



House of Commons  
Defence Committee

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# Shifting the Goalposts? Defence Expenditure and the 2% Pledge: An Update

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Twentieth Special Report of Session  
2017–19

*Ordered by the House of Commons  
to be printed 16 July 2019*

## The Defence Committee

The Defence Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Ministry of Defence and its associated public bodies.

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The committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the Internet via [www.parliament.uk](http://www.parliament.uk).

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### Committee staff

Mark Etherton (Clerk), Dr Adam Evans (Second Clerk), Dr Ian Hart, Ian Thomson and Dr Lauren Twort (Committee Specialists), Sarah Williams (Senior Committee Assistant) and Arvind Gunnoo (Committee Assistant).

### Contacts

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You can follow the Committee on Twitter using [@CommonsDefence](https://twitter.com/CommonsDefence).

# 1 Updated comparative governmental expenditure analysis

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1. In 2016, our predecessor Committee published *Shifting the goalposts? Defence expenditure and the 2% pledge*.<sup>1</sup> That Report analysed the Government's commitment to spend 2% of GDP on Defence until the end of the Parliament. The Annexes provided graphs and tables comparing UK expenditure on Defence, Health, Education, Pensions and Benefits and Overseas Development Assistance, as a proportion of GDP, from 1955-56 to 2013-14. This analysis showed that, between the end of the Cold War at the end of the 1980s and 2013-14, expenditure on Health had almost doubled as a proportion of GDP. Since the end of the 1990s, expenditure on Overseas Development Assistance had more than doubled. Between 1955 and 1975, expenditure on Education also doubled, after which it had remained approximately constant at this enhanced level. By contrast, between 1988 and 2014, Defence expenditure had almost halved as a proportion of GDP.

2. This Special Report updates the graphs and tables to 2017-18.<sup>2</sup> Since 2010-11, spending as a percentage of GDP has fallen in most of the areas analysed. Expenditure by the Ministry of Defence has reduced by 0.6 percentage points from 2.4% of GDP in 2010-11 to 1.8% in 2017-18 (a proportionate decrease of 25.1%). The UK's overall Defence expenditure, as defined by NATO, has fallen by 0.4 percentage points from 2.5% of GDP in 2010-11 to 2.1% in 2017-18 (a proportionate decrease of 16.0%).<sup>3</sup> Between 2010-11 and 2017-18, the Ministry of Defence's expenditure as a percentage of GDP decreased by a larger proportion (25.1%) than the reductions in Health, Pensions and Benefits and Education expenditure over the same period. Spending on Overseas Development Assistance has continued to increase.<sup>4</sup>

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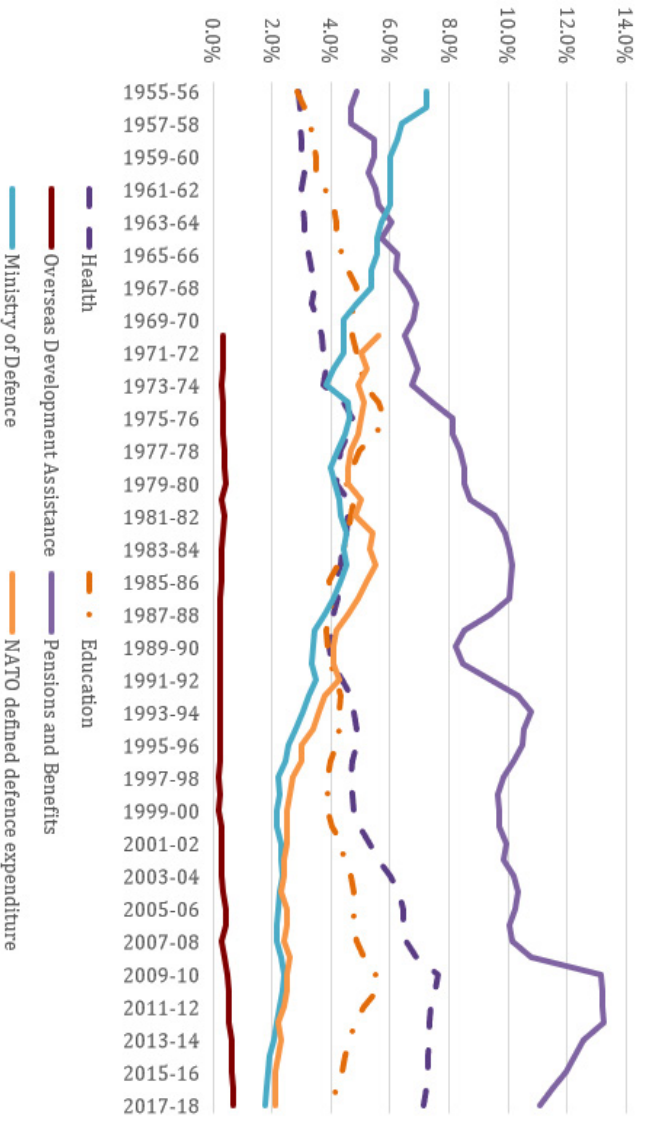
1 House of Commons Defence Committee, *Shifting the goalposts? Defence expenditure and the 2% pledge*, Second Report of Session 2015-16, HC 494, April 2016

