under Mrs Thatcher. How did that come about?

Sir Michael Fallon (MF): There was a policy then of having a whips' office split between older members who'd been around for a while and were going to spend five or six years in the office but weren't likely to be ministers, and then every year or two having a batch of younger members who were of possible ministerial calibre. In those days the whips' office elected their members and then presented them for approval to the Prime Minister. So I was asked to go in and see the Chief Whip, David Waddington.

DT: What were the main issues in your time as a whip?

MF: The first year I was whip at the education department in the aftermath of the Great Education Reform Bill or 'Gerbil' as it was called. There was a lot of secondary legislation and Kenneth Baker [then Education Secretary] was very keen to drive all that through.

I was also whip for the new Department of Social Security, which was established in '89 when the DHSS [Department of Health and Social Security] was split. So I was John Moore's whip for his first year as Social Security Secretary. That turned out to be a very unsuccessful year for him, by the end of which he was fired. So it was rather difficult.

The second year I was the Scottish whip during a very difficult period when the party in Scotland was divided between followers of the Secretary of State, Malcolm Rifkind, and followers of the Chairman [of the Scottish Conservative Party], Michael Forsyth. The parliamentary party, which I think was 10 or 11 Scottish MPs, was split about devolution and a number of other issues. And we barely had a majority to get a very tortuous law reform bill called the Miscellaneous Provisions Bill through Parliament.

DT: Had the environment had been affected by the poll tax?

MF: Yes, all of that.

Those were the departmental responsibilities but it was also done geographically in those days. The first year I had some Midlands areas, about 35 colleagues to look after from Derbyshire, Staffordshire and elsewhere. There were difficult rebellions at that time including the 'eyes and teeth rebellion' [in 1988], about charges for eye treatment and dental treatment. The second year I had the Scottish MPs and the northern MPs.

DT: What other preparation did the whips' office provide for becoming a minister?

MF: You learnt about departments. You got to know how good the junior ministers were. You went to the morning meetings, the ministerial 'prayer' meetings. You sat long into the night sitting on a bench watching other junior ministers perform. You reported on them, you contributed to the annual review of their performance, and indeed of the Secretary of State. So it gave quite a helicopter view of how well the department was coping in political and parliamentary terms.

You understood more about the legislative process than you did when you were just a backbencher, including the importance of getting things right in the chamber. One of the things I never realised until I became a whip was that if you lose a vote you can't put it back again, however big your majority. You can't re-run it.

DT: Could you say a bit more about the annual performance review?

MF: The Chief Whip would set aside a whole Sunday evening and we would go through literally every member of the party, as to where they were in their careers, whether they were still ambitious, bitter, still supportive, and whether there was talent there that hadn't been spotted. Sometimes it was to say let's give somebody a second look, not write him off; people can improve and be more supportive than they were to start with.

I had to offer an initial opinion on each member of my flock, backbenchers and ministers, and a view on how well the department was performing. We did that on a rolling basis at the whips' regular weekly meeting, department by department. It was summarised by the Chief Whip and it was up to the Chief Whip to use the information. The two Chief Whips I served under, David Waddington and Tim Renton, always wanted to be ready in case the Prime Minister suddenly said: "I'm having a reshuffle, I don't necessarily know all the younger people, who are the best ones?"

DT: I read you were one of the members of government who went to see Mrs Thatcher to try to convince her not to stand down. Could you say more about that?

MF: It was the monthly meeting of the No Turning Back group that Wednesday evening, we met every fourth Wednesday, and we were having dinner in Lord North Street at the IEA [Institute of Economic Affairs think tank] when we got word that she was seeing the Cabinet individually. Various members of the Cabinet were going in to see her and saying they would vote for her personally but actually she ought to pack it in. We felt that was the wrong message, that she had more support in the parliamentary party, that she had won the first ballot and that somebody ought to just go and make the point to her that she was already ahead. Even though she hadn't technically won the first ballot – she was four short of the magic figure – she won it quite convincingly.

Three of us were then deputed to go around to see her – that was Michael Portillo, Michael Forsyth, and myself. A cartoon was later done called 'the visitation of the three

Michaels'. We went around to see her and put these points to her. As the evening went on, I also put forward a slightly different proposal to her that what she ought to do was acknowledge she didn't get a sufficient majority in the first ballot, open up the contest and say to the Cabinet: "I didn't quite make the threshold, I release you from your vow of loyalty, you are all now free to stand. I hope many of you join the ballot." I argued that would have actually got her through the second ballot into the third ballot, which was single transferable vote. During the evening this idea gained some traction and people marched hither and thither trying to persuade her of this. But eventually it was felt that it was too great a risk, that she was already damaged by not winning the threshold on the first ballot. So it was decided that she should step down.

I think I was the last person out at about two in the morning. It was a very difficult and a rather tearful evening. She was also writing her speech which she had to do the following day, for a no confidence motion. So she had half the people coming in and out saying she shouldn't resign and the other half helping her with her resignation speech.

DT: By then you were Parliamentary Under Secretary in the Department of Education and Science. What was the shift from being a whip to becoming a departmental minister?

MF: I was two years as a whip, so it wasn't a complete surprise. I was pleased to be leaving the office. It was very long hours in the office, the house sat very, very late and I had a marginal seat in the north-east of England. In those days, the whips couldn't speak in the House. It was quite restrictive to be in a marginal seat and be silent. From '89 the House was televised and constituents would say: "Where are you?"

So I was delighted to go to the Department of Education [and Science]. I was sent there as the Universities Minister to replace Robert Jackson. He had rather wound the universities up through various reforms, so it was decided they wanted a fresh start. But I was only Universities Minister for a day, because when I got there the Secretary of State changed me over to schools. I don't think secretaries of state can do that now.

