

# Where does an extra £80 billion for defence come from?

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Trump says we need to spend five per cent of our GDP on defence. That would increase the spend from £60 billion to £140 billion. What are the consequences of that?

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This is the transcript:

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Donald Trump says that we've got to spend five per cent of our GDP on defence.

Right now, the UK's GDP is around £2,800 billion a year.

Five per cent of that is £140 billion a year.

And according to the House of Commons Library, this year the government will spend £59.8 billion, call it £60 billion for the sake of convenience, on defence.

In other words, if we were to do what Donald Trump wants, we have to find another £80 billion to spend on defence. And given that he is planning to pull the US out of

defending Europe, maybe we'll need to. But in that case, the question is, where do we find another £80 billion to spend on defence in this country when, supposedly, our books are already struggling to balance?

I think that this is a question that I have to address because it is almost existential with regard to the future of how we manage this country, how we see ourselves in the world, and to whom we accept responsibility at a time when the US is clearly giving up on everyone.

I'm not, by nature, a big fan of defence spending. It is something that to me seems almost alien to what I would wish the government to engage in, but I also know it's necessary. And I suspect that my attitude to defence is not untypical. If it wasn't, we would have spent a lot more over recent years on defence, but in fact, we really did take a big dividend from the end of the Cold War in around 1990 and reduced our defence spending considerably as a result, to the point where we have a fairly small army, a tin-pot air force, and more admirals than we have ships, half of which are themselves tied up against dock sides because they don't work. I don't wish to damn our defence forces, but the overall profile of where we are is not good, as any defence minister would, if they were being honest (and that's a rare quality) admit.

So, how are we going to find another £80bn out of the total government spending, which is itself near enough, £1,100 billion, or thereabouts?

This is a significant slug of money. It's like saying, let's not educate children under the age of nine, for example.

Or it's like, let's give up on social care altogether. Or, let's take a big chunk out of the old age pension, perhaps raising the pension age to something over 70.

Or, well, you can decide which thing you want to give up.

Whatever is suggested, the cost for someone is going to be high unless the £80 billion comes out of increased taxation, in which case the cost of that £80 billion is going to come out of everyone's pockets.

Now, let's stand back and face reality. You can't, in practice, increase defence spending by £80 billion without actually reallocating vast amounts of real resources inside the UK economy, from what they're being used on now, to defence. That's a simple, straightforward statement of fact.

We would need more people in the Army, in particular.

We would need more people in the Air Force.

We would need more people in the Navy.

And, of course, we would need more civil servants to support them.

And our defence industry would need to be bigger.

So, ignoring money for a minute, the truth is that if we are to increase the total part of UK economic activity that is expended on defence, something else has got to give.

So, the change in finances is merely going to reflect a physical reality that actually you are going to have to reduce your household real disposable income if the country is going to be defended to the extent, and out of its own resources, that it is at present using US money and US troops and planes, which are located here in the UK, some of them not very far away from where I'm speaking right now.

The fact is, that is the reality that we're really being presented with. It is that we are going to have to give up our income. And the answer therefore to where this extra £80 billion of spending going to come from, is not from cuts, because cuts would not deliver the outcome that we need.

The outcome that we need is more young people - and by definition, most people engaged in defence are young - working in our army, air force, and navy. And if they're doing that, they are not producing the other things that this country requires.

That is the fundamental reallocation of resources that is being demanded.

Forget the money, deal with the fact that this is people.

And let's also face the fact that at present, young people don't want to go into the forces.

There is an enormous recruitment problem with our armed forces. It is very difficult to actually bring any of our defence units up to strength at present, simply because people aren't signing up to join the army or air force.

They don't want to put their lives at risk for the country.

They don't want the form of lifestyle that these forces present.

They don't want the discipline that it imposes.

They do not wish to be exposed to the risk which they perceive to exist. And you might describe the young people in question as being entirely rational. Because why should they? After all, they only have to look at somewhere like Ukraine and see what the terrors of modern warfare are and that a lot of people do die, and they will say, I value my life more than that, so why should I join up?

So, are we actually talking about something quite different here? Are we actually

talking about conscription if we are to increase the number of people in the armed forces so that instead of them representing a bit over 2 per cent at best of national GDP, they are going to absorb 5 per cent of national GDP? Is that what's necessary?

These are real questions. Let's stop the faffing around with the money issue. Let's talk about the reality.

And let's also talk about another reality, which is why young people don't want to go into the forces. And that is that they know that when they come out, they're treated pretty abysmally.

The armed forces actually leave them exposed when they leave. Many have PTSD and mental health problems as a result of the trauma that they've seen or suffered.

Many of them are treated very badly when they're in the armed forces. There are far too many cases of abuse for anyone to be comfortable.

Nobody should take those issues lightly because there's also a big problem with regard to housing for people who leave the armed forces because they don't get automatic access to anywhere and have not saved enough whilst they've been living in armed forces accommodation to find an alternative.

And there is the problem of getting a job. It's very difficult to transfer from being in the infantry to doing something else in civil society. It's fine if you're a skilled aircraft engineer, you'll probably get a job fairly easily. But most people aren't in that skill category. Or they have skills that aren't transferable. You might be able to fly a drone for the military. But there's very little chance you will fly an equivalent drone in the private sector. So, how would we actually transition people out of the armed forces if we put so many people into them?

I don't know the answer to any of these questions, but as I said right at the start, there is a form of existential nature to this question about redefining the role of defence in our economy that does beg us to actually address what the issue is, and what we're living in fear of, and whether it might happen, and why it's worth our while to dedicate so much of our resources to defence when maybe we don't think the threat is worth rising to.

But without asking the questions, we're in deep trouble, and the economic consequences of those questions are considerable, and in particular, there will be an enormous cost to the real disposable income of people that they will have available to spend on consumer goods if people are put into the fundamentally unproductive activity of running around in military training because nothing is directly produced as a consequence, and yet some of our brightest and best and fittest and youngest of people will be doing just that.

This is serious stuff.

It's not good enough for Labour ministers to say we're going to increase defence spending without dealing with all the consequences. They've got to address the fact that they are talking about a fundamental realignment of the economy. And that means that they have to take these questions seriously.