2 In updating the data, we have used the Office for National Statistics' YBHA Series for Gross Domestic Product released on 28 June 2019 to calculate the percentage. As these estimates have been revised since the previous Report, the figures may differ slightly from those we reported previously. All percentages have been rounded to one decimal place.

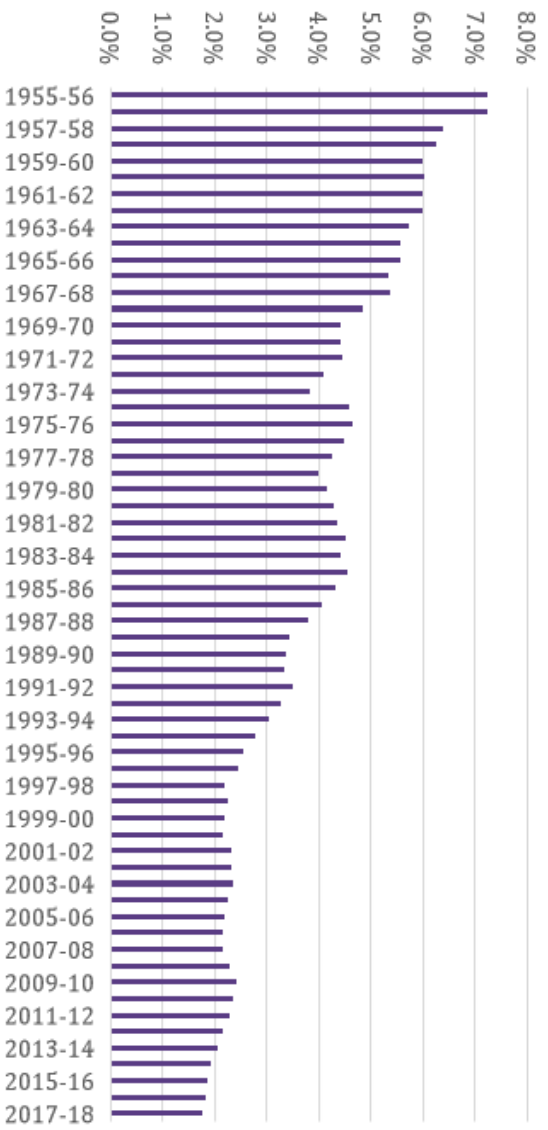
3 We have updated our analysis to include the NATO defence expenditure definition. NATO's definition of Defence expenditure is established 'as payments made by a national government specifically to meet the needs of its armed forces or those of Allies'. Expenditure is counted as being Defence expenditure if it falls within one or more of seven areas: expenditure on the Armed Forces and "Other forces"; pensions; peacekeeping, humanitarian and weapon control; research and development; the military component of mixed civilian-military activities; financial assistance to an ally; and expenditure towards NATO common infrastructure. See House of Commons Library Briefing Paper, [UK Defence Expenditure](#), CBP 8175, November 2018

4 Between 2010-11 and 2017-18: Education expenditure as a percentage of GDP fell by 1.3 percentage points from 5.5% of GDP to 4.2% (a proportionate decrease of 24.7%); Pensions and Benefits expenditure as a percentage of GDP fell by 2.1 percentage points from 13.2% of GDP to 11.1% (a proportionate decrease of 16.1%); and Health expenditure as a percentage of GDP fell by 0.5 percentage points from 7.6% of GDP to 7.1% (a proportionate decrease of 5.8%). Over the same period, spending on Overseas Development Assistance as a percentage of GDP increased by 0.2 percentage points from 0.5% of GDP to 0.7% (a proportionate increase of 26.5%).

