

## If every country is in debt, where's the money?

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Most people believe the national debt is a danger to our economy. In this video, I explain why that story is wrong. National debt isn't a burden; it is our money supply. Every pound, dollar, euro or yen in circulation exists because governments run deficits that create the currency we all use.

So if every country is in debt, who owns it? The answer is revealing. More than 80% of global government debt is privately owned — and largely by pension funds, life assurance companies and, ultimately, the world's wealthiest households. The 1% benefit enormously from the interest payments we all fund.

I also explore what we can do about this: lower interest rates, tax unearned income fairly and bring more of the money supply under democratic control.

If you want to understand how our economy really works — and why politicians keep getting this wrong — this video is for you.

<https://www.youtube.com/watch?v=Ki8QUa3oVF0?si=Sr16ydd8JG8YZbfj>

This is the audio version:

[https://www.podbean.com/player-v2/?i=ucv3s-19ea822-pb&from=pb6admin&share=1&download=1&rtl=0&fonts=Arial&skin=f6f6f6&font-color=auto&logo\\_link=episode\\_page&btn-skin=c73a3a](https://www.podbean.com/player-v2/?i=ucv3s-19ea822-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:

If all the world's countries are in debt, and that's pretty much true, then who do they owe the [money](#) to?

That's a question that I heard asked recently on the radio, and the commentators on the programme in question did not know the answer. So let me explain.

There is roughly \$100 trillion of national debt in the world at present. Now I say roughly because this figure is changing all the time, and the data is a little out of date. So take every number that I give in this video with a pinch of salt, because most will be 2023 or 2024 data, and, of course, we're now in 2025.

But, give or take, the USA is the world's biggest [debtor](#) by a long way. It had total debt in 2023 of \$32.9 trillion, but which we now know is heading for something like \$36 trillion. So roughly one-third of all the national debt in the world is owed by the USA.

I've made other videos on this subject, pointing out that actually the world can't survive without the USA owing that debt because the money in question is the dollar, of course, and that is the world's reserve [currency](#). And so is that debt really debt? It's a good question, but it still leaves well over \$60 trillion of other debt in the world.

China is the next biggest debtor. It owes over \$15 trillion.

Japan owes around \$11 trillion.

In comparison, the UK comes in a very low fourth, at only a bit over \$3 trillion, roughly the same as France, a bit ahead of Italy, somewhat above India, above Germany, and then Canada and Brazil and those countries between them make up the top 10 at present.

There are, however, a vast number of other countries with debt. In fact, almost every country in the world, except its ten or so failed states, have got data that show that they are in debt.

Being in debt is something that countries do as a matter of course, which is quite interesting in its own right, because why then do we obsess about the fact that national debt is such a bad thing when every country is in debt? Well, of course, the answer is very simple and it's very straightforward. The national debt of a country represents the currency that it has effectively put into circulation in its [jurisdiction](#), in its own domain, in its own legal tender, in a way that is essential if its local economy is to work, and, therefore, national debt is nothing more than the world money supply.

But who owns this supposed debt? That's the question that was asked, and that's the question that needs answering.

So I've had a look at this, and I'm quite surprised to find the answers.

First of all, I expected a very high part of that national debt to be owned by other countries.

So for example, in the case of the USA, I expected to find that a significant proportion of the total value of US national debt would be owned by the [central banks](#) of other countries. But in fact, only one eighth of the national debt, a bit over \$4 trillion in the case of the USA, is actually owned by foreign governments, it would seem. The rest is in private circulation.

In the case of the UK, the figure in question appears to be one sixth of our total national debt is owned by foreign governments.

In the case of France, it's a bit higher than that. The situation is confused there by the existence of the European [Central Bank](#), but the figure might be creeping a bit above 20%, and that also appears to be the case in Germany.

In Japan, one of the biggest debtor nations in the world, there is almost no overseas ownership of the debt because whilst its debt is massive in proportion to the country's gross domestic product at well over 200%, which puts it completely out of proportion with any other developed economy, almost all of it is domestically owned, either by the Japanese [national government](#) itself or by private individuals.

The point is very simple though, and it is quite straightforward. There is a massive amount of debt, which is in private ownership. Give or take, more than 80% of the world's debt is likely to be owned privately. And if that's the case, who are these private owners?

Well, you might be one of them.

