

The wealthy love the national debt

Published: January 13, 2026, 3:39 pm

The wealthy say they are terrified of the national debt, but they aren't really. It only exists because they don't pay enough tax, and they'd hate that even more.

<https://www.youtube.com/watch?v=gXksR3q5Lco&si=ZVTHBOFaSb3i92rK>

This is the audio version:

https://www.podbean.com/player-v2/?i=xb9hs-18cf89-pb&from=pb6admin&share=1&download=1&rtl=0&fonts=Arial&skin=f6f6f6&font-color=auto&logo_link=episode_page&btn-skin=c73a3a

This is the transcript:

The wealthy love the national debt in the UK.

There is nothing that suits their purpose better than having the UK government in debt to them, and that's why they love the national debt.

Let's be clear what the national debt is. This supposed debt is simply the total amount of money that the government has spent into the UK economy that it has yet to reclaim by way of tax.

The national debt is created by government spending. There is no other way that it can come into existence. The government spends, and it doesn't tax back enough. It

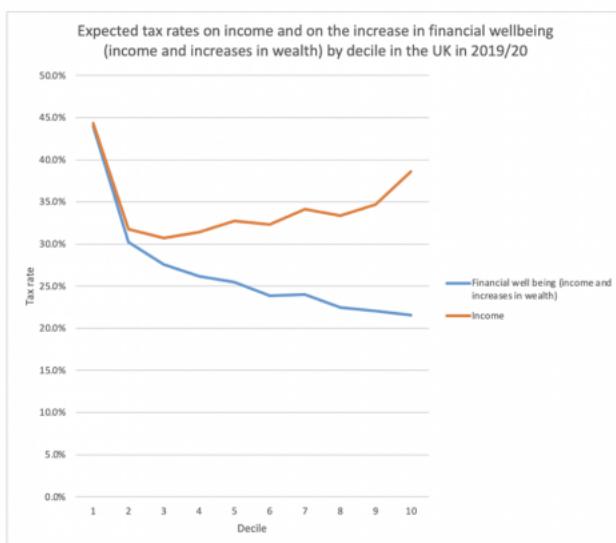
creates a deficit in a year, and that adds to the national debt.

And ever since 1694, when the UK national debt began, in most years, there's been a deficit. And in most years, therefore, the national debt has gone up, because in most years, the government hasn't taxed enough.

So, who is the greatest beneficiary of the government not taxing enough? The answer is very simple, and it's very straightforward. It's the wealthy.

Just have a look at this chart that I prepared for the Taxing Wealth Report.

Chart 1 UK expected effective tax rate for income taxes and income taxes and wealth increases when combined in 2019-20



The chart shows the effective tax rate paid on income and wealth depending upon which group in society a person falls into, and I divided taxpayers into 10 groups of equal size to create this chart, so the bottom 10% of earners are in the lowest group, which is on the left hand side of the chart, and those on the right hand side of the chart are the highest group of earners. And as you'll see from the orange line on the chart, the tax rate paid on income drops heavily once you cease to be in the bottom group in society. It's then flat for a bit, and then sort of creeps up towards the end so that it looks as though we have a slightly progressive tax system.

On the other hand, when we combine that data on the tax rate on income with the tax rate paid on wealth, we get the blue line, and what you'll see there is that actually over every single income range, almost with that exception, the rate of tax falls as your income rises. And that's because capital gains, and inheritances, and other forms of income derived from wealth in the UK are heavily undertaxed, rarely, in net terms, paying more than about 4% per year. And who owns most of the wealth in the UK and who therefore gets most of the advantage from this under taxation? Well, that's the wealthy.

And that's the point that this chart is drawing out into the open. We shouldn't be taken in by the idea that the wealthy are paying a bit more tax on income than everybody else because, overall, they're paying a lot less tax on their overall net increase in financial well-being each year than almost everybody else in society is. So, as a consequence, as their wealth goes up, their effective tax rate actually goes down.

And that's why they love the national debt, because they, by and large, own most of the national debt. They do so either via the companies that they have stakes in as shareholders, or they do so through the pension funds which they own, because most pension fund money in the UK is owned by wealthy people. And the consequence is that as the national debt goes up, because not enough tax is being charged, and most of that tax not charged will have not been paid by wealthy people, they're actually compensated for the fact they're not paying enough tax by being paid interest on the amount of money they then save with the government.

We end up with this quite absurd situation that by not charging the wealthy enough in tax, the government then has to pay them for the fact that they haven't been charged enough in tax.

It's just absurd. Why are we compensating the wealthy for not charging them tax? And I just want to make that point very strongly when you hear the wealthy talking about the fact that the national debt is a threat to us all, and our grandchildren will have to repay it - all of which, by the way, is complete and utter nonsense - what they actually don't mention is the fact that they're very pleased with that situation because the fact that the national debt exists is only because we haven't charged the wealthy enough tax with regard to the income and gains that they've made in our society, which have made them so much wealthier than everybody else.

If only we charged more tax on wealth, we would pay a lot less in interest on the national debt, and everybody will be a lot better off.