

UK's National Debt Romps Passed £2 Trillion and No One Noticed

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The UK national debt is the total amount of money the British government owes to the private sector and other purchasers of UK gilts.

In Nov 2018, UK public sector net debt was £1,7951.3 billion equivalent to around 84% of GDP.

However, due to other distractions such as Brexit, Britain's national debt recently rocketed passed the £2 trillion mark and is already sitting at close to £2.2 trillion – £2.17 trillion to be precise.

Politicians may say the budget deficit (the amount the government borrows each year) is coming down, which of course could be right but often get these two terms wrong because they rarely mention that at the same time, the national debt is still rising. So if annual borrowing falls from say £80bn to £50bn, the annual deficit is lower – but, at the same time, the national debt (total debt) is still rising.

In 1987 the national debt was 38% of GDP, in 1997 it was 41%, in 2007 it was 37% and by 2017 it had rapidly risen to 83%.

The reduction in debt as a % of GDP in 1950-1980 was primarily due to a prolonged period of economic growth.

The financial crisis caused by the banks added an extra £500bn of potential liabilities. Austerity was the outcome. In addition, economic growth stalled causing the government to increase borrowing.

In 1997 debt interest was £28bn, in 2017-18 it was £68bn. In 1997 the interest rate was 7.25 per cent, today it is 0.5 per cent. Long term interest rates look set to rise – it's not hard to see a big problem with this in future.

Public sector debt interest payments have already reached the 4th highest department for spending after social security, health and education.

The structure of how both the government's borrowing and national debt – could well only get worse as an ageing population places greater strain on the UK's pension liabilities – called the [demographic time bomb](#).

Brexit could also place a greater burden of debt upon future generations as economic activity slows – assuming that Brexit causes an economic slowdown. One concern is that various predictions from the Bank of England to economic advisors to the government have stated a hard Brexit could see GDP fall by as much as 9 per cent. This would have a dramatic effect on tax receipts, whilst increasing expenditure such as benefits. Another concern is the number of younger aged people may well be forced into leaving the UK, thereby increasing the burden upon everyone else.

£2.2 trillion is difficult to work out. A million takes the average person about a month to count. A billion takes about 31 years and a trillion about 32,000 years.

Another way of looking at the national debt is this:

Debt per person is £34,676

Debt per taxpayer is £59,643

According to the National Debt Clock, the debt increases at the rate of £5,170 per second.

Or £310, 200 per minute

Or £18,612,000 per hour

Or £446.6 million per day

Visit the National Debt Clock [HERE](#).

For more information on the national debt click [HERE](#).

Annual interest rate tables [HERE](#).

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