

## Why debt really matters, which the IMF failed to say

Published: January 13, 2026, 12:06 pm

---

The [IMF published a new report](#) yesterday which attracted a lot of attention for suggesting total debt in the world may now be \$152 trillion, which could be near enough double world GDP. This they see as a risk to society.

I have scanned much of the report. Broadly speaking their concerns are based on some pretty conventional analyses. The first logic they use is that debt creates situations of potential instability in society when situations where mass default is a risk and the stability of lenders is prejudiced. This creates banking crises of the sort seen in 2008.

Their second concern is that debt reduces the spending power of the too greatly indebted reducing the chances of growth. They think that this is a situation faced by too many households now.

I do not dismiss either of these concerns: they are real and appropriate. But I did look for, and did not get, what I was hoping for in the report. I will mention three things.

The first is that it is a mistake to categorise all debt as bad. Money is debt, for example and we definitely need money. Debt can also be a fundamentally useful way of distributing real wealth: the old style building society did that to enormous advantage. So debt is not all bad. We need some government debt. Asset financing can be useful. And short term liquidity will, every day, prevent crisis for millions. This has to be recognised.

What is really pernicious is debt that is either necessary to meet current needs or that is deliberately manufactured by the advertising industry to satisfy current wants out of resources the borrower cannot really hope to command and which will impose serious burdens on them in the future that they can only meet at substantial real cost. These are the debts that crush lives. This is the debt that must be addressed by income redistribution and by tackling the reckless abuses of an advertising industry whose sole goal is the spread of human unhappiness.

Third, the report only looked at who owes the debt. It did not look at who owns the

debt, where and how accountable they are for it. This issue is real: it is the concentration in the ownership of debt, partly offshore, that causes so many problems, because debt imposes power. It is not for nothing that the word mortgage means 'grip of death'. This is a modern form of slavery that consigns many to lives of little choice where compliance with the requirement of unreasonable employers is guaranteed. So it is not debt per se that is the problem: it is the power relationships implicit in it that matter and the IMF needed to address that issue and did not as far as I can see.

Increasing debt is important then but the IMF needs to stop worrying about the symptoms and really address the causes. They are income inequality that forces many into debt reinforced by wealth inequality which growing debt exacerbates, and the power of manipulation from advertising that makes all these things worse, deliberately. For all these reasons the report falls well short of my expectations,