

The Conservatives have been the biggest borrowers over the last 70 years

POSTED ON MARCH 13 2016

I was interviewed twice on the radio on Friday evening to discuss [John McDonnell's new fiscal rule](#), once on LBC and the other on Radio 5. In both cases the interviewers were quite explicit in stating that it was known that Labour always borrowed more than the Conservatives and that was why the electorate could not trust them with the economy. I knew [that evidence I had prepared a year ago](#) did not support that view in recent years (post 1997) but I decided to see if this claim really had any substance to it all at all. This blog is about my findings. There is a note on data sources at the end.

The first task was to secure data on borrowing by year from 1946/47 onwards: this data covers a 70 year period. Labour was in office for 28 of these years and the Conservatives for 42.

The next task was very simple: I calculated the total net borrowing in Labour and Conservative years and averaged them by the number of years in office. All figures are stated billions of pounds in all the tables that follow and in this case are in original values i.e. in the prices of the periods when they actually occurred:

	Labour	Conservative	Total	Higher: Labour or Conservative?
Years in office	28	42	70	Conservative
Total net borrowing - original prices	488.1	961.8	1449.9	Conservative
Average borrowing for each year in office - original prices	17.4	22.9	20.7	Conservative

The Conservatives borrowed more, not just absolutely (which is unsurprising as they had more years in office), but on average.



Richard Murphy



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This though, is a bit unfair: the value of money changes over time. So I restated all borrowing in 2014 prices to eliminate the bias this gives rise to. This resulted in the following table:

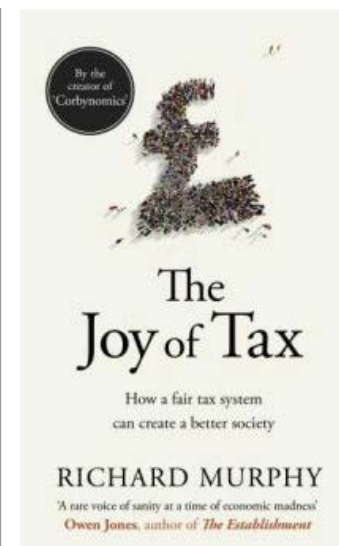
	Labour	Conservative	Total	Higher: Labour or Conservative?
Years in office	28	42	70	Conservative
Total net borrowing - 2014 prices	749.2	1405.4	2154.6	Conservative
Average borrowing for each year in office - 2014 prices	26.8	33.5	30.8	Conservative

In current prices the Conservatives still borrowed more (much more) overall, and on average, by a long way.

So then I speculated that this may be distorted by events since 2008. That is what the Conservatives would claim, after all: they would say that they have spent six years clearing up Labour's mess. So I took those years out of account and looked at the first 62 years of the sample. First I did this in original prices:

	Labour	Conservative	Total	Higher: Labour or Conservative?
Years in office	26	36	62	Conservative
Total borrowing in original prices excluding the Global Financial Crisis	229.3	319.6	548.9	Conservative
Average borrowing for each year in office excluding the Global Financial Crisis - original prices	8.82	8.88	8.85	Conservative

That was close! So I did it again in 2014 prices:



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	Labour	Conservative	Total	Higher: Labour or Conservative?
Years in office	26	36	62	Conservative
Total borrowing in 2014 prices excluding the Global Financial Crisis	461.6	742.9	1204.5	Conservative
Average borrowing for each year in office in 2014 prices excluding the Global Financial Crisis	17.8	20.6	19.4	Conservative

Not quite so close after all: Labour definitely borrowed less.

Then I speculated that this might be because Labour are good Keynesians: maybe they repaid national debt more often than the Conservatives. Or, to put it another way, they actually repaid the roof when the sun was shining. This is the data in terms of number of years:

	Labour	Conservative	Total	Higher: Labour or Conservative?
Years in office	28	42	70	Conservative
Number of years when repaid debt	7	4	11	Labour
Percentage of years in office when debt repaid	25.0%	9.5%	15.7%	Labour

Labour do walk the talk: they repay national debt much more often in absolute and percentage terms than the Conservatives. In fact, one in four Labour years saw debt repaid. That was true in less than one in ten Conservative years.

But maybe the Conservatives repaid more. I checked that. This is the data in both original and 2014 prices:

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	Labour	Conservative	Total	Higher: Labour or Conservative?
Number of years when repaid debt	7	4	11	Labour
Total repayments made - original prices	38.7	7.0	45.7	Labour
Total repayments made - 2014 prices	108.8	19.9	128.7	Labour

Labour not only repaid more often, it turns out: it also repaid much more in total and on average (not shown) during each year when repayment was made.