### Comparative study of expenditure as a percentage of GDP, 1955-2018

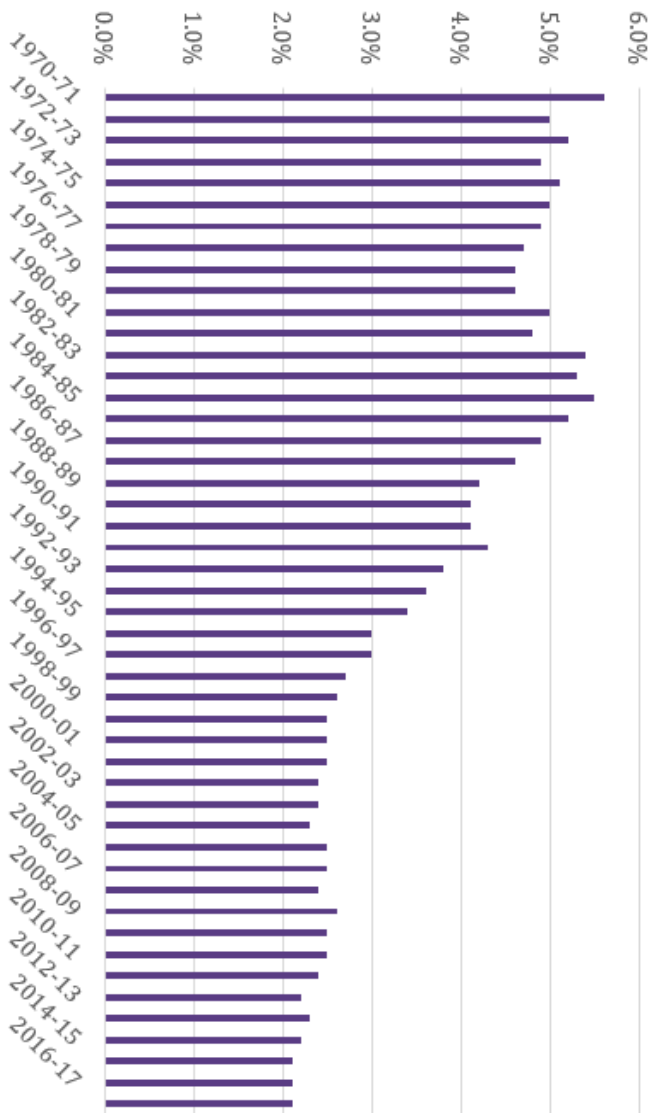


### Ministry of Defence expenditure as a percentage of GDP, 1955-2018<sup>5</sup>

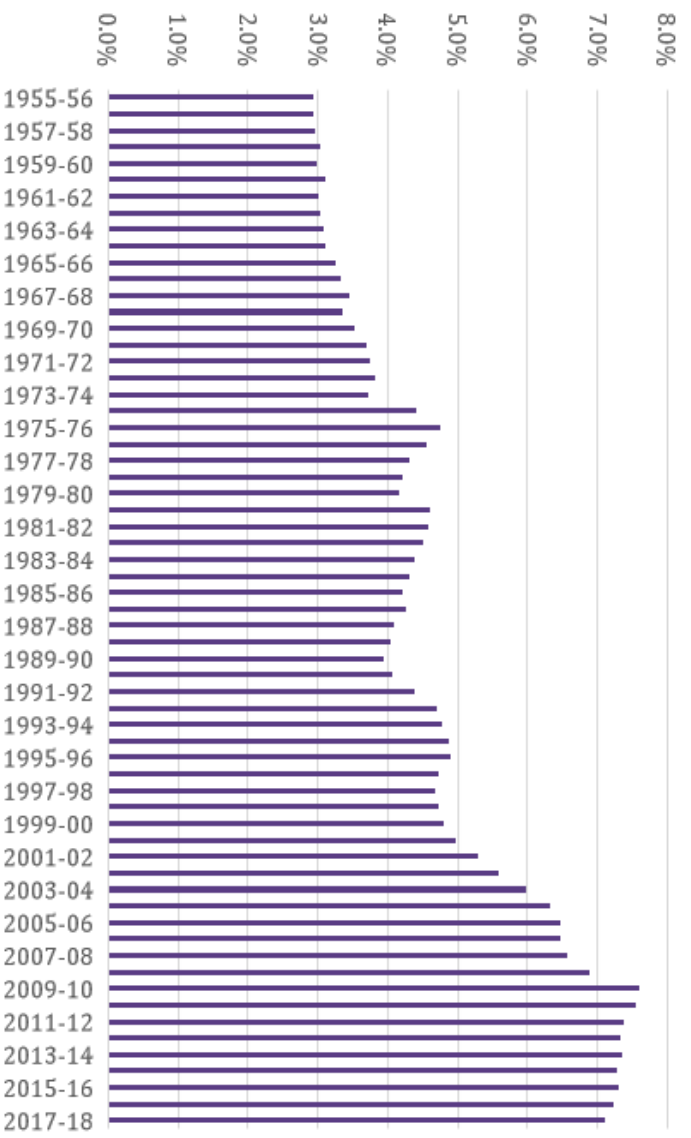


<sup>5</sup> Figures used are the Department's net cash requirement. This series allows for comparisons between periods before and after the introduction of resource accounting and budgeting in the late 1990s. British