Richard Murphy

Owner, Tax Research LLP
Ely, England

Tax Research LLP

Profile viewers 1,209

Post impressions 65,053

Richard Murphy • You
Owner, Tax Research LLP
23h •

The national debt is nearing £3 trillion, and almost everything said about that claim is wrong. It is not a debt in the way a household mortgage or a credit card is a debt. It is just the nation's savings.

Here is what that £3 trillion is actually made of: around £2.2 to £2.3 trillion of government bonds held by pension funds, banks and insurance companies; over £200 billion in National Savings; the physical cash in your pocket; and more than half a trillion pounds sitting in the reserve accounts commercial banks hold at the Bank of England. None of it is money the government "owes" in the sense of being unable to pay. The government creates sterling, so it cannot run out of it, and it cannot go bankrupt.

So why do we panic about the interest bill? The government can always pay the interest, because it can always create the money to do so. The cost is a policy choice, not a fact of nature.

The Bank of England sets the rates that drive that £100 billion-a-year bill, and by cutting them, it could save at least £20 billion a year.

Meanwhile, over £20 billion a year is paid to commercial banks on their reserves, a subsidy to bank profits that other central banks have already largely abandoned.

The real danger runs the other way. Trying to "reduce the debt" means higher taxes or deep spending cuts

22h 1/2

The national debt is not our burden. It is the savings facility that lets pension funds, insurers and savers hold their money safely, and without it we would all be much poorer. The lie that this debt is a burden is the excuse used to justify austerity, and it is time we stopped believing it.

Britain's £3 trillion national debt is not what you think
youtube.com

115 135 13

24,520 impressions View analytics

Add a comment... GIF

Most relevant

Dominic Arbuthnott • 1st 20h
Experienced finance professional, specialized in post-acquisition financial integrations

Robert Coyle the difference is that the Weimar republic had huge foreign debt in the form of reparations that had to be paid back in gold. The UK government (unlike in the 70s when it had to take out an IMF loan) does not have debts in non£ currencues

2 5

See previous replies

Bernard Duffy • 2nd 6h Follow
Retired Senior International Tax Specialist at HM Revenue & Customs

Richard Murphy I confess that I am baffled by your comment! Did you confuse me with someone else?

I replied to a comment that referred to the IMF loan in 1976. I pointed out as a FACT - not a CLAIM - that the loan was in USD in order to repay USD. S… more

Roger Elwell • 3rd+ 21h Follow
Retired. Was a Business Consultant at CGI and an Experienced Cards Industry Manager; Now ...

The interest bill isn't a problem because the government can just create money to pay it?
Really?
That has no impact on anything else, like inflation, the value of money, or anything?
Back in the 16th century, the sudden increase in the availability of gold from the Americas sent the value of m… more

25 20

Post successful. View post

22h 1/2

Rebecca Newman · 1st 5h
Techscend IT Marketing and Business Development Manager | York Proms Founder | Classical No.1 ...

Chris Eddy please explain how our economy, government, political history and society are like Zimbabwe and what Zimbabwe did to face their problems. Comparing us to an ex-colonial, developing country is often done in these conversations but it just makes you look ill informed. Let's not deal in buzz words.

Robert Coyle · 2nd 21h Follow
A highly experienced Independent Non Executive Director | Skilled at Chairing Audit and Risk ...

I have to say - & other people I respect disagree - but I don't 'get' the argument that the UK government can never go bust as it can just create more & more money to pay the interest on the national debt.

Clearly on one level this is true.... more

14 3

See previous replies

Scott Murray · 2nd (edited) 8h Follow
Economist & Founder @ Klarity Consulting | Helping businesses become better ...

Robert Coyle - the Weimer republic could not service it debts, as it had huge debts in foreign currency.

And because it lost the war confidence in it's own currency dropped, and as you said people taking cash, which in turn made things worse.... ... more

Sam Nixon · 3rd+ 19h Follow
Providing world class engineering organisations with specialist independent mechanical design...

