



By: *Harvey Morris*

# In a 'tough choices' budget UK government need not sideline foreign aid



Leading UK charities lobbying for a boost in the level of Britain's overseas aid are likely to find themselves at the back of the queue as the government prepares to spell out its budgetary priorities.

Ahead of this week's conference of the ruling Labour Party, more than 100 top NGOs signed a **statement** warning that, under current spending plans inherited from the outgoing Conservatives, the aid budget was set to drop to its lowest levels since 2007.

That may not cut much ice with a government confronting a host of ostensibly more pressing economic challenges or indeed with a public inclined to believe, given the state of the nation, that charity begins at home.

A government facing the charge that it is condemning British pensioners to a winter of penury by cutting their fuel subsidies would expect an inevitable backlash if it opted to spend the savings on the victims of war and famine on the other side of the world.

The charities, which included Oxfam and Save the Children UK, nevertheless argued that it was in the national interest to begin to restore expenditure on aid to pre-pandemic levels.

If there were no U-turn on aid, the government would not only be withdrawing support from millions of marginalised people. It would also be turning up empty-handed in global forums at which aid was debated.

Or, as one prominent politician put it in a speech to the House of Commons: "British aid saves lives, it builds a more secure world, and it promotes democracy and British soft power."

That was Keir Starmer in July 2021, when he led Labour MPs in **opposing** a cut in overseas development aid from a statutory 0.7 per cent of gross national income in the wake of the Covid crisis.

## Tough decisions

Labour watered down its position in its 2024 election manifesto in which it pledged to restore the 0.7 per cent commitment "as soon as fiscal circumstances allow".

Chancellor Rachel Reeves made no reference to foreign aid in a speech to the Labour conference ahead of an October budget in which she said "tough decisions" would have to be made.

The United Nations set the 0.7 per cent target for richer nations in 1970. The UK achieved it in 2013, under a Conservative-led coalition, and two years later it was enshrined in law.

In 2020, the UK was one of only seven countries to meet the target and was second to Germany in percentage and absolute terms, having spent \$19 billion on development aid.

**After the aid cut, the UK fell to fifteenth place among donors in percentage terms in 2022**

The following year the Conservative government of Boris Johnson cut the target to 5 per cent until such time as the country was no longer borrowing for day-to-day spending and the ratio of underlying debt to GDP was falling.

He described those who opposed the cut as "lefty" propagandists, even though they included his Conservative predecessor, Theresa May.

After the aid cut, the UK fell to fifteenth place among donors in percentage terms in 2022 and fifth in terms of money spent.

By then, the Johnson government had closed the Department for International Development, a separate ministry that administered foreign aid, and merged it with the Foreign Office. Labour has made no commitment to restore it.

## Reeves will not seek to restore

## the aid target

In their joint statement, the UK charities warned that the real budget for aid overseas would slip to only 0.36 per cent of gross national income this year because of the large amounts of cash being syphoned off to host asylum-seekers in the UK.

Spending on a domestic burden that severely stretches the definition of foreign aid came to £4.3 billion in 2023, or almost a third of the overseas development budget.

In opposition, Starmer warned, perhaps presciently, that pegging aid to measures of economic performance would mean that the lower 0.5 per cent aid target would effectively carry on indefinitely.

**The indications are that Reeves will not seek to restore the aid target, at least not in her first budget**

The indications are that Reeves will not seek to restore the aid target, at least not in her first budget, given the tough decisions of which she has warned.

The government can argue that much has changed in the past half-decade. Russia's invasion of Ukraine is the most obvious source of tension in what now looks like an increasingly unstable world. The UK has pledged £12.7 billion to support Ukraine since February 2022, more than half in military assistance.

## Aid cuts would reduce Britain's influence

In the same period, extreme poverty has been growing in the global South, a trend exacerbated by the pandemic. The World Bank estimates that the goal of ending extreme poverty by 2030 remains out of reach.

The UK's 2013 law effectively ring-fenced the 0.7 per cent aid target until it was overturned. Labour once argued that even the pandemic should not divert the Conservative government from a commitment both parties had previously shared.



*Even in troubled economic times, Labour might reflect on its manifesto commitment to regain Britain's global leadership on development - Keir Starmer*

Opponents of the aid cut noted it saved barely one per cent of the £410 billion spent on coping with the impact of Covid.

Even in troubled economic times, Labour might reflect on its manifesto commitment to regain Britain's global leadership on development. It now has that opportunity to claim a central international role in addressing poverty in a world increasingly threatened by climate change.

Chancellor Reeves might also like to reflect on her words to parliament from 2021, when she said aid cuts would reduce Britain's power and influence in the world and undermine security at home.

“At this moment perhaps more than any other,” she said at the time. “We should be looking to project our power and influence for good around the world, to create change in our national interest but in the global interest, too.”