DT: What were your priorities for schools?

MF: The first was local management. The [Education Reform] Act gave all secondary schools their own budget for the first time and also prescribed that all primary schools have their own budget. As I arrived in the department, the civil servants said: "There are 19,000 primary schools, minister. The budget will be meaningless because it's all salaries. At a small primary school, they would only have a few thousand left for them to decide and the governors won't be used to handling all the staff and, for various reasons, we don't need to do this yet." Simply because they came to me straight away saying: "This is why you shouldn't do it," I immediately decided: "Right, that is the one thing I'm going to do." I gave 19,000 schools their own budgets for the first time, none of them seemed to complain and want to hand it back. And the civil servants sort of nodded and went away and did it. We published a circular in the spring of '91 giving them all their budgets.

The education world fought these reforms every step of the way because of course the LEAs [local education authorities] were losing power to school governors. A few months later, the heads came to me and said they didn't really feel they were in charge of their budgets because they weren't allowed cheque books by their councils. It's extraordinary to think of this now, but the education authority, hanging onto power, said: "Okay, you governors can go off and vote on whether you spend £5,000 decorating the hall or on an extra teaching assistant or whatever. Let us know and we'll organise it." They didn't have their own cheque books. A civil servant came to me and said: "The banks won't do it, it's not enough money for them." I remember ringing up my bank and saying: "What's all this about you turning down 19,000 new accounts? Because I understand that Barclays are up for it..." Very quickly I had four letters on my desk and we gave them all their own cheque books. So there were little things like that.

We were fighting what was called 'the blob'. The high water mark of this for me was a debate I did with Professor James Tooley at the cathedral of the blob, which was the Institute of Education. James Tooley is a guru in private education, promoting the idea of private companies providing cheap education abroad where there isn't a state system. James and I proposed a motion that education authorities should be abolished, not just restricted but actually abolished. A motion which we lost, by several hundred to nil. You knew you were on the right lines when that sort of thing happened.

But the problem with giving schools their own delegated budget was that it slightly cut across the Government's other policy which was to set up grant-maintained schools. One of the big arguments with delegation was how much LEAs should retain for central administration costs – the bad ones retained 10–15% and the good ones only kept about 5%. There was a big battle around that and I published league tables, which they absolutely hated, showing what's called 'holdback': per school how much Hackney or whoever was holding back from their schools for bureaucracy. It was quite an easy thing to get over to the media. Anyway, the good LEAs realised they would have fewer schools wanting to go for grant-maintained school status, to opt out entirely, if they delegated more of the budget to them. It was a way of stopping them opting out. The really smart LEAs started to give 95% of the budget to the schools, and school governors would then say: "Well, there's no need to get grant-maintained status." So there was tension between my policy of LMS [local management of schools] and [Minister of State] Tim Eggar's championing of grant-maintained schools. He was finding it quite difficult to get applications in different parts of the country.

The two other things we did were Ofsted and league tables. In November, the Secretary of State changed from John MacGregor to Ken Clarke – Ken was terrific – and we had this huge battle to set up Ofsted and to publish school league tables of results. I vividly remember seeing a director of education and saying: "Look, you've got the school results in your safe, why can't parents see them?" Parents had no right to see school results then and most LEAs did not publish them. But they were there in the director's safe, and this director of education actually said to me: "But if we publish the results

that will lead to middle class lobbying.” In other words, people will find out which are the good schools and the bad schools. So that was what you were dealing with. Ofsted was previously the HMI [Her Majesty's Inspectorate], which was inside the blob because it was part of the Department of Education. So we set up Ofsted and crucially, we published the league tables in every LEA, so you could see which schools, even with the same kind of social and economic background, were getting very different results.

DT: In terms of your relationship with the civil service, you’ve given us a few examples where you said: “I don’t accept your advice and I want to do something else.” Did that happen often in your career?

MF: No, they were wonderful about it. They give you the advice. The minute you take a decision and say: “I know you recommend A and I know you would second recommend B, but I’m doing C,” they would go off and do it. I’ve always found that, in energy, in defence. Never had a problem with them. They would argue their case right to the end, but what they really wanted was a decision.

DT: Did you ever find that, in retrospect, it would have been better to follow their advice?

MF: Oh yes. That certainly happened occasionally. One of their functions is to think around all the implications of a policy that you hadn’t quite thought about. But did school governing bodies go off to Rio with the money? No, broadly. I can recall probably a handful of examples of school governors being accused of misspending, but there are 19,000 primary schools. I think most school governing bodies are conscientious and can be trusted. So I think I was right about that.

DT: In terms of how the Secretaries of state ran the department, what changed when John MacGregor left and Ken Clarke arrived?

MF: Very different style. John wanted to know everything and see everything, he checked your homework. Whenever you went to him with a policy, he went through it all over again with the civil servants, when you’d already been through it with the civil servants.

Ken was much more trusting. They were both good bosses, but Ken delegated much more: “This is your portfolio, these are the issues for you, if you get into trouble come back and see me.”

DT: Did they hold weekly meetings with you?

MF: No, it was more ad hoc than that. Maybe because I was quite junior as the [Parliamentary] Under Secretary. But there was a ministerial meeting, a sort of ‘prayers’ meeting, twice a week. When I got to defence and I became Secretary of State, I did have regular monthly or two monthly meetings with each of the junior ministers to go through their portfolios. I had them prepare a sort of RAG rating of their progress in different areas. I was a mixture between Clarke and MacGregor I think.

