Press Release: Liberal Party Statement on Rising Gilt Market Borrowing Rates Surpassing Other G7 Countries

For Immediate Release

Liberal Party Expresses Deep Concern Over Surge in UK Gilt Market Borrowing Rates

The Liberal Party today voices its urgent concern regarding the continued escalation of UK gilt market borrowing rates, which have now overtaken those of all other G7 nations. This development marks a significant turning point in the nation's financial landscape, raising pressing questions about the government's economic stewardship, fiscal credibility, and the future prosperity of British families and businesses.

Overview of the Current Situation

Recent data from leading financial institutions and market analysts reveals a sustained rise in the cost of government borrowing, as measured by yields on UK gilts. For the first time in recent memory, UK gilt rates are now higher than those observed in fellow G7 economies, including the United States, Germany, France, Canada, Italy, and Japan. This trend has been exacerbated by market uncertainties, inflationary pressures, and a perceived lack of coherent fiscal policy from the current government.

The Liberal Party believes that the UK's elevated borrowing costs are symptomatic of deeper structural challenges and reflect global investors' declining confidence in the government's approach to managing the nation's finances. The implications of this trend are profound, affecting everyone from pensioners and homeowners to small businesses and public services.

Impact on the Economy and Households

The consequences of rising gilt yields extend well beyond the confines of financial markets. Higher government borrowing costs translate directly into increased public spending on debt interest payments—resources that could otherwise be invested in schools, hospitals, infrastructure, or climate action. This squeeze on public finances risks undermining the quality of essential services and placing additional burdens on already stretched local authorities.

Furthermore, elevated gilt rates tend to push up the cost of borrowing across the wider economy. Mortgage holders face higher rates, making homeownership less affordable and threatening the stability of the housing market. Small businesses, the backbone of our economy, encounter increased costs when seeking investment or expansion. Families already grappling with rising energy bills and inflation feel the pinch as the cost-of-living crisis intensifies.

Liberal Party's Analysis and Critique

The Liberal Party attributes the sharp rise in gilt market borrowing rates to a combination of government missteps, policy inconsistency, and a failure to prioritise long-term fiscal sustainability. Over recent years, a succession of short-term fixes, uncosted commitments, and abrupt policy reversals have eroded the UK's reputation for responsible financial management.

The lack of a transparent, credible framework for public finances has made investors wary, prompting calls for higher yields to compensate for perceived risk. The government's reluctance to collaborate meaningfully with independent oversight institutions, such as the Office for Budget Responsibility, has further undermined confidence.

International Perspective

In comparison, other G7 countries have pursued more predictable and disciplined fiscal strategies, reinforcing their creditworthiness and keeping borrowing costs lower. The United States, despite recent political gridlock, maintains a robust framework for debt management supported by deep capital markets. Germany and France continue to benefit from the stability of the Eurozone and strong institutional checks. Japan and Canada, likewise, have prioritised consistency and transparency in their approach to fiscal policy.

The UK's divergence from this path stands in stark contrast to its historic reputation as a safe haven for global capital. The Liberal Party urges policymakers to heed the lessons of our international peers and restore the principles of openness, prudence, and accountability.

Liberal Party Call to Action

The Liberal Party calls on the government to take decisive steps to restore market confidence, stabilise gilt market borrowing rates, and safeguard the UK's long-term prosperity. Specifically, we urge the following actions:

- Commit to Fiscal Responsibility: Set out a clear, credible roadmap for reducing the deficit and managing the national debt, with independently verified targets and transparent reporting to Parliament and the public.

- Engage with Oversight Institutions: Work collaboratively with the Office for Budget Responsibility and other independent bodies to ensure policy decisions are rigorously scrutinised and based on robust evidence.
- Support for Households and Businesses: Introduce targeted measures to shield families and small businesses from the fallout of rising borrowing costs, including support for mortgage holders and incentives for investment in growth sectors.
- Long-Term Investment in Public Services: Reallocate resources towards education, healthcare, and infrastructure to boost productivity and enhance the resilience of local communities.
- International Cooperation: Seek closer collaboration with G7 partners, sharing best practices in fiscal management and exploring opportunities for joint action to address shared challenges such as inflation and energy security.

Statement from the Liberal Party Leader

"The United Kingdom is at a crossroads. The fact that our government now pays more to borrow than any other G7 nation should serve as a wake-up call to all those who care about our country's future. It is vital that we restore economic credibility, protect our most vulnerable citizens, and invest in the foundations of long-term growth. Only through prudent and transparent management of our finances can we ensure a stable and prosperous future for everyone."

Looking Ahead

The Liberal Party remains steadfast in its belief that the UK can once again become a beacon of responsible governance, innovation, and opportunity. By embracing the values of fairness, accountability, and international collaboration, we can reverse the worrying trends in gilt market borrowing rates and chart a course towards shared prosperity.

We invite all stakeholders—citizens, investors, local governments, and civil society—to join us in advocating for change and holding the government to account. Together, we can ensure the UK remains competitive, resilient, and secure in an increasingly challenging global environment.

For Further Information

Members of the media, public, and interested organisations are encouraged to contact the Liberal Party press office for additional analysis, comment, or discussion on this critical issue.

About the Liberal Party

The Liberal Party is committed to promoting a fair, open, and prosperous Britain. We stand for responsible government, inclusive economic growth, and the protection of public services for generations to come.

End of Statement