



HM Treasury

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Freedom of Information Act 2000: Slavery Abolition Act 1833

Thank you for your Freedom of Information enquiry of 5 January 2018.

You asked for the following information:

"... 'In 1833, Britain used 40% of its national budget to buy freedom for all slaves in the Empire. Britain borrowed such a large sum of money for the Slavery Abolition Act that it wasn't paid off until 2014. This means that living British citizens helped pay for the ending of the slave trade with their taxes'.

i] Is it true in 1833 Britain used 40% of its budget to buy freedom for slaves in the Empire?

ii] Can you confirm that the borrowed money for the Abolition Act was only paid off in 2014?"

I can confirm that HM Treasury does hold information within the scope of your request.

The Government used £20 million to fund the Slavery Abolition Act 1833. In 1833, this was equivalent to approximately 40% of the Government's total annual expenditure. This information is available online.

Information on the compensation payable under the Slavery Abolition Act 1833 can be found here:

<http://discovery.nationalarchives.gov.uk/details/r/C11249>

Information on the UK's Budget in 1833 can be found on tab A27 of the Bank of England's 'A millennium of macroeconomic data' spreadsheet, which can be found here:

<https://www.bankofengland.co.uk/statistics/research-datasets>

In answering your second question, it may be useful to explain how the UK Government's borrowing works. The majority of Government borrowing is financed through the issuance of UK Government bonds known as gilts by the Debt Management Office (DMO) and as such, the majority of the Government's debt is held in gilts. A gilt is a financial instrument that pays coupons (interest payments) twice per year to the holder of the gilt, up to and including the date on which the amount borrowed is finally repaid. Gilts are

typically sold to large investment banks which, in turn, sell the gilts on to end-investors. These banks are known as the Gilt-Edged Market Makers and consist of 19 firms.

The Slavery Abolition Act (1835) Loan was rolled over into the Government's gilt programme, ultimately into an undated gilt, the 4% Consolidated Loan (1957 or after). The term 'undated' refers to the fact that this gilt was issued with an earliest potential redemption date of 1957, but it was not compulsory for the gilt to be redeemed at this date. The 4% Consolidated Loan was redeemed on 1 February 2015, as part of the Government's decision to modernise the gilt portfolio by redeeming all remaining undated gilts. More information about undated gilts can be found on the DMO's website here:

<http://www.dmo.gov.uk/responsibilities/gilt-market/about-gilts/>

Money borrowed to fund the Slavery Abolition Act (1835) was therefore fully repaid in 2015. The long gap between this money being borrowed and its repayment was due to the type of financial instrument that was used, rather than the amount of money borrowed.

If you have any queries about this letter, please contact us. Please quote the reference number above in any future communications.

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