

## Funding the Future

The more government debt that is owned in the UK the be..

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The [FT has reported that](#):

*Foreign investors are increasingly shunning UK government debt as international confidence in sterling has been hit by the currency's recent weakness.*

*The pound has fallen steadily this year, hitting a seven-year low against the dollar last week, amid concerns over the forthcoming vote on membership of the EU and the UK's current account deficit.*

For the record, the share of UK government debt owned overseas has fallen from about 31% to 26%, both figures being post QE ratios.

And, for the record, this is a good thing. The less UK government debt there is the more financially secure we are. If we owe more interest to ourselves then there is less leakage from the UK economy as a result. And if the recipients of UK gilt interest are in the UK then UK tax revenue will increase. And if most gilts are owned here then we are less vulnerable to external shock.

In fact, with the ratio at this level another round of QE could, in theory (if unlikely in practice) solve any such shock.

I am not usually nationally minded. When it comes to government debt I can see every reason to be so. This is, at this moment, a move in the right direction.