

This is a bank made crisis

Published: January 13, 2026, 12:28 am

Think Left is a site I enjoy. I hope they'll forgive me borrowing a little but of one of their blogs this morning, but it's good and compelling. As they say"

"Ann Pettifor chose this graph as the most significant one of 2011.

"This is the chart that struck me most forcibly, both for what it tells us about the debts of the private sector, in particular the private finance sector; but also because of what the Treasury chose not to tell us: that the public debt to GDP ratio is tiny compared to private sector debt to GDP ratio."

Ann Pettifor

<http://www.debtonation.org/2011/12/my-graph-of-2011-along-with-top-economists/>

In other words, the Brown government did not 'max out the credit card'. The increase in the debt to GDP ratio is the result of debt created by the financial sector, aka The City of London.

The UK's staggering debt is now nearly 1000% of GDP as the Morgan and Stanley chart below indicates... but it is notable that neither the UK government debt or personal household debt to GDP are very different from the other countries compared on the chart. It is solely the size of the financial sector debt which pushes up the total.

*It was also financial sector debt which brought down Ireland and Iceland. **Privatisation of profits and socialization of losses.** Unfortunately, under our present system, governments always end up having to rescue their financial sectors when they are about to fail from their risk-taking gambling ... and that is the very good reason why our banks are unlikely to leave the UK in a mass exodus if they were properly controlled. What country would want to take on the risk of bailing out the UK's financial sector?*

http://articles.businessinsider.com/2011-12-04/markets/30473957_1_household-debt-uk-safe-haven

Precisely.

This was a bank made crisis. And we're stuck with that.

Which is why they must pay for it still.