DT: Did you have weekly ministerial meetings in defence as well?

MF: Yes. We had a big weekly meeting with the ministers, with the PPSs [Parliamentary Private Secretaries] and whips. But not with officials.

DT: How did you manage the agenda for that meeting?

MF: I held a meeting at 12:45pm immediately after Cabinet so I could brief the whole team as far as I could, unless it was confidential or secret, on what had happened in Cabinet, so they felt part of the ongoing work of government. Then we would go through each minister's area in terms of diary: what were you doing last week, where are you going in the next week, so we all generally know what each other is doing. Then we would go through the week ahead and then they could raise any other issues. So we had a small agenda and it always finished within the hour. They knew it was 12:45pm to 1:45pm.

DT: What about the other departments you were in under David Cameron? How were the ministerial teams managed there?

MF: Pretty similar. Vince Cable at BIS [the Department for Business, Innovation and Skills] had his meeting after cabinet, from 12:00–1:00pm. A huge cast, because there were nine ministers at BIS, trade ministers, foreign ministers, PPSs, the civil servants were there, the Perm Sec was there, unlike at mine. Energy was much smaller, but again Ed Davey [then Secretary of State for Energy and Climate Change] had a weekly meeting.

DT: Back to the historical thread, what changes did you detect in the way government was managed between Margaret Thatcher and John Major?

MF: Margaret Thatcher was despairing about the Department of Education. She battled it herself for three and a half years as Secretary of State. She always felt they weren't reforming fast enough, that the solutions were too complicated. She kept saying: "Why not paper and pencil tests at the end of each term?" She was always frustrated, I think, that the education reforms had taken so long. It was '88 before we passed the Act, that was nine years after she had started. So these reforms didn't really start happening until right at the end of her premiership. I think she found that frustrating. It was partly down to the first two Education Secretaries, who were Mark Carlisle, who didn't do much reforming, and then Keith Joseph, who was a reformer but agonised over each of the reforms for several years before Baker got there. She was always encouraging me but she was always saying: "You're up against it over there."

John took much more of a consumerist approach right from the start: "This is all part and parcel of the Citizen's Charter; parents should have more rights to choose schools and know about the exam results; let's get on the side of parents." So he was absolutely with the Ofsted agenda, very supportive, and very kind about me in his autobiography.

Number 10 took more interest. The education person in the Policy Unit would come over every month to find out how we were doing.

DT: Then you had some time out of government...

MF: Yes. I might have been promoted but I lost my seat. I then didn't become Minister of State until 20 years later. That's politics for you.

Tess Kidney Bishop (TKB): Were there things in those five years out of Parliament that changed your approach when you came back in?

MF: I was involved in three businesses, so I built up my business experience. I learnt the importance of decision making in business. I think it made me a better minister when I became one again.

TKB: And when you came back in 2012, you were a business minister.

MF: Well, with 15 years in between. I was briefly a shadow minister and I had a long 13-year stint on the Treasury Committee. First, I went over to Number 10 to help the Prime Minister for two years, replacing Andrew MacKay as his sort of political adviser. I was called Deputy Chairman of the Party, I was at the morning meetings. Then in September 2012, I went back into the Government.

TKB: How did you then relate to business from inside government?

MF: I became the Industry Minister. It was one of the central positions inside the Department of Business, Innovation and Skills because I dealt with all the big industries. I was responsible for the automotive sector, the aerospace sector, steel, all those kind of business sectors, the relationships with business, the big companies, the deregulation agenda, relationships with small businesses. So I was, in effect, the Minister for Business and Industry.

The Secretary of State [Vince Cable] was a Liberal Democrat, so there were some tensions there over the industrial strategy which he had been allowed by the Coalition Government to develop, but it hadn't amounted to very much by the time I got there in September 2012. We went along with it and tried to flesh it out. There was a lot of work to be done through some of the partnerships that flow from the strategy, particularly the Automotive Council and the Aerospace [Growth] Partnership. The major companies would put in money and second senior executives, alongside the Government putting a bit of money in, to develop new technologies whether it was batteries for cars or composite materials for aerospace. It was a way of making sense of the industrial strategy early on and developing what are now called sector deals. That was very stimulating.

That was part of my work, another part of it was deregulation. When I arrived, it was 'one in, one out.' I changed that to 'one in, two out' and had to get the rest of Whitehall to understand that if they wanted to put in a new regulation they had to take two

existing ones out. That was a constant uphill battle. We had committed to reducing the overall regulatory burden and we used to claim that scrapping this [regulation] would mean you didn't have to fill in a form every year, how long does it take to fill in the form, how many businesses are there, so that's £10 million worth of time saved. The Regulatory Policy Committee would check all that. They were the independent watchdog that checked whether you were actually reducing business costs and measuring the amount.

In the summer of 2013, we managed to privatise Royal Mail. That is something that had alluded both Michael Heseltine and Peter Mandelson. A quarter of the shares are now held by employees or small investors. So, I was very proud of that.

It was a very busy time.

TKB: You then became Minister of State for Energy in 2013. The subsidy agreement for Hinkley Point C was announced in October that year and then subsequently there were EU investigations into it.

MF: Yes, I was Minister for Nuclear. The EU clearance came just after I left. There were endless negotiations with the competition commissioner, Joaquín Almunia.

TKB: What kind of discussions were going on in the run up to that agreement?

MF: There were huge discussions between the department and the Treasury about the scale of subsidy that was needed, about how much risk was actually being transferred to EDF [Électricité de France], whether the taxpayer was going to be on the hook for construction risk as well as other risks. This hadn't been done before in this particular way. So it was a very lengthy negotiation in which I and the Secretary of State were involved, and eventually we came to this particular strike price of £92.50.

