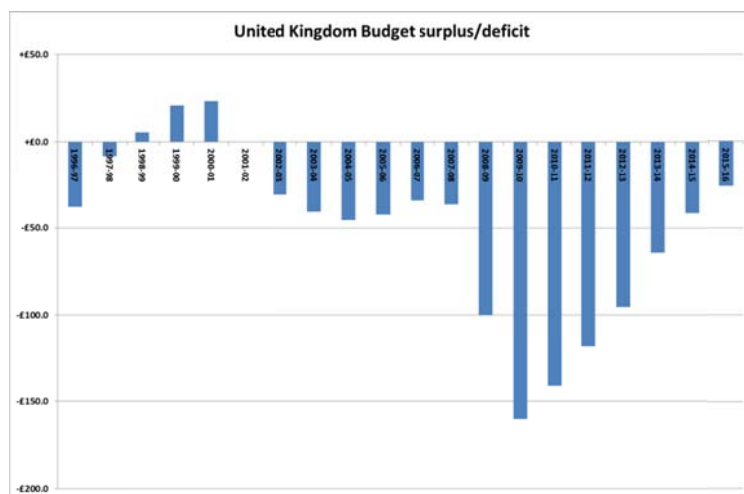




The Scale of the Official Deficit and Debt

- The 2010/11 UK public deficit stood at £141 billion (or 9.7% of GDP).
- UK public finances had been in deficit for ten of the thirteen years prior to this but this never exceeded 5% of GDP prior to the financial crisis.
- The financial crisis of 2008 and the subsequent recession accentuated this deficit, such that it increased from £36.4 billion in 2007/08 to £99.9 billion in 2008/09 (both in 2010/11 prices).
- The UK will continue to run a public deficit in every year of this Parliament, as the Coalition government aim to eliminate the ‘structural component’ of it.



- This means that the Coalition government will add £460 billion to the official national debt over the course of this Parliament.
- Because of this increase in total public debt, interest payments on debt will increase from £43 billion per year in 2010/11, to £62 billion per year in 2014/15 (from 6.3% of total public expenditure to 8.4%).
- Public debt as a percentage of GDP will peak in 2013/14 at 70%, after which stronger GDP growth relative to the increase in debt will start to bring the figure down.

