

Public debt is the bedrock of private wealth

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The [FT notes this morning](#) that:

The average yield of the global government bond market has slipped to a new record low of 0.67 per cent, according to Bank of America Merrill Lynch indices, and the overall value of sovereign debt with negative yields rose 5 per cent in May to \$10.4tn, according to Fitch.

These are the lowest rates for maybe 500 years.

And around the world commentators agree on three things. First, that we need massive new infrastructure investment. Second that we need to get people to work. And third that we need inflation, which can only come from an increase in demand which can only come from rising incomes resulting from getting people to work.

But although it is also, almost universally, agreed that the best agency to undertake such public works is, unsurprisingly, governments, who can fund it at present at almost no net cost at all, those governments sit back and refuse to do anything because they believe that markets must provide the solutions to all problems.

And this despite the fact that it is painfully obvious that markets are queuing up to say to governments that they want them to deliver the solution: that is what following the money tells anyone with the willingness to see. Despite negative rates they are still buying government debt.

We are stuck in a dogmatic pit of neoliberalism's making from which it cannot apparently emerge. And all because politicians have sold the myth that debt is a bad thing when public debt is, in fact, the bedrock of private wealth. At some point this will be understood. I hope it will not be too late.