

What is money?

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I have posted a new podcast this morning:

https://www.podbean.com/player-v2/?i=zcr5r-d22f3e-pbblog-playlist&share=1&download=1&rtl=0&fonts=Arial&skin=1&font-color=&logo_inlink=episode_page&order=episodic&limit=10&filter=all&ss=a713390a017602015775e868a2cf26b0&btn-skin=c73a3a&size=315

It seemed to me that this was the vital first port of call for a podcast series.

The script is:

Hello, I'm Richard Murphy and I want to talk about money. Actually, what I really want to talk about is what money is, and the answer is that all money is debt. That's it. That is all you need to know about money. It's debt. And there's nothing else to it.

Even notes and coins are just a part of the national debt that the government supposedly owes to the people of this country. If you don't believe that, read what is written on a note. It says, I promise to pay the bearer that acknowledges the debt.

And bank accounts are just the same. They too acknowledge debt. If you think that there is something physical like gold or silver or something else, including notes and coins in the bank that represent your bank account balance, then I'm sorry to say that you really are wrong.

The only thing of importance in any bank is a computer. It's the one that prints out your bank statement. That statement is the only evidence that you have that the bank owes you money presuming that you are in credit, which means that they're in debt to you.

And again, if you don't believe me, think about what happens if you owe the bank. Your statement now records what you owe them. You don't need to have physical, gold,

silver notes or coins to owe them money. In fact, you owe them precisely because you haven't got those things.

Well, the same is true for them. They owe you, but they do not necessarily have any notes, coins, gold or silver to make a physical payment. And that's especially true of gold and silver because they have no relationship with any of our money at all right now.

So money is debt and is as good as the trust that you have that you will be paid because that is all there is to it.

Well that and the fact that the government guarantees that any debt your bank owes to you up to £85,000 will always be paid.

So when it comes down to it, money is all about the quality of the government's promise and not much else. That's why you need to take government really seriously when we talk about money because they guarantee all the money that we have in circulation at the end of the day.

And that's also why you need to stop thinking that bankers are really clever people. All they can do is a bit of electronic bookkeeping, but it's that bookkeeping that makes our economy work because it's that bookkeeping, which records what and where our money is.

Money is just some entries in an accounting ledger that records who owes who, what, and that's it. That is what money is.

Understanding that is key to understanding everything in the modern economy.

The trouble is our politicians don't. Most economists don't, and as a result, most journalists don't. If you get it, you are ahead of all of them. But then as I will explain in podcast to come, you have to think all through the consequences of that because they really do change our understanding of what the economy looks like.

Thanks for listening.

A YouTube version, if you prefer that, is here.

<https://youtu.be/1qgRaz7lOco>

I am not sure all the wrinkles of doing this are sorted as yet, but I am learning.

This one was recorded on Garage Band, which seems to produce a better sound than Audacity. The transcript is via Descript, as is the YouTube. Graphics are from Canva. The errors are all mine.