So what do we learn? Two essential things, I suggest.

First, Labour invariably borrows less than the Conservatives. The data always shows that.

And second, Labour has always repaid debt more often than the Conservatives, and has always repaid more debt, on average.

The trend does not vary however you do the data.

Or, to put it another way, the Conservatives are the party of high UK borrowing and low debt repayment contrary to all popular belief, including that of most radio presenters. Which means that the next time I am presented with that nonsense I will be very firmly rebutting it.

For those interested, this is the overall summary table: the pattern in the right hand column is really quite surprising:

	Labour	Conservative	Total	Higher: Labour or Conservative?
Years in office	28	42	70	Conservative
Total net borrowing - original prices	488.1	961.8	1449.9	Conservative
Average borrowing for each year in office - original prices	17.4	22.9	20.7	Conservative
Total net borrowing - 2014 prices	749.2	1405.4	2154.6	Conservative
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Number of years when repaid debt	7	4	11	Labour
Percentage of years in office when debt repaid	25.0%	9.5%	15.7%	Labour
Total repayments made - original prices	38.7	7.0	45.7	Labour
Total repayments made - 2014 prices	108.8	19.9	128.7	Labour
Years in office prior to Global Financial Crisis	26	36	62	Conservative
Total borrowing in original prices excluding the Global Financial Crisis	229.3	319.6	548.9	Conservative
Average borrowing for each year in office excluding the Global Financial Crisis - original prices	8.82	8.88	8.85	Conservative
Total borrowing in 2014 prices excluding the Global Financial Crisis	461.6	742.9	1204.5	Conservative
Average borrowing for each year in office in 2014 prices excluding the Global Financial Crisis	17.8	20.6	19.4	Conservative

Data sources

The basic data on *borrowing* came from the *House of Commons Library*.

GDP data from 1955 came from the *2015 budget GDP deflators*. The 2015-16 estimate came from the *July 2015 budget report*. The data for the period period to 1955 came *from the Bank of England*. Data was checked to the *Treasury Pocket Data Book*: as is usual there are minor differences, but too small to worry about.



BRIEFING PAPER

Number 05745, 2 May 2017

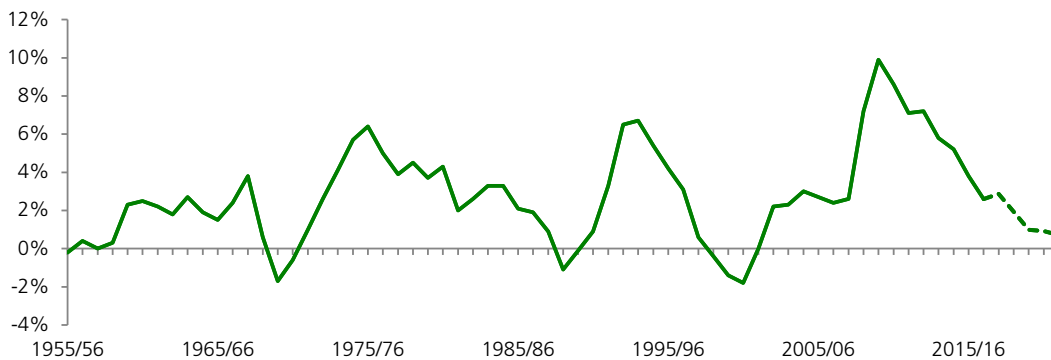
Government borrowing, debt and debt interest: historical statistics and forecasts

By Matthew Keep

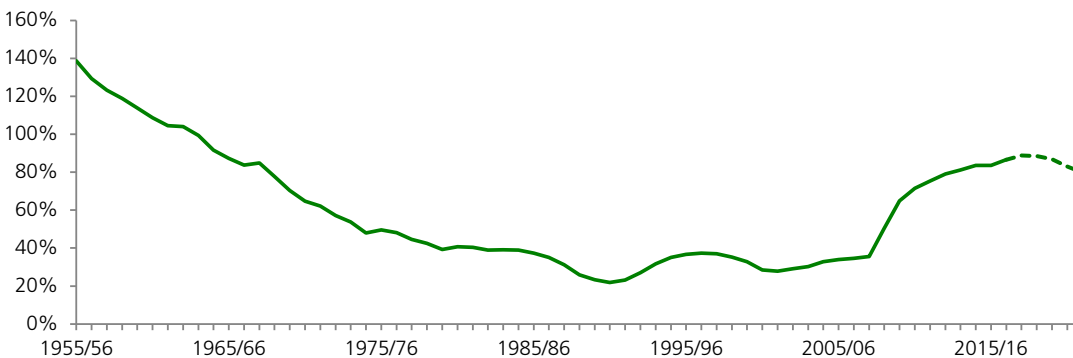
Inside:

1. Borrowing, debt and debt interest: Charts
2. Borrowing, debt and debt interest: Table

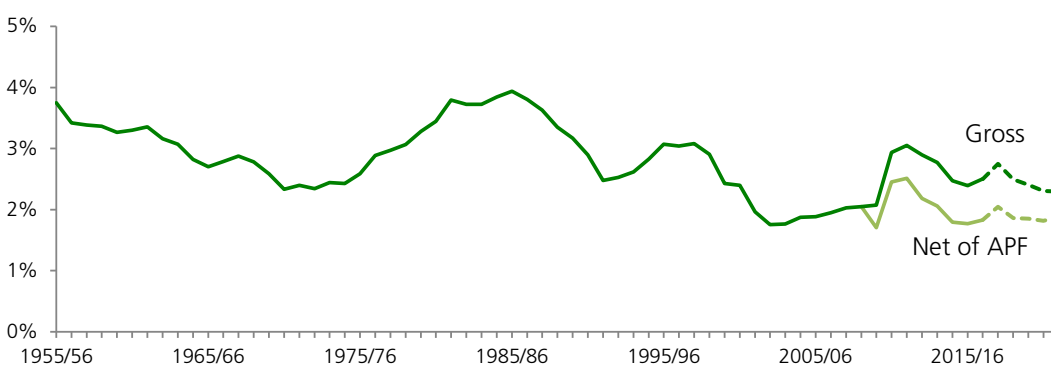
Public sector net borrowing, % GDP



Public sector net debt, % GDP



Debt interest payments, % GDP



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Summary and introduction

This is a purely statistical note on public sector borrowing (the budget deficit), public sector debt and government debt interest payments.

The charts below show public sector net borrowing, public sector net debt and debt interest payments. The data are in the table below the charts. Outturn figures from the Office for National Statistics (ONS) and the latest Office for Budget Responsibility (OBR) forecasts are shown. All data after 2016/17 are forecasts. Data for 2016/17 are provisional and may be revised.

Gross debt and net debt interest

After 2007/08 two measures of debt interest are shown: gross debt interest and net debt interest. The net figure includes the impact that the Bank of England's [quantitative easing](#) has had on debt interest payments made by the government.

The Asset Purchase Facility (APF) was set up for the Bank of England (BoE) to carry out quantitative easing, which aimed to stimulate the economy. The BoE bought government bonds through the APF from private investors such as pension funds and insurance companies to get money into the economy.

While the bonds remain in the APF it means that government net debt interest is lower than it otherwise would have been. This is because the BoE is in the public sector, so when the government makes debt interest payments for the bonds held in the APF it is making them directly to another public sector body – this is a transfer within the public sector and the net effect is £0. This means that the actual cost to the public sector of holding the debt in the APF is the cost to the BoE of raising the funds used to buy the debt, which is the bank rate and it is lower than the debt interest.

Other Library briefings discuss borrowing and debt further: [The budget deficit: a short guide](#) provides some key definitions, whilst [public finances](#) discusses recent outturns and forecasts.

Borrowing and debt data are available back to the 1920s the OBR's [public finances databank](#). The data are in the sheet called 'Public finances since 1920'.

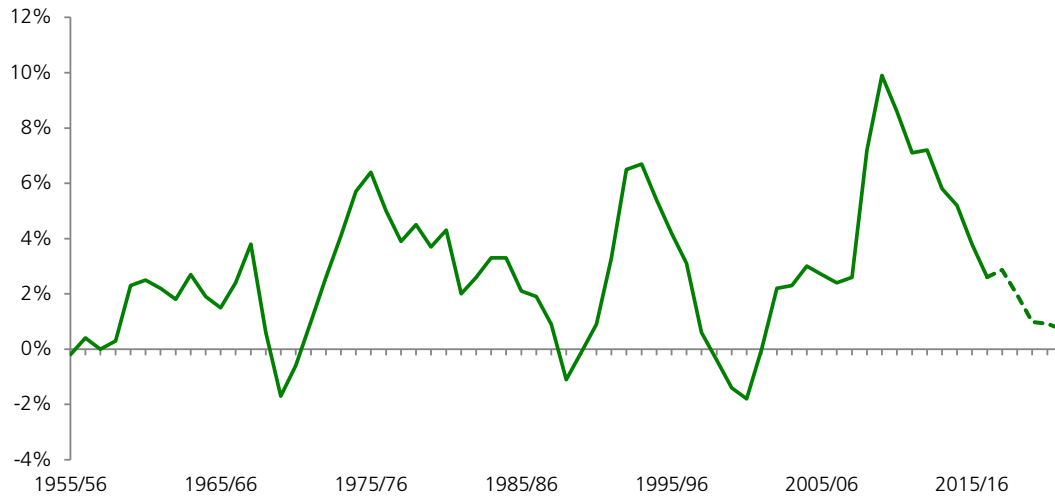
Next updates:

Outturn data: Office for National Statistics. Public sector finances release, 23 May 2017

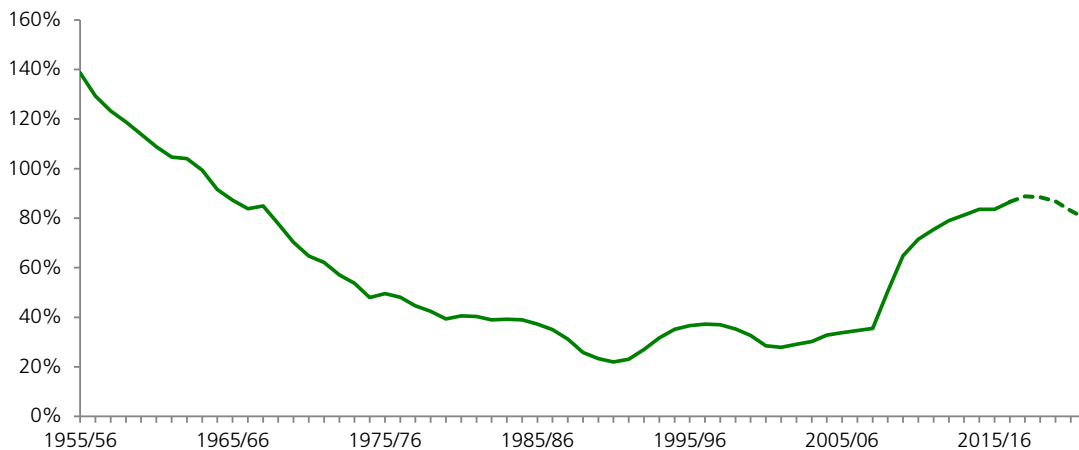
Forecasts: Office for Budget Responsibility, autumn 2017