Rebecca Newman we can go bust very quickly if rapid money creation causes international currency and commodity traders to decide that a pound is now worth less than the Turkish lira. Imported gas, oil, food and manufactured costs to UK households and businesses immediately increase causing massive insolvencies and poverty. Richard Murphy and his zealots will never acknowledge that yes a ... more

13

See previous replies

Rebecca Newman · 1st 5h
Techscend IT Marketing and Business Development Manager | York Proms Founder | Classical No.1 ...

Dom Wheatley this is a completely different argument - and thank you for agreeing with me that the discussions to influence policies needs to be open and correct. Imagine where we'd be if people were allowed to propose these policies, show a cost-benefit analysis and allow voters to choose for themselves between fully explained and researched policies. What a world that would be, eh? Maybe if we allowed the discussion w... more

Post successful. **View post**

22h 1/2

Retired early, but still FCIM, Chartered Marketer, MCIPR, Chartered PR Practitioner.

Wow, your post contradicts almost everything I have come to understand about such things. National debt costs the government money on an annual basis, which is money taken from taxes that then cannot be spent on other things. They can't just 'create' more money to cover that cost because that devalues the currency, which has all sorts of other negative impacts. The Bank of England sets interest rates independently of Government (with a view to mee… more

2 4

See previous replies

Paul Phillips • 2nd 4h Follow •••
Done earning / Driver 67

Richard Murphy The Bank of England isn't a bank in the sense you've used so patronisingly here. And you know it. So your comparison is moot.

Rebecca Newman • 1st 21h •••
Techscend IT Marketing and Business Development Manager | York Proms Founder | Classical No.1 selling...

I haven't had chance to watch yet so sorry if you've covered it, but how does this compare with the USD being a sovereign currency and the current crisis of Japan (and others) selling their dollars and the US buying them back? Is the set up just very different because of how the USD is used in the world, eg, with oil?

Rebecca Newman • 1st 15h •••
Techscend IT Marketing and Business Development Manager | York Proms Founder | Classical No.1 selling...

Ah ok so thanks for confirming that we can do these things and extensive, well planned public spending can work wonders.
They were also facing a war-fatigued country full of battle trained men - if the government hadn't done something then, the next phase of post war Britain could've been very different and the government, business owners and ruling classes knew that. There… more

Barry JAMES • 1st 18h •••
Independent Polymathic-Research Analyst ⁂ Transition Architect & Strategist for Households, ...

1. This really does call for a series if infographics Richard Murphy

Then use them to challenge specific advocates of the status quo.

If they won't engage the seat a tub-of-lard down and have a… more

1

Richard Murphy Author 8h •••
Owner, Tax Research LLP

Barry JAMES I have lost what you are asking me to make infographics on, Barry. Mail me

Post successful. **View post**

22h 1/2

For sure we need some education of financial and economic journalists, so that they can start writing about the national debt as savings. There is such groupthink in the media that's hard to break.

1

Barry JAMES • 1st 18h
Independent Polymathic-Research Analyst ⁂ Transition Architect & Strategist for Households, ...

2. The most interesting line is that other central banks have largely abandoned this. Pls elaborate. Cd be worth an episode?

Somil Goyal • 1st 18h
Future of Work, FinTech, Energy, Art

This Richard Murphy - Bank of England pays billions every week to support UK commercial bak profits and bonuses!

1

Hilda Kalap • 1st 20h
Writer | Keynote & Motivational Speaker | "Migrants are not the enemy" is my signature speech. DM me t...

💯

1

Roger Elwell • 3rd+ 21h Follow
Retired. Was a Business Consultant at CGI and an Experienced Cards Industry Manager; Now ...

And the Bank of England doesn't "set the rate" at all. It might set the coupon rate, but the effective rate depends on how much an investor will pay per £100 when the government sells the new issue, and the rate of inflation, because so much of it is index-linked.

8 2

See previous replies

Roger Elwell • 3rd+ (edited) 8h Follow
Retired. Was a Business Consultant at CGI and an Experienced Cards Industry ...