TKB: As you say the deal was cleared by the European Commission, but there have been government reviews since. Do you still think you struck the right balance?

MF: The test will be whether EDF can now use the lessons from Hinkley in building Bradwell and particularly Sizewell C. In defence, we had the same with the two aircraft carriers. There should be significant cost reductions on Prince of Wales because of what they learnt constructing Queen Elizabeth. In both cases, these people hadn't built an aircraft carrier before, hadn't built a nuclear power station before in Britain. So the test really will be if they can now deliver up a significant saving when they build a second or a third station in return for what was quite a high original strike price.

You shouldn't just see it as 'was £92.50 the right price for Hinkley?' You've got to see it as 'was it the right price to restart the nuclear programme?' It's not an excuse for a very high price, but it was the follow-on costs that were just as important. This was building up supply chains, building back the skills that have been lost, and seeing really whether industry could come up with it.

We were balancing, by the way, that £92.50 against all the other subsidies that I had charge of – for offshore wind, onshore wind, tidal, lagoon, wave power, solar – which of course the Treasury was trying to push down because some of these programmes were getting completely out of hand. There was a sort of green mania going on. We were trying to keep the overall framework, called the Levy Control Framework, under control. So we also had to balance what was reasonable for Hinkley against what was reasonable for offshore wind.

DT: You needed baseload power rather than renewables. But gas was a lot cheaper then.

MF: You needed baseload power and you needed diversity. Gas was much cheaper but nobody was building gas turbine plants because of the uncertainties around the gas price, with the exception of the Irish Electricity Supply Board building Carrington, near Manchester. That actually accentuated the need to get on the nuclear. And there was strong resistance in the Treasury to subsidising gas.

There was an awful lot of tension between the climate change side of the department, the greenery, and myself and the Treasury slightly on the other side saying: “This has got to be compatible with the market. This has got to be realistic.” Because all these costs are being borne eventually by consumers or by companies in particular. There was a lot of tension not just between me and Ed Davey, but between myself and Greg Barker who was the green minister, who was in favour of all the green stuff. He gave subsidies to solar panels and then it turned out they didn’t need the subsidy: the price of the panels crashed because of Chinese panels. Though he will argue you needed a bit to get going. That was always the tension with all these subsidies.

TKB: The other debate going on was whether the reactor design for Hinkley was the right one considering it hadn’t been tried much before. Was there still that discussion about what type of reactor to build?

MF: We were comfortable that it was a better reactor than the EDF reactors being built in Flamanville [in France] and in Finland. So we were comfortable about the design of the reactor. It had been through a very long design approval process. The difficulty was the financing of the whole thing and the terms at which the Chinese would come in and finance it, what they would require as a condition, which was the right not just to enter the nuclear programme but to one day actually have ownership of a station. Bradwell was the one that they were targeting. So there were some political issues there.

TKB: And then that came up again when you were Defence Secretary?

MF: It did. It came up even earlier because at the time when we were getting on well with the Russians, before Crimea. I had signed a treaty with Rosatom, the Russian nuclear agency, to enable Rosatom to co-operate with Rolls Royce in third country markets. They were bidding on a station together in Turkey and one in the Czech Republic. Rosatom too, it’s hard to think of this now, wanted to enter the British nuclear

market. Hitachi were also ready to build the two stations at Wylfa and Oldbury and Toshiba were hoping to build a station at Moorside in Cumbria. And then we had a strong lobby from people who wanted to build much smaller nuclear stations which they always think can be done more cheaply. So there were a lot of issues around the nuclear programme.

DT: Can I take it you were sceptical about the small nuclear option?

MF: Yes, I am still quite sceptical. I think the real trick is to get the construction costs of larger stations down and to build things more quickly and more cheaply using offsite construction, using some of the techniques that they're starting to use at Hinkley. That's where the bulk of the cost is, pouring concrete for months, and that's where you've got to get the cost savings.

DT: How did you find doing two Minister of State jobs at once? Because you were also Minister for Portsmouth from January 2014.

MF: That was difficult. There weren't enough salaried minister of state jobs to go around and there was a gap. The Portsmouth MPs were concerned that the closure of the shipyard would cause problems for Portsmouth. So in January '14, Number 10 rang up and said: "Could I also be a Minister for Portsmouth?"

I did one day out of 20 in Portsmouth, which was just possible but had to be fitted in with my international travel in business and energy. Then I had a co-ordinating role back here in Whitehall. I was always running between the two departments. I changed all my meetings from hour meetings, which is the great Whitehall fashion, to 30 minutes which absolutely worked. People think "we're only going to have time to get two or three points over", so they choose the best two or three points and get on with it. But there was so little time that if the senior civil servants wanted a meeting they would sometimes have to walk with me from Victoria Street across the back of the park to the Department of Energy. It was literally like that.

DT: Minister for Portsmouth was presumably cutting across lots of different departments – defence, industry?

MF: Yes. The issue really was how do we transform the city, the only island city in Britain, half of which was owned by the Ministry of Defence [MoD], into a modern business city? That meant getting rid of a lot of MoD land, prising it out of the Ministry of Defence and releasing land for housing and small businesses, which was very difficult to do. The Ministry of Defence hates getting rid of things they might one day need. And it meant really encouraging Portsmouth to think of other things, linking up with Portsmouth University and expanding its offer if you like, a lot of which is now beginning to happen actually. The shipyard jobs have all pretty well been replaced and because Portsmouth will be servicing the two aircraft carriers there has been a huge growth of small businesses there. A lot of the land is now going to a better use.

