

The real scandal about the national debt is the delib...

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I started writing a long thread on NHS funding this morning before getting distracted into this one, on the absurdity of the accounting for interest on national debt, which has reared its ugly head, yet again:

Central government borrowing was, supposedly, £27.4 billion in December 2022. £17.3 billion of this was supposedly extra borrowing costs. This is utter nonsense. The numbers are wrong. A thread....

First the numbers are wrong because most of this supposed cost was on index-linked bonds. Most of this supposed cost won't be paid in cash for 18 years as a result, when these bonds will on average be repaid, which is when this extra cost might then be due.

Second, the absurd cost is in that case due to the insistence of the Office for National Statistics that we recognise a cost to be paid in 18 years time as an expense now when we should be spreading it over the next 18 years i.e., over the remaining life of the bonds in question.

Third, anyone writing about this has to appreciate that crap government accounting for a cost from which no one directly benefits right now is just crap accounting, and not a reflection of reality.

Fourth, there is also no real clue at present whether this cost might ever be paid. Deflation between now and repayment date could eliminate this expense. But even if that does not happen, the restoration of normal low interest rates means that over that period the real cost will be small.

So, fifth, those writing about this should say that crap accounting for a cost to be paid in 18 years time is no reason to panic now, or impose austerity now, because it does not in any way suggest our government has a funding crisis.

And, sixth, those commenting should ask a) why the government does such misleading accounting and b) why it issued bonds that could be so ridiculously expensive in the short term?

And seventh, they might point out that these index linked bonds were issued to help the pension industry that predominantly serves the interests of the wealthiest 10% of the UK so if any cuts are now called for as a result these will be to punish the poorest to help the richest.

And eighth, they should say 'never again' should we set out to help the richest at potential cost to the poorest, because that's the real scandal in what is going on right now. As state services collapse what is being protected are the savings of the best off.

Ninth, then, these facts need to be laid by the media before ministers and they need to be asked to justify the crap accounting, the use of index linked bonds and the resulting upward flow of resources in society at a time of need.

These things are the scandal. The national debt is not an issue of concern at all, not least because the data that is being issued deliberately overstates it as an excuse to fuel austerity. That overstatement is the scandal. Talk about it.