Historical Statistics, Mitchell (1955 to 1975); UK Defence Statistics, DASA (from 1975 to 1990); Ministry of Defence, Annual Report and Accounts (1990 to 2018). Annual GDP: Office of National Statistics, YBHA Series, June 2019.

**NATO defined defence expenditure as a percentage of GDP, 1970-2018<sup>6</sup>**



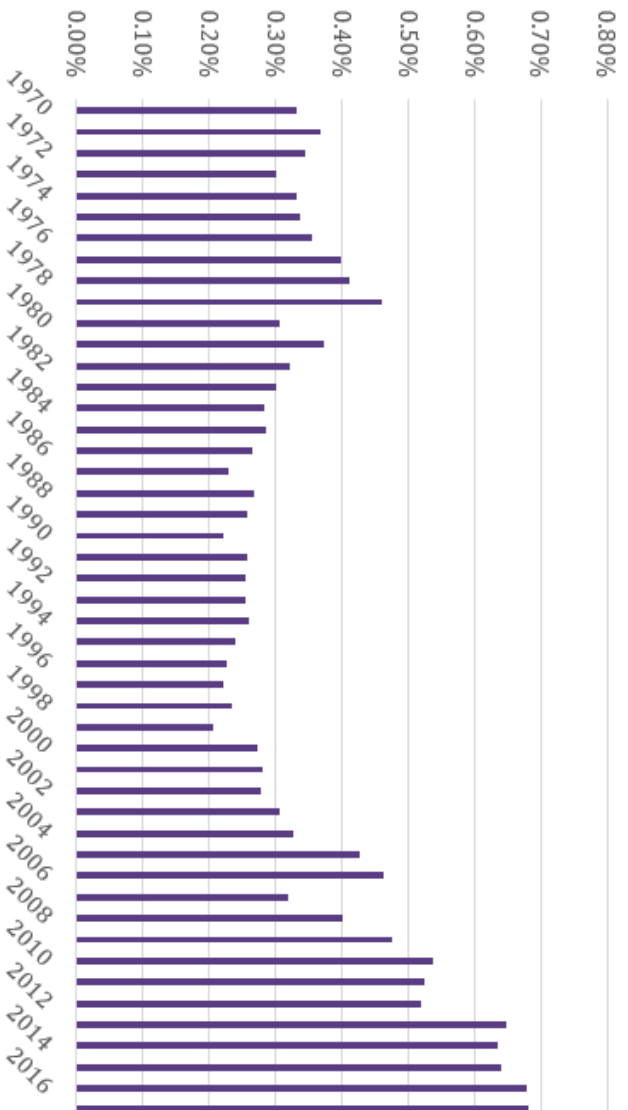
**National Health Service expenditure as a percentage of GDP, 1955-2018<sup>7</sup>**



