

The national debt is not what you think

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We [have just published this short video on YouTube](#) and many other channels.

This is the transcript:

The national debt is not what you think.

We're told it's debt, and it has to be repaid, but what if repaying it would crash the economy? That is what would actually happen.

The point is, the UK's national debt is not debt in the sense that you and I understand it if we owe somebody money. That's because the government creates the money that it owes. Instead, what the national debt represents is the money that the government has spent into the economy and not yet brought back from it by way of taxation.

That means the money in question has been left by the government in circulation inside the economy and that provides us with the means of exchange. How do I know that? That's because £80 billion of the so-called UK national debt is made up of notes and coins. If we got rid of the national debt, there would be no notes, there would no coins.

Worse than that, there would be none of the money that the banks use to pay each other as part of our finance system. All of that is included in national debt.

The national debt is our money supply. If we remove it, we wouldn't have a functioning economy.

The national debt is, however, private sector wealth. This is important to understand.

If you've got a pile of £10 notes, you feel you're better off than if you haven't. It's as simple and straightforward as that. But who made the £10 notes? The government did. National debt is therefore private sector wealth. What the government does is run a

deficit. We, as a consequence, can run a surplus. We have wealth because the government has theoretically borrowed.

And lots of our savings institutions depend on this. Pension funds and life assurance funds are critically dependent upon the existence of the UK government's national debt because it is the safest form of savings available to these funds who save for the long term.

So you, probably, have hung your future security on the back of the UK government debt, whether you know it or not. Without that national debt, savings and finances in this country would not work.

The result is quite straightforward: without debt, our economy would collapse. Repaying it would withdraw all money from circulation. That would trigger a recession and financial crisis. Public services and pensions will be hit hard.

Debt is a tool and not a problem.

The issue is not its size, but how we use it.

If we understand it properly, we can turn the national debt from being this thing that we call a problem into something that becomes a virtue that delivers well-being for everybody, and that, in my opinion, is vital.