

Funding the Future

The FT, and just about every media outlet as well as th...

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The [FT has splashed with this headline](#) today:

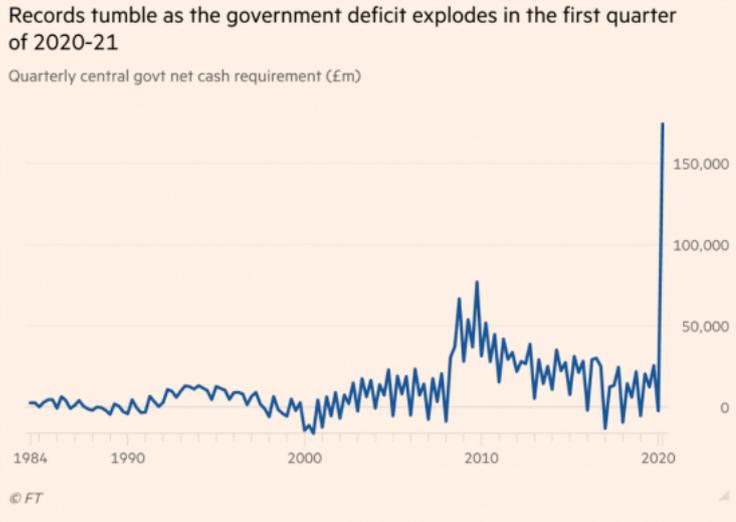


Global Economy

UK government cash deficit hits record in first quarter of financial year

JULY 21, 2020

And it added this chart:



Before saying:

A collapse in receipts flowing into the exchequer and a surge in spending led to the £174bn borrowing, which pushed public debt to 99.6 per cent of gross domestic product.

And the claim is wrong.

This entire deficit was covered by QE from the Bank of England, meaning that borrowing did not go up at all and that national debt is below 70% of GDP and not as claimed - because the government cannot owe itself, and central bank reserves are not part of the national debt.

When, oh when, will I have to stop saying this?

It's tedious to have to point out time and again deliberate economic misrepresentation designed to provide cover for a forthcoming round of austerity, which [Rishi Sunak has signalled today](#), none of which is necessary.