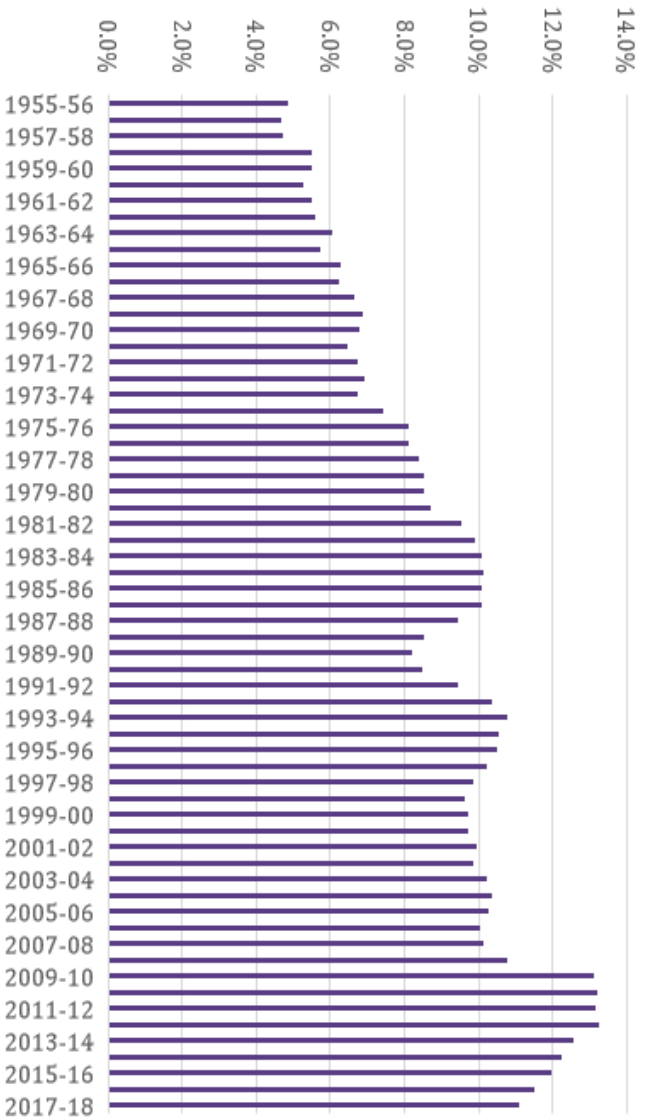
6 NATO, Information on defence expenditures ([https://www.nato.int/cps/en/natohq/topics\\_49198.htm](https://www.nato.int/cps/en/natohq/topics_49198.htm)). Prior to 1970 the data is more sporadic and has gaps between years.

7 ONS, Annual Abstract of Statistics: 2000, Table 10.19, and earlier editions; HM Treasury, *Public Expenditure Statistical Analysis: 2018*, Table 4.2

**International Development (Overseas Development Assistance) expenditure as a percentage of GDP, 1970-2018\***

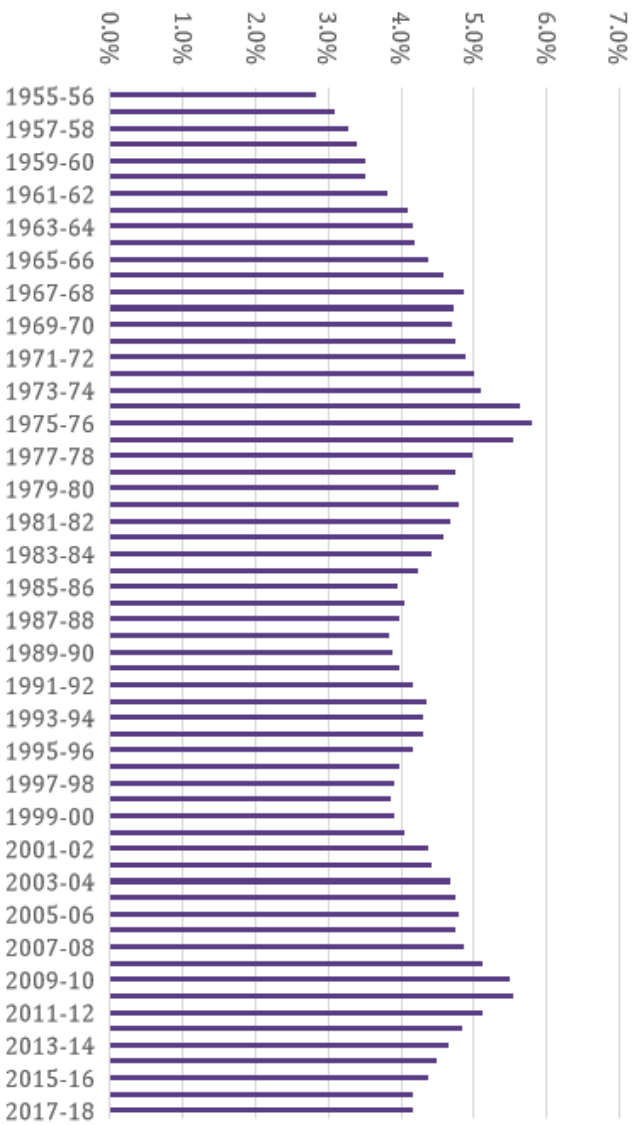


**Pensions and Benefits expenditure as a percentage of GDP, 1955-2018\***



8 DFID, *Statistics on International Development: Provisional UK Aid Spend 2017*, April 2018. Consistent figures are only available for 1970 onwards.  
 9 Department for Work and Pensions, benefit expenditure and caseload tables.

