



# HM TREASURY

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Ref: 9/318

7 May 2009

Dear Andrew

## Freedom of Information Act 2000: National Debt

Thank you for your enquiry dated 24 April in response to our letter of 23 April. I am sorry you were dissatisfied with our treatment of your request dated 8 April. I have reviewed our handling of the matter and this letter records the outcome of that review.

2. You had asked for information covering –

- *who the national debt is owed to*
- *what it is that is owed, if modern currency has no inherent value.*

3. Under the Act, our first obligation is to declare whether or not we have any information in scope. Our reply declared that we did not: it attempted to explain why this was so for the first part of your request and offered some commentary on the second part of your request.

4. In essence I think your complaint is that tax-payers are entitled to know the information for the first part of your request and that our comments on the second part were off the point. You specifically asked us to acknowledge that it is citizens' labour that would ultimately clear the national debt and that tax revenue is unlikely to be able to do more than pay off a portion of the debt interest. I am going to treat the last question as a new request.

5. With hindsight and in the light of your further comments, we find that it would have been possible to provide a partial answer to your first request from published information, and this might have been a more satisfactory outcome for you.

6. Our response implicitly assumed that when you asked who the national debt is owed to, you required a list of actual creditors, and on that basis it was quite correct to say that this information is not held by the Treasury. However, the review found that it would have been helpful to point you to information published by the Debt Management Office in their series of Quarterly Reviews. The first page of these reviews generally includes a table called 'Distribution of gilt holdings'. This analyses gilt holdings between insurance companies and pension funds, overseas investors and other financial institutions – these three categories typically account for over 99% of gilt holdings – as well as households, building societies and other smaller investors. The review found that we do hold this information, although it is also published; we should therefore have referred to it as exempt under section 21



(information accessible to the applicant by other means) and fulfilled our obligation to provide advice and assistance (section 16) by providing the following link which enables you to access the series of publications –

[http://www.dmo.gov.uk/index.aspx?page=publications/quarterly\\_reviews](http://www.dmo.gov.uk/index.aspx?page=publications/quarterly_reviews)

7. This information is not however a perfect match for your request. Gilts account for over 80% of the national debt; the remainder is made up of short-term Treasury bills and National Savings, which we referred to in our original response.

8. If you were asking for a complete list of individual creditors, then I need to endorse our original response that the Treasury does not hold this. Individual holdings of government debt and savings instruments are subject to confidentiality provisions including those of the Data Protection Act, which means that associated information can only be used for the processes for which it was obtained and not otherwise disclosed to a third party, unless for regulatory compliance purposes. They would thus be subject to the exemption under section 40 of the Act (personal information) and/or section 44 (prohibitions on disclosure). This issue did not arise for the Treasury as the review confirmed that the information was not held; however, it would be likely to arise if you pursued enquiries with the Debt Management Office or National Savings and Investments.

9. Turning to the second part of your request, about what it is that is owed, the review acknowledged that the remarks could have been more explicitly addressed to your request. Mr Morran commented to the review that he intended to demonstrate that value is determined by shared perceptions of value, that this applies particularly to currency, and that ultimately it is goods and services in the economy that underpin the value of the currency. The review noted that such an understanding seems to have something in common with your own viewpoint “that ultimately the national debt stands to be repaid from the fruits of taxpayers’ labour”, although clearly enterprise and innovation also make a vital contribution.

10. Your request for review sought an acknowledgement “that government revenues will never be able to do more than pay off a portion of the interest paid on the national debt”. I have indicated that this needs to be viewed as a new request. In response, I need to point you to the Budget Report published last month, which included a clear commitment to ensure that the level of net debt will fall as a proportion of GDP in the medium term. I refer to Chapter 2 and particularly paragraph 2.83 and Chart 2.3. Although the exact trajectory cannot be predicted because of the complex of global economic factors at play – hence the dotted lines in the chart – there is no acceptance that the level of debt will be allowed to remain at the peak forecast for 2013-14. Indeed, it is the case that debts are being repaid in full year by year as they fall due, and not just the interest payments as your question suggests. You will be able to see this in the Debt and Reserves Management Report, where debt repaid it is shown as ‘redemptions’.

11. This information is already published and, as before, is therefore technically exempt under section 21 of the Act. Again, to be helpful, you can access the Budget Report at the following link. In particular, if you want to read more in depth about the issue of debt instruments, you may wish to read the Debt and Reserves Management Report.

[http://www.hm-treasury.gov.uk/bud\\_bud09\\_index.htm](http://www.hm-treasury.gov.uk/bud_bud09_index.htm)

[http://www.dmo.gov.uk/documentview.aspx?docname=remit/drmr0910.pdf&page=Re  
mit/full\\_details](http://www.dmo.gov.uk/documentview.aspx?docname=remit/drmr0910.pdf&page=Re%20mit/full_details)

12. Finally, I have acknowledged some areas where our handling could have been more adroit and I have attempted to address the new request included in your complaint. However, I should also say that you could help us to help you better by constructing your requests more carefully. I think it is appropriate to remind you that the purpose of the Freedom of Information Act is to provide a right of access to recorded information. Where correspondents ask broad questions, or seek acknowledgement of their own arguments and viewpoints, these are generally not eligible requests under the Act. We may attempt to address them in the spirit of the Act, particularly if they cite the Act as you have done; but the results are likely to be less than satisfactory. The Information Commissioner has produced some guidance for requesters on presenting requests with the best prospects of success. I include a copy of the guidance with this letter.

13. I hope my response here goes some way to demonstrate to you that your complaint has received appropriate consideration and that we have taken a proper, fresh look at all the circumstances of the case.

14. If you are not content with the outcome of this internal review you have the right to apply directly to the Information Commissioner for a decision. The Commissioner can be contacted at: FOI/EIR Complaints Resolution, Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire, SK9 5AF. The Commissioner's website provides further guidance and a template for complaints at the following link: [http://www.ico.gov.uk/complaints/freedom\\_of\\_information.aspx](http://www.ico.gov.uk/complaints/freedom_of_information.aspx)

Yours sincerely

**Rosemary Banner**  
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