

## Debt is not as much of a problem as the growing inequal...

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Gillian Tett [has noted in the FT](#) this morning that:

*The Institute of International Finance calculates that total global debt hit a record \$296tn at the end of the second quarter of 2021, up from \$270.9tn a year earlier. Government, non-financial corporate, financial sector and household borrowing represented, \$86tn, \$86tn, \$69tn and \$55tn respectively.*

As Tett notes, these are record sums, and she fears instability as a result. She rightly notes the concept of Jubilee, and David Graeber's discussion of it. But what she does not discuss is something just as important, which is to ask who owns this debt.

Accountancy does always require double entry. Tett is worrying about the size of the credit - as is so commonplace, based on government debt obsession - but the consequences of the debit - which represents the asset that ownership of debt represents - is just as significant.

Growing debt represents increasing wealth inequality. There is no widespread ownership of this debt, and nor is there widespread ownership of the legal entities that own that debt, such as banks. Pension entitlement is, for example, very concentrated.

Borrowing is required to provide access to funding for those without it. But that creates increasing wealth for a smaller number. In my opinion the issue here is not the debt as such. It is the increase in inequality that really matters here, I think, because that is the real cause of the stress Gillian Tett is worrying about.

How to tackle that? Additional taxes on wealth are one very obvious way to do this, not because we need the money to fund anything, but because inequality has to be reduced. It is time we recognised that.