Richard Murphy it isn't nonsense. The actual rate paid by the government is dependent on how much investors pay for the debt issue. If they pay less than the face value (and that does happen), the actual rate the government is paying is higher than the headline coupon.
Many gilts are index-linked this means that the rate paid varies, which is therefore not "set"
... more

Rebecca Newman • 1st 10h
Techscend IT Marketing and Business Development Manager | York Proms Founder | Classical No.1 selling...

You can't even discuss it respectfully and without hyperbole and constant straw man arguments. Go have your exaggerated, substance free discussions with someone else. It's a waste of time us doing it.

Post successful. View post

22h 1/2

Investment Strategy, Investment Research, Portfolio Management.

Richard Murphy ...somehow simultaneously, according to you, the interest bill on the national debt is policy choice that can be ignored in real terms by arbitrarily creating the money to pay it; but also according to you, the interest bill is intrinsic to the savings facility by which pension funds, insurers, and savers hold their money "safely" without which those savers and investors would be much poorer, but consistent with that safety and prevention of pov... more

3 1

Richard Murphy Author 8h
Owner, Tax Research LLP

James Dolman, CFA everything I said not only is true, it is how the economy actually works. The problem is all yours. You prefer your fantasy to the reality of our economics and that is why this country is in a mess.

42

James C. • 2nd 19h Follow
CEO - Vacancysoft

Richard, I 100% disagree.

Your argument is based on the proviso that there will always be people happy to buy our bonds, and will do so at favorable interest rates.
... more

3 1

Richard Murphy Author 8h
Owner, Tax Research LLP

James C. we do not need to issue bonds ever. The government only issues them as a favour to markets. If they do not want them, the government will just run an overdraft with the Bank of England instead. This is economic reality. You are living in a fantasy. Bonds do not fund the government or its spending. They are just savings instr... more

44

Roger Elwell • 3rd+ 21h Follow
Retired. Was a Business Consultant at CGI and an Experienced Cards Industry Manager; Now ...

Oh, and if the government stopped paying banks that interest on their reserves, they'd introduce bank charges and widen their interest spreads to compensate. If they didn't, they'd go bust.
In other words, the public would pay.

4 2

See previous replies

Richard Murphy Author 8h
Owner, Tax Research LLP

Roger Elwell Banks got no such subsidy before 2008. How did they surf then and offer free banking and even interest in current accounts? Your claim makes absolutely no sense.

Post successful. View post

22h 1/2

Built Environment Management Professional

You're right that people routinely confuse a currency-issuing government with a household. The UK is not financially constrained in the same way as a family, much of the national debt is simultaneously private-sector wealth, and the UK cannot involuntarily run out of sterling.

… more

5 3

See previous replies

Michael Keaveney • 2nd 6h **Follow** •••
Director of Land, Development & Acquisition at Grainger plc

Kevin Butcher appetite to invest in anything in the country not just Gilts

Andrew Jarmolkiewicz • 2nd (edited) 20h **Follow** •••
Commodities

Richard this is pure laughable fantasy. You think debt doesn't matter because the two sides net to zero (except for bankruptcy which doesn't seem to trouble you) and if that somehow isn't practical then just print it away lol. No wonder you are an academic. Well a third of our debt is now owed to foreigners abroad for a start. As for printing it away we have run a vast accumulating current account … more

17

Declan Burdge • 3rd+ 19h **Follow** •••
Senior Supplier Relationship Manager | Fintech & B2B Finance | Early Payment & Working Capit…

I think your post is just intended to cause controversy. Private capital allocated to businesses builds factories, funds startups, creates technology, and drives productivity. Government debt diverts that capital into bureaucratic spending and welfare programs. Calling government debt a "savings facility" ignores the fact that those bonds are funded by future taxpayers who will have to service them. … more

5

Jonathan bresslaw • 2nd 20h **Follow** •••
Medical leave

I beg to differ goverments can and do go bankrupt and do default on debt, 145 countries have defaulted on local or foreign debt, also,lest we forget in 1976 the labour goverment had to go to the IMF for a bailout. We must Not be complacent what we should be more worried about is any sharp rise in household debt, we are second only to Canada as the most indebted country to other G7 nations. … more