TKB: Do you think that could work as a model, ministers for a particular location?

MF: I think it was the only one that we did in government.

TKB: But there have been others in the past.

MF: Heseltine in Liverpool for instance.

It's a difficult model because immediately Plymouth would say: "We're in just the same position as Portsmouth. We've got all this military stuff and the rest of our offer isn't as comprehensive as it should be, why can't we have a minister?" And indeed, lots of other cities wanted the same. But you see what's happened since, cities have got mayors, slowly but surely the mayors are increasing in number, so there is a new model out there.

Of course, the Minister of Portsmouth didn't have a budget, unlike the mayors and the LEPs [Local Enterprise Partnerships]. By the way, I was also responsible for LEPs at BIS, I did the Regional Growth Fund. Portsmouth didn't have a budget, so you can only persuade, push and argue with colleagues. So I'm not sure it's an ideal model if you don't have real levers that you can develop. But it's a bully pulpit. There were two others who succeeded me [as Minister for Portsmouth], then they scrapped it.

DT: Then coming into defence, what were your priorities?

MF: I was very surprised to be put into the Cabinet. I'd been a minister of state for two years, that was a good run. Then I was suddenly, not just in the Cabinet but into one of the senior jobs, in defence. So that was a big promotion.

DT: So you didn't come in with any 'manifesto' for defence. It was more something you needed to work out?

MF: No, I'd not been involved in defence. In fact, it was worse than that: I'd always regarded defence as a rather specialist area full of people who've served and I hadn't intervened in defence debates at all. So it was a lot to learn very quickly.

DT: Do you think that's perhaps one of the reasons you were appointed? That you were a bit detached from the Forces?

MF: I don't know about that. Philip Hammond was my predecessor, so I'm not sure that was the thinking. I think it was much more about the balance in Cabinet.

TKB: In terms of that being a specialist area, were there particular skills you felt were important for a defence minister compared to in other departments?

MF: I held it very important that defence shouldn't think of itself as so special that it didn't have to be business-like. Of course, defence doesn't make a profit or loss, but there's no reason why it shouldn't be run as a business. We were spending £35 billion a year, we had a quarter of a million people involved, we ought to have a business plan

and priorities like a business. We can't be exactly like a business, but we ought to be as business-like as we can be. I changed the defence board which met every month. I put more non-executives on it and I always called them first on every agenda item, which I think took the generals and the civil servants a little bit of getting used to.

When I arrived we were suddenly extremely busy. That was the summer that Daesh got to the gates of Baghdad, they started kidnapping and beheading British hostages. We were having COBRA meetings about hostages and rescue missions. The Russians shot down the Malaysian airliner three days after I arrived. I was asked to plan the evacuation of the British community in Tripoli on a day's notice. We sent a ship and 700 men down to Sierra Leone, because of Ebola, in September. Then we won the vote in late August to start military action in Iraq and I went to Iraq very quickly that year. So there wasn't a lot of time in July and August to sit down and say: "How would we do defence differently?" We knew there would soon be a defence review, coming in '15. But the summer of '14, the priority really was Daesh.

For the next three years, I was essentially running a war, setting rules of engagement, authorising air strikes against people who were planning terrorist attacks here, and gearing up the British training of the Iraqi Army. It was a continuous process. There were very difficult decisions about destroying certain buildings and being certain civilians weren't there, for instance when Daesh were using the top floors of a mosque. There were decisions about whether people working for Daesh should be regarded as civilians or not. That was a constant pressure for three years, always trying to avoid civilian casualties and being responsible for the very young men and woman flying these planes. The Daesh campaign really was the biggest thing, it bookended my time in office. It ended in Iraq a month after I left; Haider al-Abadi [Prime Minister of Iraq] said Iraq was virtually free of Daesh.

TKB: How much time were you spending overseas, in Iraq or elsewhere?

MF: I was on a plane every second week in defence. That was partly because of Iraq and Afghanistan, so going to Baghdad and Kabul, going to Washington and so on. Partly also because the 2015 [defence] review upgraded the importance of defence engagement and looked to us to build stronger defence relationships outside NATO with other countries like Australia, Japan, India and so on. So there was a lot more travel than I think my predecessors ever did. Our campaign in Iraq meant going to Baghdad, going to Erbil, going to Akrotiri [RAF station in Cyprus] where the Typhoons and Tornados were based, going around the various training bases here from where the effort was being mobilised. So there was a lot of travel abroad.

DT: What was the process behind the 2015 defence review?

MF: Well, it wasn't just us. It was the 'National Security Strategy and Strategic Defence and Security Review', so it was security as well. It involved the agencies, the Home Office, the Cabinet Office, to some extent DfID [Department for International

Development]. So we were not the only player. Of course all the letter writers to *The Daily Telegraph* thought it was all about the number of warships, tanks, planes, army units. They never understood that it's more about firepower against number.

It was a long process and it heated up immediately after the '15 election. By the end we were meeting weekly and then almost daily on it. Obviously the Prime Minister had a strong input into it, he knew defence pretty well because he'd been dealing with it for five years. The Chancellor has a strong input, he had his own views on defence as you would expect. So did the Home Secretary and others. So it was a quite intense period of Whitehall negotiation. There was also consultation with allies, because the French and the Americans were doing reviews at the same time.

DT: It announced efficiencies as well as rather large equipment commitments, which often turn out to be more expensive than intended. How did you feel about the outcome of the 2015 review at the time and subsequently?

MF: First of all, I think we identified the right threats. Russia was there, terrorism was there, cyber was there. You can say these threats have intensified since then, but I think we identified the right threats to our country and I think the institutional framework set up in the 2010 [Strategic Defence and Security] review had proved itself, the National Security Council and so on, and didn't need a lot of tinkering.