1. Borrowing, debt and debt interest: Charts

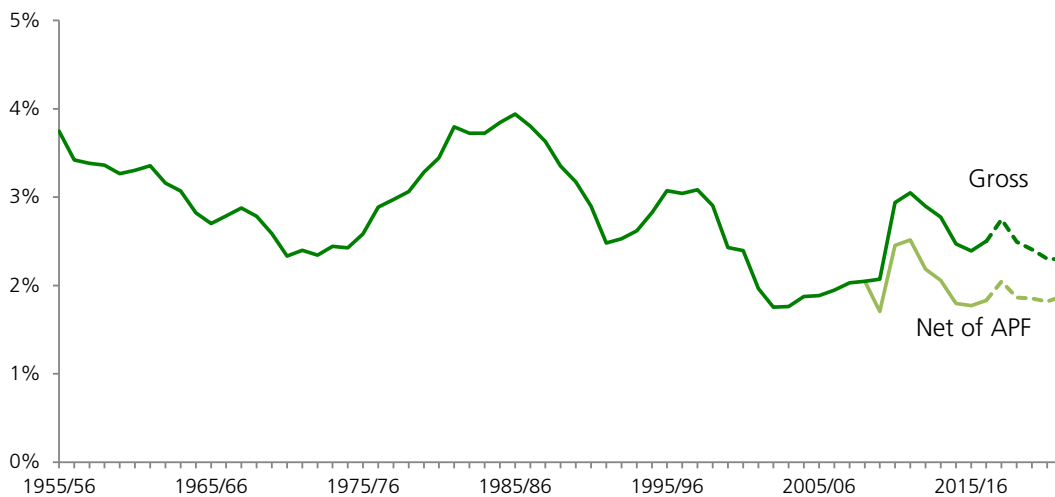
Public sector net borrowing, % GDP



Public sector net debt, % GDP



Debt interest payments, % GDP



2. Borrowing, debt and debt interest: Table

Public sector finance statistics

	Public sector net borrowing (a)		Public sector net debt (a)		Debt interest payments (b)			
					Gross		Net of APF	
	£ billion	% GDP	£ billion	% GDP	£ billion	% GDP	£ billion	% GDP
1946/47	0.6	6.4%	...	259%	0.5	...	...	...
1947/48	0.1	0.7%	...	240%	0.5	...	...	...
1948/49	-0.5	-4.2%	...	212%	0.5	...	...	...
1949/50	-0.6	-4.7%	...	204%	0.5	...	...	...
1950/51	-0.5	-3.5%	...	195%	0.5	...	...	...
1951/52	-0.1	-0.5%	...	175%	0.6	...	...	...
1952/53	0.2	1.3%	...	163%	0.6	...	...	...
1953/54	0.4	2.4%	...	155%	0.7	...	...	...
1954/55	0.3	1.4%	...	149%	0.7	...	...	...
1955/56	0.0	-0.2%	...	139%	0.7	3.7%	...	...
1956/57	0.1	0.4%	...	129%	0.7	3.4%	...	...
1957/58	0.0	0.0%	...	123%	0.8	3.4%	...	...
1958/59	0.1	0.3%	...	119%	0.8	3.4%	...	...
1959/60	0.6	2.3%	...	114%	0.8	3.3%	...	...
1960/61	0.7	2.5%	...	109%	0.9	3.3%	...	...
1961/62	0.6	2.2%	...	105%	0.9	3.4%	...	...
1962/63	0.5	1.8%	...	104%	0.9	3.2%	...	...
1963/64	0.9	2.7%	...	99%	1.0	3.1%	...	...
1964/65	0.7	1.9%	...	92%	1.0	2.8%	...	...
1965/66	0.6	1.5%	...	87%	1.0	2.7%	...	...
1966/67	1.0	2.4%	...	84%	1.1	2.8%	...	...
1967/68	1.6	3.8%	...	85%	1.2	2.9%	...	...
1968/69	0.3	0.6%	...	78%	1.3	2.8%	...	...
1969/70	-0.9	-1.7%	...	70%	1.3	2.6%	...	...
1970/71	-0.3	-0.6%	...	65%	1.3	2.3%	...	...
1971/72	0.6	1.0%	...	62%	1.5	2.4%	...	...
1972/73	1.9	2.6%	...	57%	1.7	2.3%	...	...
1973/74	3.4	4.1%	...	54%	2.0	2.4%	...	...
1974/75	5.6	5.7%	52.1	48%	2.4	2.4%	...	...
1975/76	7.7	6.4%	64.7	50%	3.1	2.6%	...	...
1976/77	7.0	5.0%	73.6	48%	4.1	2.9%	...	...
1977/78	6.4	3.9%	79.5	45%	4.9	3.0%	...	...
1978/79	8.7	4.5%	88.6	42%	5.9	3.1%	...	...
1979/80	8.5	3.7%	98.2	39%	7.6	3.3%	...	...
1980/81	11.5	4.3%	113.8	41%	9.2	3.4%	...	...
1981/82	6.0	2.0%	125.2	40%	11.2	3.8%	...	...
1982/83	8.5	2.6%	132.5	39%	12.1	3.7%	...	...
1983/84	11.8	3.3%	143.6	39%	13.2	3.7%	...	...
1984/85	12.5	3.3%	157	39%	14.7	3.8%	...	...
1985/86	9.0	2.1%	162.5	37%	16.6	3.9%	...	...
1986/87	8.4	1.9%	167.8	35%	17.2	3.8%	...	...