7 2

See previous replies

Jonathan bresslaw • 2nd 16h **Follow** •••
Medical leave

Post successful. View post

22h 1/2

Matthew Robinson MCSI • 2nd 19h Follow •••
Senior Investment Manager

All these people who keep implying "the debt doesn't really matter". It darn well does if a large proportion is owned by external bond buyers outside the nation. This is partly why things blew up in Greece and why France is heading for trouble. As for the argument that if you print your own currency it doesn't matter, tell that to the Venezuelans & Argentinians who suffered hyperinflation, or Germans during the Weimar years, or the holders of Russian bon… more

7 3

See previous replies

Matthew Robinson MCSI • 2nd 6h Follow •••
Senior Investment Manager

Richard Murphy By the way, I concede you point that governments with fiat currencies can "create" money to spend, but taxes need to be raised LATER in order to balance the books. If that is not the case, why don't governments just instruct central banks to print billions and just hand it out to people to spend? The answer is because it would just ignite serious inflation which effectively would devalue the currency, thus cre… more

Anthony Silver • 2nd 20h •••
Co-Founder, Talent Recognition | Personality behind performance — six clicks, no questions

Good grief! Now that good 'ole traditional labour is in power lets just print money and see where that gets us. err Stagflation!

Any store of wealth's primary concern is to retain its value over time, namely keeping up or beating the rate of inflation. Interest is the 'reward' institutional Gilt hol… more

1 2

See previous replies

Anthony Silver • 2nd 7h •••
Co-Founder, Talent Recognition | Personality behind performance — six clicks, no questions

Richard Murphy There has never been a case where taxation has tackled inflation.

The last time it was tried in the UK we had stagflation and then had to go through 10 years of Thatcher in order to bring down inflation.
… … more

Ross Tague • 2nd 18h Follow •••
Finance Director - GNG Group Limited

If you are paying £20bn a year in interest then that is a liability not an asset. It is paid for by taxes that the public and businesses pay to the government. Borrowing more to pay the interest is the route to financial meltdown. Economies do collapse and the general public pay the price in inflation

Post successful. View post

22h 1/2

Bruce Hiscock • 2nd 19h Follow •••
Director and Chief Financial Officer at BIOVENTIX PLC, NED, Mentor and Writer

I think the interest rate is in reality now set by the bond markets not the BoE.
You are a far cleverer chap than me but maybe if the government were able to effectively address the deficit without killing growth then the BoE could play the part you suggest.

1

Richard Murphy Author 8h •••
Owner, Tax Research LLP

Bruce Hiscock the givernmemt could get the deficit. That would deliver a major recession. It could even cut the debt. That would deliver a depression. Is that what you want? And, the BoE sets rates. Sure, marita play at the peripheries, but the price list is set by the BoE

20

Jay Birch in • 2nd (edited) 6h Follow •••
Partner @ Knights | international counsel, cross border M&A, Corporate Law

This argument by Richard Murphy is one of almost panglossian sophistry. It omits any mention of inflation or yields needing to rise to offset inflation.

It may be worth going back to JM Keynes : The General Theory of Employment, Interest and Money … more

Darren Sinden • 2nd (edited) 9h Follow •••
Experienced market commentator | analyst | broker | relationship manager | Freelance ...

The government can always pay its bills by printing but if it does that will the repayment be worth anything the bond market prices risk the risk of not being repaid or being paid in rapidly depreciating Fiat . Thankfully both of these are unlikely scenarios at the moment but there is a tipping point and rising bond tell you that you are getting closer to it.....

David Townsend • 3rd+ (edited) 20h Follow •••
Streambank Treasury Project Manager

10.8% of 24/25 PAYE tax was spent serving national debt interest, more than on education. Don't tell me it doesn't matter.

9

Spencer Ross in • 3rd+ 18h Follow •••
Head of operations at The C and L Group of Companies ! A Professional Investigator Qualified t...

As of 31 July 2026, UK public sector net debt was £2.985 trillion, or about 94.1% of GDP. Gross government debt was higher, at about £3.175 trillion.
Where the £3 trillion comes from
The main components are:
ComponentApprox. amountWhat it meansGovernment… more

Post successful. View post

22h 1/2

Highly experienced sourcing and supplier management expert

So why did Britain turn to the IMF in the 1970's? What happened to Zimbabwe's economy? Argentina? And to a lesser extent, the PIIGS? I guess it boils down to the definition of bust, but I don't subscribe to your opinion.

