

## UK Public Sector Net Debt

### UK Public Sector Debt stood at £1.25 trillion (75.7% of GDP) in December 2013

UK public Sector debt is now:

- £927 billion higher than in 2000
- £779 billion higher than in 2005
- £270 billion higher than in 2010

### UK Government statement on outstanding UK public sector debt

*"In the event of Scottish independence from the United Kingdom (UK), the continuing UK Government would in all circumstances honour the contractual terms of the debt issued by the UK Government."*

Source - HM Treasury (13 January 2014) - UK debt and the Scotland independence referendum – Page 1

### The Fiscal Commission Working Group stated that negotiations over UK debt should be part of wider negotiations regarding the division of public sector assets and liabilities

*"The proportion of this debt which would be taken on by Scotland post-independence would be subject to negotiation. The Scottish Government should seek to negotiate a fair and equitable share of UK public sector liabilities and assets. One would expect that if Scotland was to bear a proportional burden of historic liabilities that it would receive a corresponding share of both tangible and non-tangible assets"*

*"Any final agreement would form part of wider negotiations on the division of assets and liabilities of the UK State."*

Source - Fiscal Commission Working Group –Macroeconomic Framework (February 2013) – Pg 169 and 170

### Scotland's Future – Scotland's share of UK debt could be linked to its historic contribution of the UK public finances

*"The national debt could be apportioned by reference to the historical contribution made to the UK's public finances by Scotland. Using 1980 as the base year, Scotland's historical share of the UK national debt in 2016/17 is projected to be approximately £100 billion. This is equivalent to 55 per cent of Scottish GDP, compared to UK public sector net debt of £1.6 trillion (86 per cent of GDP) in 2016/17"*

*"Other methods for dividing responsibility for the national debts would produce different results. For example the Fiscal Commission's first report looked at an apportionment based on population. On this basis, Scotland's notional share of UK debt in 2016/17 is projected to be around £130 billion, equivalent to 75 per cent of GDP – still less than that of the UK total of £1.6 trillion (86 per cent of GDP)."*

Source – Scotland's Future (December 2013) – Page 348

### Professor Christine Bell (University of Edinburgh, Constitutional Law) has argued that the UK Government retains liability for UK public sector debt

*"Legally under international law the position is clear: if the remainder UK keeps the name and status of the UK under international law, it keeps its liabilities for the debt. The UK took out the debt, and legally it owes the money. Scotland cannot therefore 'default'."*

*"Were Scotland to do what every country would and should – use its negotiations to achieve an equitable solution in the round - then the world would not see a chancy defaulting new nation, but a country sensibly trying to achieve a stable economic future. And, curiously, at this point the UK's interests would not be to play hard ball – they would be to end up with a negotiation outcome that left both countries in a strong and viable economic position"*

Source - Scottish Constitutional Futures Forum Blog (13 February 2014)