This was after the announcement of the 2% commitment [to spend 2% of GDP on defence] the previous year at the Wales summit, and the agreement with the Chancellor in July '15 that we would now formally adopt the 2% target and put it into the spending process. The budget therefore started to rise again from April '16. So we had the opportunity of a rising budget, and I was determined therefore that the [2015 defence] review should be ambitious. We'd had years of cuts and cancellations, particularly of the maritime patrol programme, and this was a real opportunity to turn defence around and to start growing the budget again and reinvesting in some of the higher capabilities that we'd been doing without. Maritime patrol aircraft was easily the most expensive, but there were others as well. I make no apology for that – that was the point of being ambitious about our equipment programme.

What you can argue about is 'was the arithmetic right?' Financing the investment programme was predicated on a level of efficiency savings that had to be realised fairly quickly, almost from the start of the 10-year programme, and that proved incredibly difficult to do. You can announce that bases are going to close, you're getting rid of airfields, you're shutting barracks, but to turn them into cash, to actually sell them, get them closed, have a plan, get the plan approved through local planning, get them sold to the developer, get the houses agreed and then take the cheque is not something you can do in months. It's always slower than you think. So that argument will go on as to whether we were too ambitious on the level of efficiency savings.

But that wasn't the only problem in '16. Sterling dropped against the dollar, we were buying everything in dollars, and following the referendum a hole started to develop in our finances caused by sterling depreciation. We also had some quite significant overruns on the nuclear programme, building nuclear submarines and the processing work at Aldermaston that we hadn't forecast. So there were a number of factors moving against us, which we looked at in 2017, trying to get the Prime Minister and the Chancellor to address and which my successor is still trying to get them to address.

DT: Presumably the Americans were happy when the commitment to 2% was made and confirmed in the 2015 Spending Review. Was that the signal you got from the Americans?

MF: Yes. They pushed very hard in the spring and summer of '15 to get us formally to adopt the 2% and we did in July. They were very involved in the review, and of course they were beneficiaries from it. A lot of the new equipment was American. I did spend quite a lot of time demanding some reciprocity, that British companies should be more fully involved in the supply chains, particularly for Boeing who were providing the maritime patrol aircraft, but also for some of the other big ticket items. There were some issues there with the way the Defence Trade [Cooperation] Treaty was working. I spent some time in Washington trying to leverage a better return for British companies, saying: "This is an increase in our budget but it is being spent in America, and we need to see a better return for our companies from it." So there were some tensions, but yes, they were pleased with the outcome of the 2% and of the review.

DT: I didn't understand the letter from [Jim] Mattis [US Secretary of Defense] which appeared in *The Sun* recently, saying that he's very worried about the UK's defence capability, because we're still committed to the 2% target. Am I missing something?

MF: Well, the editor of *The Standard* pointed out last night in his leader that the 2% is less now because the economy is not doing as well as it was originally forecast and because the dollar has moved against the sterling. So the Americans have concerns as to what the 2% gets you.

DT: But it's still a 2% target for NATO and we're still meeting the target.

MF: Yes, we were at 2.14% in 2017, comfortably above the target. And that was very important.

DT: You mentioned the French defence review and our bilateral relationship with the French has developed somewhat. But the EU has had a growing role in defence, if not operationally then in terms of co-ordination. You were on the Remain side. What was your view of the defence implications of the referendum result?

MF: First on the French, that was the closest relationship of all. Obviously in pure military terms, in nuclear and conventional weapons, intelligence, the relationship with the United States comes above everything. But the closest personal relationship I had was with the French Defence Minister, Jean-Yves Le Drian. I saw him more frequently

and I spoke to him more often. We had an agreement right from the start that every conference or ministerial meeting we were at, we would always have a bilateral. So it was actually a closer personal relationship I had with him than I had with any of the three American defence secretaries I served with: Chuck Hagel, Ash Carter or Jim Mattis. And the French relationship grew in importance. There was more joint exercising, more exchanges, more collaboration on future aerospace and other systems, throughout my time. You can see that in the various agreements.

On the referendum, one of the reasons I voted Remain was that I thought it was wrong for us to be leaving partnerships generally, and at a rather dangerous point in the world. I thought it was an important security partnership, and you can see just how important it is in the Government's EU security partnership proposal. Not just in pure defence but in terms of serious crime and terrorism and all the rest of it. I just thought it was a mistake to be leaving partnerships and I was concerned that future industrial collaboration might become more difficult if we were formally outside the European Union. Typhoon, I think, shows you that some of these very big ticket programmes can only be done on a multilateral basis. That doesn't have to be the EU, but they can't be done by a sovereign state on their own. So for those reasons, I was committed to Remain.

DT: The US has been a bit erratic recently in terms of some of the statements by the Commander in Chief. What was your perspective on how the UK should manage the relationship with the US following Trump's election?

MF: I always thought it was important to focus on what Trump actually did. The famous phrase is "you campaign in poetry, but you govern in prose". I don't think you'd accuse Trump of poetry, but it was important to see what he actually did. The first test of that was Iraq-Syria, where he committed very promptly to dealing with Daesh. There was a longer argument about the commitment to Afghanistan. Obama was going to reduce troop numbers in Afghanistan, and Trump agreed, not only to stay, but to increase numbers. That was hugely important. If the democracy in Afghanistan collapses, it would really affect us here in the West. We'd not just have the transnational terrorist groups who are there, like Al-Qaeda, threatening us, but you'd probably have three or four million young Afghan men heading for Germany or Britain. You'd have migration on a massive scale.

