

We do not have a national debt

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I posted this video this morning:

<https://www.youtube.com/watch?v=UxNbNhLKM-k>

The transcript is as follows:

We don't have a national debt in the UK. We do have national savings, but we don't have a national debt, whatever you are told day in and day out by our politicians and by financial journalists and everybody else. Why do I say we haven't got a national debt? Well, the simple fact is that the national debt has two sides to it.

One side is that the government owes somebody money, and therefore, we say they're in debt, and the other side is that somebody has an asset. This is true of all financial transactions in the world. Every transaction has two sides to it. That's what accounting is built upon: debits and credits, ins and outs, pluses and minuses, call them what you will.

In the case of our so-called national debt, undoubtedly, the government has a credit, which is said to be a debt, but somebody else has a debit, and that is an asset. Now, that asset is private wealth, because quite literally what the national debt represents is money that people have chosen to deposit with the government for safekeeping.

That's something which is identical to what happens with a bank. People can choose to save their money in a bank, and when they do, nobody goes around and says, "Oh, the bank's in trouble, it's in debt, it's got to repay, everybody put money into it, and therefore if it doesn't it will all go bust." No, they don't.

They actually want to encourage people to put money in the bank because the more money the bank has, the better it looks to be, the stronger it is, and the more likely it is it can pay off its creditors. Everyone feels as though they would like to be in the biggest

bank because that is the safest bank. Well, why don't we use that logic when we look at the government?

The government is already the ultimate safe place to put your money because they make the money and therefore can always repay you without fail, whatever happens, because they can always make some more if they need to repay you whenever you demand it. But more than that, the government is simply providing you with a safe place to put your money when it creates the national debt, as it is called.

It offers you a savings facility. And we know that's true, because it's called National Savings and Investments or NS&I, its own savings bank. Which includes things like premium bonds. They're part of the national debt, by the way. So if you own any, or if you know somebody who owns any, do you know, they've got part of the national debt? They don't think that there's any crisis being created by that. They actually think they've got something which is valuable.

They have. They really do have, because the government will pay it back to them if they want to be repaid because it's a savings account.

But they also offer things like straightforward savings and deposit accounts. I've actually got some savings with NS&I. Seemed like a good deal at the time.

What about the rest of the so-called national debt?

Most of it is called government bonds. Well, if you go into many building societies and banks and ask if you can save money over a year or two, they'll offer you a bond, literally identical almost to the government, but for one thing. If you save your money in a bond with a High Street bank, only you can get the money back.

If you save your money in a bond that the government issues, you can sell the bond to somebody else. That's literally the only difference between what the High Street bank offers you and what the government offers you. You can sell it in less than three, four, five years - however long it lasts in the case of a government bond. You can't in the case of a building society. But otherwise, bonds are simply savings accounts.

So if we've got piles of money being saved with the government, do we have a government with a debt crisis when none of those people want to be repaid, they're all very happy to hold their money there, and they don't want it back?

No, of course we haven't got a debt crisis and nor should we be obsessing about how we have to repay it because it's a burden on our grandchildren.

The truth is the lucky grandchildren will inherit part of the national debt because it's part of their parents' or grandparents', or whoever else's, estate left to them in their wills.

So, the truth is that we don't have a national debt. We just have a National Savings Bank, and just as banks have creditors on their balance sheets for the sums that they owe back to the people who save with them, so does the government, but it doesn't mean it's in debt as such. It just means it's operating a banking facility, and that's what, in this case, the credit on its balance sheet means. There is no possible debt crisis in the UK created by people wanting to save with the government.

Let's stop talking about the national debt as if it's a burden, and let's start looking at it as if it's a national asset. Because that's exactly what it is for those people who save with the government.