I probably am as well.

And the reason why is you probably have a pension arrangement of some sort, as do I.

And pension funds are major holders of national debt. In the UK, a bit under 30% of all the UK's national debt is owned by pension companies and life assurance companies. They need it to fund their operations, because the UK government is the only person in the UK who is guaranteed to never go bust and who will always pay their debts in the pounds that the government alone can create. And therefore, pension companies, which make very long-term promises to people like me, who might live a long time on the pension that they've earned, need that assurance to guarantee that they can fulfil the promise that they've made.

And this is true right around the world. In the USA, vast quantities of the US national debt are owned by pension funds, and that's true in Europe as well.

So the point is that this money, this national debt, about which the world obsesses as if

it's a great burden, is in fact the bedrock of the private sector finance industry.

You would never imagine this from what is said, but there's something even more important than that, because if it is the bedrock of the private sector finance industry, then it's also the foundation of the private wealth which that industry manages. And the vast majority of the private wealth that is managed by the private sector finance industry is owned by a few per cent of the world's population.

We know that the ownership of wealth around the world as a whole is massively skewed. If there are 8 billion people in the world, maybe 80 million of them might own a significant proportion of the wealth. In other words, there are 1% of the world's population with ownership of most of the world's assets. And if that's true, and if they own these funds through their pension funds and other such arrangements, then the interest paid on this national debt, which might amount to something like 3.2 trillion dollars a year, might equate to something like \$40,000 per head for the top 1% of wealth earners around the world.

Now think about that. \$40,000 a year in interest is being paid to 80 million people, but the other 99% between them, have an average income of only \$13,500 a year.

So the wealthiest are earning potentially three times more per annum in interest than the rest of the world is earning as a result of their labour.

Now, these figures are simplistic. They are extrapolated, and they're bound to be wrong to some degree. I make that very clear. I am working on the basis of simplified assumptions, but I'm doing so to make clear just how great the bias in this system is towards those with wealth.

It may be that the world's wealthy claim government is spending recklessly in piling up debt, which is going to be a burden on future generations and all the other nonsense that you hear right-wing politicians talk. But the truth is, when the government creates debt, somebody has to own it, and the only people who can own it are the wealthy.

And they get wealthier as a result of that debt being produced. Because, effectively, every time interest is paid on the national debt, their wealth goes up. They tend not to spend it. They, therefore, can pay for more government debt issues. And as a consequence, the ownership of wealth becomes ever more concentrated, and we get a more divided world.

What can we do about this? Well, I suggest there are a number of things we can do.

First of all, there needs to be a concerted effort, the world over, to reduce the interest rate on national debt. It is too high.

Secondly, around the world, we need concerted efforts to make sure that unearned income, which is, of course, what interest is, is taxed more fairly. At present, it tends to

be taxed less than earnings from workers, and that is absurd. It should be taxed more, because quite clearly, it's unfair to tax unearned income at a lower rate than earned income.

And thirdly, around the world, we need more progressive tax systems. Why? Because we need to recover more of this money from the wealthy to make sure that governments are not burdened by this cost to the point where they cannot provide the services that people in their countries need. That's a simple, straightforward fact.

But the ownership of this wealth also needs to be democratised, so we need to look at how we might bring it back under public control.

Japan has done this. It is possible. To some extent, this happened during Covid and during the crises after the 2008 financial crash.

Why did that happen then? Because of [quantitative easing](#). And now the UK, in particular, is trying to reverse that through [quantitative tightening](#). The public ownership of this debt, which has provided benefit to Japan, and does, I think, provide benefit in the UK, is being unwound.

We need to bring debt under control.

We need to bring the money supply under control.

We need to bring the benefit of the government being able to create money into the public domain and not into the private domain, which is where it is now.

So that question, who owns the debt? is very simply answered. The world's wealthy people own it, and they win hands down by doing so.

If only we understood that, if only the radio commentators that I heard had understood why it is possible for all the world's countries to be in debt simultaneously, and yet have somebody to own that debt, who are the world's wealthy, then they too would've reached the conclusion that something needs to be done about this.

Now, you know. Now you know what is required.

Go and talk about it.

Go and tell the world that the national debt is not a problem because it is our money supply, but the ownership of our national debt and the fact that the income from it is undertaxed is a problem, and that's what we have to address.

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