On NATO, the Prime Minister got him to recommit to it in February, and in his Warsaw speech in July 2017 he recommitted to Article 5 itself. The May summit in Brussels wasn't particularly easy, he was saying NATO was a bit obsolete. But he was right about that, there's lots of modernisation to be done in NATO, and he's right about the 2%. Previous presidents have said exactly the same. Obama said the European countries were free riders, Reagan said the same, Carter said the same. So I thought it'd be better to just work with it.

DT: So you're pretty relaxed about Trump?

MF: Yes. I thought Trump was right about Iran. I always opposed the Iran deal. I didn't think it was comprehensive enough, and I was fearful of the way they might use access to international finance to fund the kind of terrorism they have funded in Yemen and elsewhere. Obviously Trump has done things I wouldn't have done: withdrawing from climate change agreement, moving the embassy to Jerusalem.

DT: One of the challenges being Defence Secretary is balancing the different forces against each other. Can you tell us about that?

MF: That was made easier after the Levene reforms which put the Chief of Defence Staff and Vice-Chief of Defence Staff on the defence board representing all three forces. But obviously there was constant competition between them. If you weren't careful, you ended up in a room where there were always nine people: as well as the civil servants you'd have three from the army, three from the RAF and three from the navy.

I tried to be as impartial as possible. That was tested in the end, I think. I declared 2017 the year of the navy, because there were lots of new ships being built including the Queen Elizabeth and the first Type 26 frigate. This year is the year of the RAF, because it was 100. I remember giving a speech at Sandhurst and saying at the end: "And of course every year is the year of the army." They're jealous of each other. If you're sat through the army-navy rugby match at Twickenham, you have to be very careful not to cheer the wrong team.

DT: One of the things I've heard about Levene is that it helped with the financial decision making because, though there were still arguments between the forces, they were managed by the Chief of the Defence Staff and the Vice-Chief of the Defence Staff. But it meant that the forces weren't in the room when decisions were taken, and then sometimes they didn't feel as much ownership of the things that they were going to have to implement.

MF: That was always the argument. That and why couldn't the three service chiefs be on the National Security Council? But then you'd have had three more voices. I think it worked pretty well in the end. The difficulty came when you had to take tougher decisions about efficiency savings. I think that's where the problem still remains. The army took the brunt of them in 2010. There was a feeling that the other services, like the Royal Marines, had escaped. So that was when the three services actually started to dig in and defend their turf.

DT: And lots of newspaper articles started appearing, briefed by people inside defence. Was there anything you could do about that?

MF: I was sad about that. The department was leaky even at a high level, and that's not the way to conduct business. It wasn't new to my time. There were previous instances. The police were sent into the department at one point, under Liam Fox, to try and trace

leakers. I think it was endemic to the military – such a big organisation, so many bits of paper circulated, long copy lists. To get people to think about new ways of organising defence, inevitably you were asking parts of the civil service to come up with different ideas, then to have the ideas trashed by people, leaked prematurely... It's always frustrating. It shouldn't happen.

DT: It must have been very difficult to know what to do in Syria. Was it clear to you what call should be taken?

MF: I wanted to see in Syria what we had in Iraq, which was a pluralist government. In Iraq, the President was a Kurd, the Prime Minister was a Shia, and my defence minister colleague was always a Sunni. I wanted to see that kind of pluralist government established in Syria. Syria has had elections before, in the distant past. There's no reason why it couldn't have that kind of government. But that soon became a pipe dream because there were too many military factions. At one stage in northeast Syria, there were eight or nine different groups fighting each other. So in the end in Syria, we had to focus on Daesh.

Then we had to be very, very clear with the Americans and with the Russians that when it came to what we call 'deconfliction' that we were not colluding with the regime, but that equally we were not going to be diverted from striking against Daesh terrorists as they shrunk down the Euphrates towards the Iraq-Syria border. That got very difficult, particularly with the Russians towards the end. The space where Daesh were became narrower and narrower. Partly because of the SDF [Syrian Democratic Forces] and the pressure from the regime in the south, and from the Russians from the West. So this corridor where we were carrying out strikes became smaller and smaller. And the risk of aircraft colliding or a Russian aircraft firing on an American aircraft quickly became greater. So it became very, very tricky.

DT: Obviously it's an incredibly complicated situation but do you think the UK could have done anything different in Syria? Or were we constrained by the circumstances?

MF: We clearly should have gone after the chemical weapons earlier. They were in breach of international law. It just encourages other countries to use chemical weapons. I think all of us involved in this bitterly regret the 2013 vote. The '13 motion was quite limited really, it wasn't to beat up Assad; it was only to do with chemical weapons. So we came to the first US strike that Mattis consulted me on and was authorised in the spring of '17, and was then repeated again this year.

I was very proud to be able to correct the 2013 vote in December '15. We finally got parliamentary authority to go after Daesh in Syria. It was illogical really to allow the RAF to attack them on one side of the border but not the other.

But against that, the civil war has gone on for seven and a half years. That isn't a success by any measure. Millions of people have been displaced, millions have left, hundreds of

thousands have died. Syria was not a success. We will be answering criticism on that for some time to come I'd guess.

TKB: During those years you had the Coalition and two different Prime Ministers. What are your observations on the differences in how Cabinet ran in each of those periods?

