

Inconclusive election returns hung parliament

A hung parliament is one in which no party gains an overall majority of 326 MPs in the House of Commons. It means that the government will not be able to pass laws without support from members of minority parties

■ Prime Minister:

Despite **David Cameron's** Tories winning most seats, Labour's **Gordon Brown** will continue as prime minister until he resigns – or is replaced. Queen could then invite Cameron to try to form government

■ **Coalitions:** Labour could stay in power without absolute majority by creating coalition with Lib Dems, or by struggling on as minority government before suffering defeat and having to ask Queen to call snap election



■ Political risk:

With uncertainty over how minority government will handle Britain's budget deficit – currently 12% of GDP, or £163 billion – country risks downgrading of its triple-A credit rating

■ **Servicing debt:** Loss of triple-A will drive up cost per annum of government borrowing on world markets from average rate of 4.3% up to 5-6% – similar to Greece. **Just 1% rise in interest rates will increase servicing cost by £15bn to £57.9bn**