**Education expenditure as a percentage of GDP, 1955-2018<sup>10</sup>**



<sup>10</sup> CSO, *Annual abstract of statistics 1967*, and earlier editions; DES, *Education statistics for the United Kingdom*, various years; HM Treasury, *Public Expenditure Statistical Analysis*, 2018 and earlier editions

**Defence expenditure as a percentage of GDP listed by year, 1955-2018**

Year	Ministry of Defence expenditure as a percentage of GDP <sup>11</sup>	NATO defined defence expenditure as a percentage of GDP <sup>12</sup>
1955-56	7.2	
1956-57	7.2	
1957-58	6.4	
1958-59	6.2	
1959-60	6.0	
1960-61	6.0	
1961-62	6.0	
1962-63	6.0	
1963-64	5.7	
1964-65	5.6	
1965-66	5.6	
1966-67	5.3	
1967-68	5.4	
1968-69	4.9	
1969-70	4.4	
1970-71	4.4	5.6
1971-72	4.4	5.0
1972-73	4.1	5.2
1973-74	3.8	4.9
1974-75	4.6	5.1
1975-76	4.6	5.0
1976-77	4.5	4.9
1977-78	4.2	4.7
1978-79	4.0	4.6
1979-80	4.2	4.6
1980-81	4.3	5.0
1981-82	4.3	4.8
1982-83	4.5	5.4
1983-84	4.4	5.3
1984-85	4.5	5.5
1985-86	4.3	5.2
1986-87	4.1	4.9
1987-88	3.8	4.6
1988-89	3.4	4.2
1989-90	3.4	4.1
1990-91	3.3	4.1

11 Figures used are the Department's net cash requirement. This series allows for comparisons between periods before and after the introduction of resource accounting and budgeting in the late 1990s. British Historical Statistics, Mitchell (1955 to 1975); UK Defence Statistics, DASA (from 1975 to 1990); Ministry of Defence, Annual Report and Accounts (1990 to 2018). Annual GDP: Office of National Statistics

12 NATO, Information on defence expenditures: [https://www.nato.int/cps/en/natohq/topics\\_49198.htm](https://www.nato.int/cps/en/natohq/topics_49198.htm). Prior to 1970 the data is more sporadic and has gaps between years.



Year	Ministry of Defence expenditure as a percentage of GDP <sup>11</sup>	NATO defined defence expenditure as a percentage of GDP <sup>12</sup>
1991-92	3.5	4.3
1992-93	3.3	3.8
1993-94	3.1	3.6
1994-95	2.8	3.4
1995-96	2.5	3.0
1996-97	2.4	3.0
1997-98	2.2	2.7
1998-99	2.3	2.6
1999-00	2.2	2.5
2000-01	2.2	2.5
2001-02	2.3	2.5
2002-03	2.3	2.4
2003-04	2.3	2.4
2004-05	2.3	2.3
2005-06	2.2	2.5
2006-07	2.1	2.5
2007-08	2.2	2.4
2008-09	2.3	2.6
2009-10	2.4	2.5
2010-11	2.4	2.5
2011-12	2.3	2.4
2012-13	2.2	2.2
2013-14	2.1	2.3
2014-15	1.9	2.2
2015-16	1.8	2.1
2016-17	1.8	2.1
2017-18	1.8	2.1

#### Notes

Since 2015-16, the Government has included several new items that NATO allows for calculating the percentage of defence expenditure as a proportion of GDP (see footnote 3). The right-hand column above shows what the percentage would have been retrospectively, had the changes been made from 1970-71 onwards.

The left-hand column shows UK Defence expenditure as a proportion of GDP, calculated on a historically consistent basis. However, as explained in footnote 2, these figures differ slightly from the table in Annex 1 of our predecessor's Report, *Shifting the goalposts?*, because the ONS has revised the figures for GDP from those used when that Report was compiled.