Public sector finance statistics/forecasts

	Public sector net borrowing (a)		Public sector net debt (a)		Debt interest payments (b)			
	£ billion	% GDP	£ billion	% GDP	Gross		Net of APF	
					£ billion	% GDP	£ billion	% GDP
1987/88	4.7	0.9%	167.4	31.2%	18.4	3.6%	...	...
1988/89	-6.0	-1.1%	153.7	25.8%	19.0	3.4%	...	...
1989/90	-0.6	-0.1%	151.9	23.3%	19.8	3.2%	...	...
1990/91	6.2	0.9%	151.1	21.9%	19.5	2.9%	...	...
1991/92	23.0	3.3%	165.8	23.1%	17.5	2.5%	...	...
1992/93	47.1	6.5%	201.9	27.0%	18.4	2.5%	...	...
1993/94	51.6	6.7%	249.8	31.7%	20.1	2.6%	...	...
1994/95	43.8	5.4%	290.0	35.1%	22.8	2.8%	...	...
1995/96	35.3	4.2%	322.1	36.6%	26.1	3.1%	...	...
1996/97	27.7	3.1%	347.0	37.3%	27.6	3.0%	...	...
1997/98	5.9	0.6%	358.6	37.1%	29.3	3.1%	...	...
1998/99	-4.4	-0.4%	357.8	35.3%	28.8	2.9%	...	...
1999/00	-14.4	-1.4%	349.3	32.7%	25.2	2.4%	...	...
2000/01	-19.6	-1.8%	316.7	28.5%	26.2	2.4%	...	...
2001/02	0.0	0.0%	323.1	27.9%	22.2	2.0%	...	...
2002/03	26.1	2.2%	356.2	29.1%	20.9	1.8%	...	...
2003/04	29.2	2.3%	391.0	30.3%	22.2	1.8%	...	...
2004/05	39.1	3.0%	446.5	32.9%	24.7	1.9%	...	...
2005/06	37.4	2.7%	487.2	33.9%	26.5	1.9%	...	...
2006/07	35.1	2.4%	523.6	34.6%	28.8	1.9%	...	...
2007/08	40.4	2.6%	557.2	35.5%	31.4	2.0%	...	...
2008/09	110.8	7.2%	767.1	50.4%	31.7	2.0%	31.7	2.0%
2009/10	151.7	9.9%	1,010.6	64.8%	31.7	2.1%	26.1	1.7%
2010/11	136.5	8.6%	1,156.0	71.6%	46.8	2.9%	39.1	2.5%
2011/12	116.0	7.1%	1,251.4	75.4%	49.8	3.0%	41.1	2.5%
2012/13	122.2	7.2%	1,362.7	79.1%	49.0	2.9%	36.9	2.2%
2013/14	102.7	5.8%	1,465.6	81.2%	48.8	2.8%	36.2	2.1%
2014/15	94.9	5.2%	1,554.0	83.6%	45.4	2.5%	33.0	1.8%
2015/16	72.0	3.8%	1,606.0	83.6%	45.1	2.4%	33.4	1.8%
2016/17	52.0	2.6%	1,729.5	86.6%	49.1	2.5%	36.0	1.8%
2017/18	58.3	2.9%	1,829.7	88.8%	55.8	2.7%	41.5	2.0%
2018/19	40.8	1.9%	1,885.1	88.5%	52.3	2.5%	39.1	1.9%
2019/20	21.4	1.0%	1,918.5	86.9%	52.2	2.4%	40.1	1.9%
2020/21	20.6	0.9%	1,904.2	83.0%	51.9	2.3%	40.9	1.8%
2021/22	16.8	0.7%	1,903.9	79.8%	53.7	2.3%	44.0	1.9%

Sources: Office for National Statistics and Office for Budget Responsibility

Note: (a) borrowing & debt figures exclude public sector banks

(b) central government gross debt interest payments

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National Statistics

GDP deflators at market prices, and money GDP: July 2015 (Summer Budget 2015)



From: [HM Treasury](#)
Part of: [GDP deflators at market prices, and money GDP](#)
Published: 10 July 2015

This document contains the latest Gross Domestic Product (GDP) deflators. The GDP deflator can be viewed as a measure of general inflation in the domestic economy.

Documents

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MS Excel Spreadsheet, 76KB



GDP deflators at market prices, and money GDP: July 2015 (Summer Budget 2015)

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Details

A series for the GDP deflator in index form is produced by the Treasury from data provided by the Office for National Statistics (ONS) and the Office for Budget Responsibility (OBR). The GDP deflator set is updated after every ONS Quarterly National Accounts release (at the end of each quarter) and whenever the OBR updates its GDP deflator forecasts.

Outturn data are the latest Quarterly National Accounts figures from the ONS, 30 June 2015. GDP deflators from 1955-56 to 2014-15 have been taken directly from fiscal period ONS series L8GG. GDP deflators from 1955 to 2014 have been taken from calendar period ONS series.

Forecasts are from the OBR as at the 08 July 2015 Budget.

The next scheduled GDP deflator update will be shortly after the ONS Q2 2015 Quarterly National Accounts release due out 30 September 2015.

Published:

10 July 2015

From:

HM Treasury

Part of:

GDP deflators at market prices, and money GDP

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