MF: You saw the difference probably most starkly in the National Security Council. Occasionally I would report to Cabinet on the war against Daesh or operations for a NATO summit or whatever, but there wouldn't be huge debates. You saw it more in the National Security Council where the Deputy Prime Minister [[Nick Clegg](#)] played quite a prominent role. He had a view on all these different things and he was a restraint on us in certain policy areas: the amount of assistance we could give to the Ukraine and relations with the Gulf. I don't think Afghanistan was a particular argument as by that stage, the Coalition had agreed to set the withdrawal date from operational fighting as October '14. I don't recall the Liberal Democrats being difficult about our continuing commitment to the training and so on.

Personally, I found Nick Clegg extremely supportive. One issue was that he didn't have a minister in the department. [Nick Harvey](#) was there at first but Clegg withdrew his minister from the Ministry of Defence because it wasn't really big stuff for them. He wanted to use them elsewhere. So I made a point of going to see Nick Clegg every couple of months just to make sure he was happy with what we were doing. And that relationship worked fine. But it was noticeable after the end of the Coalition that we were able to be a little more aggressive in some areas.

TKB: Were there differences between David Cameron and Theresa May?

MF: Well, I was appointed Defence Secretary four times, which is rather odd. I was appointed Defence Secretary in '14, '15, '16, and '17. You're always wondering if you're going to be fired.

Was there a difference? Yes, absolutely. They were both extremely supportive. I remember going to see the Prime Minister when she stood for election, because I wasn't committed to any particular candidate, and asking her whether she was comfortable with defence policy and were there any things she wanted to change. And she was comfortable. Cameron, by the time I came in '14, had been Prime Minister for four years. He was well versed in defence: he was involved in an operational campaign in Libya, he knew senior generals and people involved. When Theresa became Prime Minister, she hadn't had direct involvement in defence. She'd seen it pretty much from the homeland perspective, seen the importance of dealing with terrorist threats to Britain rather than perhaps Britain's role in the world. But she soon got out there and went to visit troops and ships and she got into it. And she was extremely supportive whenever we had to do anything very difficult. When I went to see her to explain the risks involved – I had to be clear on the risks for servicemen and women, things can go

wrong, military operations by their nature are sometimes messy – she was always supportive.

DT: In terms of the way they ran Cabinet, what did you see change when the Prime Minister changed?

MF: By the time I joined the Cabinet under David, it was very much that he would know the outcome he wanted. May chaired Cabinet in a more collegiate style, she wanted everybody to have their say and sum it up in the end. There was more Cabinet discussion about each Budget, for example. During the Coalition, the Chancellor would come along literally the morning of the Budget and say: “This is what I’m going to announce.” I can’t recall it being discussed in advance. She introduced this proper pre-Budget discussion, several weeks before the Budget, in that time there were two a year, where we all had a chance to contribute our ideas.

DT: You were known as the ‘Minister for the *Today* programme’. You appeared a lot on in the media defending the Government.

MF: Yes, it was usually when there was trouble, one or two of us tended to be sent out to go on one of the Sunday shows. But perhaps I did it too much. Labour ministers started saying: “Fallon’s here, the Government obviously is in trouble.” So it was slightly overdone.

I was quite struck by the way quite often ministers would refuse to go out and defend government position, with the excuse that it wasn’t their department. Sometimes they found it easier to stay under the duvet rather than get out and defend it. I rather took the view that if you were lucky enough to be in the Cabinet, you should be able to defend somebody else’s policy.

DT: But how did that work? Did you receive lines from Number 10?

MF: You got rung up and asked to do it. You were fully briefed as for any media engagement.

DT: And you loyally said yes?

MF: Yes. One instance was when Cameron said in an interview that he would stand for only two terms. I was ordered out the next morning to Millbank for a series of interviews. As I walked past the BBC desks, Norman Smith [Assistant Political Editor of BBC News] just looked up and said: “So it was a mistake.” I thought: “Hm.”

But I wasn’t the only one doing it, there were others doing it as well. Jeremy Hunt was really good at it.

DT: How did you feel about the circumstances of your departure?

MF: Obviously it was a super job to have in government. Very few politicians can choose the way their time in office ends. It usually tends to be sudden and something unpredicted.

DT: Some of the ministers we've interviewed have talked about Ministerial Code. Mark Garnier said that he thought there needed to be more due process in investigations. There wasn't an investigation by the Cabinet Office in your case.

MF: There could have been. I took the view that the job of Defence Secretary was too important. It shouldn't be compromised by a long investigation.

DT: So you decided to resign?

MF: I did.

DT: You've been a minister in four different departments, a secretary of state and a whip. What would your advice be to a new minister?

MF: Be decisive. Politics is not like mathematics. For many of the decisions you're confronted with, as in business, there is not necessarily an absolutely right answer. It's not even a 90/10 call where there's a very obvious answer. The reason the decision gets to you and isn't taken lower down is because it's a more difficult decision. It's 55/45. The one thing you have to do as a minister is to call it, not to vacillate and summon additional meetings. Take decisions and you will be better respected for that.

TKB: Do you have any advice specifically for a defence secretary, especially in the current international context?

MF: My successor hasn't asked me for any advice but that's a matter for him.

I did talk to my predecessors who'd done defence reviews: Tom King, Rifkind, Robertson, Fox. I talked to all of them about how you handle a defence review and all the things to watch.

DT: Across your ministerial career what's the thing you're most proud of?

MF: Driving through the education reforms and giving every school its budget, setting up Ofsted, publishing school results – nobody will reverse that.

Then the war against Daesh. We don't know yet whether the democracy in Iraq will survive. After August '14, I was told it only had weeks to live. It has survived, Daesh have been driven out of Iraq, and the threat to this country has been reduced. Now whether they'll come back, we'll see. It's fragile. Syria is obviously more difficult. But there were three years of very hard work in Iraq by the RAF and the army in particular.

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