

# Labour slashes public spending, hands over billions to military in UK Spring Statement

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Chancellor Rachel Reeves slashed £15 billion in public spending in Tuesday's Spring Statement, while upping military funding by billions to reach a targeted 2.5 percent of GDP by 2027. More than 250,000 people were thrown into poverty at a stroke.

Increasing military spending is the main demand of the ruling class on the Labour government, as Prime Minister Sir Keir Starmer seeks to mobilise a "coalition of the willing" against Russia and backs Israel's genocide in Gaza and the West Bank.

Reeves' was the most pro-war speech made by any UK politician since World War Two, as she pledged that the Treasury's coffers would be emptied to "boost Britain's defence industry and to make the UK a defence industrial superpower".

To pay for this, Reeves announced more brutal cuts on the disabled and welfare recipients; the Office for Budget Responsibility assessed 24 hours prior that her cuts finalised last week were insufficient, amounting to £3.4 billion versus the government's claimed £5 billion.

The Chancellor corrected this Wednesday, announcing that universal credit health benefit, claimed by many disabled people, would be cut by 50 percent and now frozen for new claimants until 2030. Reeves announced that welfare spending as a share of GDP "will fall between 2026-27 and the end of the forecast period [2030]."

The cuts will fall on a population already devastated by 15 years of austerity. The *Financial Times* reported, "About 3.2mn people will lose out financially as a result of welfare reforms announced by the government, losing on average £1,720 a year, according to an impact assessment published by the Department for Work and Pensions on Wednesday."

An estimated "800,000 people will lose out on

disability benefits; this comprises 370,000 people who are currently in receipt of personal independence payments that will no longer get them and 430,000 future claimants who will no longer be entitled to the benefits."

It added, "About 250,000 people, including 50,000 children, will be pushed into relative poverty..." In reference to the newest cuts, the FT stated, "around 2.25mn people currently in receipt of incapacity benefits, known as universal credit health, will be impacted by the freeze on rates, losing on average £500 a year."

Many disabled will die as a result of these cuts. As Reeves spoke, thousands of welfare claimants protested outside Downing Street and Parliament as part of a National Day of Action. A banner summed up the savage impact of the government's policies following its election last July, with the word "Tory" crossed out to give a sentence reading "Labour Cuts Kill".

Reeves ensured the main message of the Spring Statement was understood, trailing it with a visit Tuesday to the Rheinmetall BAE Systems Land factory in Telford.

Speaking to the *Mirror* at the plant where NATO-approved Boxer armoured vehicles are being built for the British Army, Reeves stated after climbing into one: "We are a strong country, and we can come out stronger from the challenges that we face. But it does require thinking again about how we spend taxpayers' money. It's right given the challenges and the circumstances that we face, that we uplift our spending on defence."

On Wednesday the chancellor went straight from Parliament to a photo op alongside Defence Secretary John Healey at Wellington Barracks in Westminster.

Reeves declared in beginning her speech, "The threat

facing our continent was transformed when Putin invaded Ukraine. It has since escalated further and continues to evolve rapidly. At the same time, the global economy has become more uncertain bringing insecurity at home. As trading patterns become more unstable and borrowing costs rise for many major economies.”

If British imperialism was to survive, the role of “responsible government is not simply to watch this change. This moment demands an active government.”

Now in full Thatcher mode, Reeves stressed that Labour’s “Stability Rule”, aimed to balance “the current budget by 2029-30”. This would require massive job losses in the civil service to slash the cost of “running government by 15 percent,” with £150 million allocated to funding “government employee exit schemes.” These cuts would raise “£2bn, by the end of the decade.”

Government would also be made “more productive and more efficient”, with overall day-to-day spending reduced by £6.1 billion by 2029-30. Further huge spending cuts in major government departments would be announced in the June spending review, she announced.

Imposing these brutal cuts would allow the transformation of Britain into a garrison state. Last month, bragged Reeves, Starmer told US President Donald Trump that Labour was committed to the “biggest sustained increase in defence spending since the end of the Cold War and an ambition to spend 3 percent of GDP on defence in the next parliament...”

“That was the right decision in a more insecure world, putting an extra £6.4bn into defence spending by 2027. But we have to move quickly in this changing world.”

This introduced the announcement of another £2.2 billion to be given to the Ministry of Defence in the next financial year (which starts in April), “as a further downpayment on our plans to deliver 2.5 percent of GDP by 2027.”

As a result, military spending would rise to “2.36 percent next year and will be invested in fitting Royal Navy ships with Directed Energy Weapons five years earlier than planned”. Another £200 million would go to support nuclear submarine jobs in Barrow and funds for military homes and naval ports such as Portsmouth and Plymouth.

Boosting “Britain’s defence industry” meant spending “a minimum of 10 percent of the Ministry of Defence’s equipment budget on novel technologies including drones and AI-enabled technology driving forward advanced manufacturing production in places like Glasgow, in Derby and in Newport.”

A separate Treasury statement said the purpose of producing these weapons was “so that British troops have the tools they need to fight and win in modern warfare.”

Economic growth would be premised on a strong arms sector, with the Treasury’s document stating that the “government is determined to transform the defence sector into an engine for growth by focusing this investment on where it boosts the productive capacity of the economy such as investment in innovation and novel technologies.”

A further £2 billion would be provided to increase the lending capacity of UK Export Finance to assist in financing overseas purchases of UK military equipment.

Every attack on the working class announced in the Spring Statement is only a small downpayment. To satisfy the bond markets, Reeves’ budget was aimed at restoring the Treasury’s remaining £10 billion “headroom” that was wiped out due to increased government borrowing costs as a result of last October’s budget. The *Financial Times* cited Shamil Gohil, the fixed income portfolio manager at Fidelity International, who said that the “regained headroom was a ‘temporary fix’ and ‘arguably not enough’”.

How precarious the economic position of British capitalism still is was noted by the *Times* which reported, “President Trump risks wiping out Reeves’s thin margin of error, according to the Office for Budget Responsibility.

“The watchdog said that a US global tariff of 20 percent on all goods would lop 1 percent off the UK economy and wipe out the £9.9 billion buffer that the chancellor announced today.”



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