

## How sustainable is our national debt? Have your say.

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The UK parliament's House of Lords Economic Affairs Committee has [issued a call for evidence](#), asking the question, 'How sustainable is our national debt?'

In its early paragraphs, the Committee notes that the UK's Office for Budget Responsibility stated in 2023 that "the 2020s are turning out to be a very risky era for public finance". As a consequence, the committee is launching an investigation into the sustainability of the UK's so-called national debt. In particular, it is asking the following questions:

- \* What is meant by a "sustainable" national debt? Does the metric of debt as a percentage of GDP adequately capture sustainability?
- \* The Government's target is for public sector net debt (excluding the Bank of England) to be falling, as a percentage of GDP, by the fifth year of the OBR's forecast. How meaningful is this target; and how does it inform an evaluation of the sustainability of our national debt?
- \* How robust are the assumptions used by the Office for Budget Responsibility when forecasting our national debt?
- \* What implications does the structure of the UK's national debt have for its short and longer-term funding?
- \* What are the market risks created by high levels of public debt; and what factors will influence the market's appetite for this debt?
- \* What levels of productivity and growth are required to ensure our national debt is sustainable?
- \* If we are to ensure our national debt is sustainable, what might this mean for fiscal policy?
- \* Should the definition of the national debt differentiate between debt incurred for investments (which generate revenue for the Government), and other areas of spending?

The submission deadline is 9 February 2024.

The committee is encouraging relatively short submissions.

Critically, any submission that is made must be an original piece of work that is previously unpublished.

The submission must also be submitted via a specific form linked from the website noted above.

I am planning to submit evidence, but for obvious reasons noted above, cannot publish it in advance.

What I would like to do is encourage others to submit evidence. Without being able to suggest forms of wording, Topics that people might like to consider, including:

- \* That we do not have a national debt, but instead have national savings because the government effectively provides savings opportunities for people and organisations seeking a safe home for their money. [See here](#) and many other places on this blog
- \* The national debt is overstated by maybe £1 trillion. [See here.](#)
- \* The cost of the national debt could be reduced by cutting the Bank of England base rate.
- \* Interest need not be paid on all the central bank reserve account balances. [See this from the New Economics Foundation for a bit of variety.](#)
- \* The national debt has [existed since 1694](#). Anything that has existed since then is sustainable.

More detail is possible, but the above provides useful starting points.

Good luck if you decide to do this.

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*Hat tip to Nigel Hargreaves for drawing my attention to this.*