

# Why can't Philip Hammond get the most basic econ...

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I am finally back in the UK with time to notice the budget. And one of the most notable things about it was Philip Hammond's discussion of the national debt. He claimed, as do the [Office for National Statistics](#), that our national debt is now about 85% of GDP. That, he and they say, is about £1,764 billion.

Except that is simply not true. Near enough £435 billion worth of the UK's national debt, which is supposedly owing by the government, is owed to the Bank of England, which is owned by the government. So the government owes itself. And debt you owe yourself is not debt at all. That's because paying it off makes no difference to your well-being. You are in exactly the same overall state with the rest of the world as you were before you paid it if you do that. So the debt does not actually exist. That is the only obvious logical consequence of that fact.

In other words UK national debt is near enough £1,329 billion. That is 64% of GDP. Which is, in national debt terms, neither here nor there and certainly poses none of the threats to the UK economy that Hammond claims the national debt does.

Not that national debt of £1,764 billion is a threat to well-being either. That is unless private wealth is a threat to well-being. Because the national debt is simply national savings because it represents the amount that people want to save with the government. It's no more than people putting money on deposit in the safest account available in the UK economy. And what is so terrible about that?

Philip Hammond cannot get his facts, or his logic, let alone his fear-mongering right. It's really rather depressing that a man with so little comprehension of macroeconomics is in notional charge of our national economy. For now.