2 1

Bernard Duffy • 2nd 18h Follow •••
Retired Senior International Tax Specialist at HM Revenue & Customs

Craig Dowling To borrow USD in order to repay loans in USD! What has that to do with GBP?

1

Peter Doherty in • 2nd 20h Follow •••
Head of Fixed Income Titan Investment Solutions

Financial illiteracy

14

Simon Simmonds • 3rd+ 20h Follow •••
Analog Devices

There is a difference between "money" and "currency units". There is an exchange rate between them. Best not confuse the two.

Spencer Mott • 3rd+ (edited) 20h Follow •••
Global Markets Trading and Treasury

So print money, trash the pound, create hyper inflation ... markets price debt by rates, growth inflation AND a risk premium. Emphasis on the latter. Debt service costs will explode . Look at Japan

3

Dave Cox • 3rd+ 19h Follow •••
Vehicle Chief Engineer | Global EV Programs | Program & Launch Execution Leader

Hear, hear! In addition, the 'austerity' era is plain evidence of what happens when the national debt is dog-whistled to absolute fever pitch - government led recession, cuts, zero growth and almost zero effect on the debt itself.

David Brewin • 3rd+ 20h •••
Chairman

Difficult to know where to start with this .... So I will simply say ...utter nonsense

11

Nick Banfield • 3rd+ 19h Follow •••
Retired Oil Trader

And what about the 8.6 trillion unfunded liabilities ? So let's call it 12 trillion altogether .....

Post successful. View post

22h 1/2

Utter drivel.

8

andy hill • 2nd 16h Follow
Peeking over the horizon.

The internet is a curious world. Spouting nonsense creates attention and potentially monetisable opportunity. Or do you really believe that debt is an asset?

Andy S. • 2nd 7h Follow
Experienced fintech and investment banking professional with vast experience across receivable...

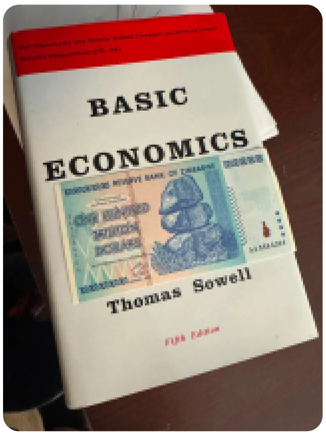
"The Bank of England sets the rates". This is the fundamental misunderstanding.

The market sets the rates. Base rate = 5pc. 3yr gilt bid is at 25pc. Gilts sell at 25pc.

End of d... more

Sam Nixon • 3rd+ 19h Follow
Providing world class engineering organisations with specialist independent mechanical design...

Same old juvenile inversion of debts into assets, liability into investment. Please read.



2

Jeffrey Peel • 2nd 19h Follow
Writer and Comms Professional & Fractional Marketer

Don't even know where to start with this nonsense.

4

Anthony Reeve • 3rd+ 19h Follow
--

In reality it's far higher but even this level is scary and needs addressing urgently as % of GDP

Malcolm (aka Max) King • 2nd 19h Follow

Post successful. View post

22h 1/2

Ian Storer · 2nd 18h Follow
Creating the next generation of critical thinkers

Surely creating money causes huge inflation

1

Dom Wheatley · 2nd 20h Follow
Consultant and Non-Executive Chairman and Director providing governance, advice and ...

I have been laughing at Richard's comical economic nonsense for years. He never fails to raise a smile.
Who said economics could not be entertaining? Only Zac rivals him as the Monty Python of economic comedy.

2 1

Kathryn Dalgleish · 2nd 18h Follow
Retired early, but still FCIM, Chartered Marketer, MCIPR, Chartered PR Practitioner.

Dom Wheatley Ahhh, good to know! I read this post and was simply going WTF?!?

1

Ian Storer · 2nd 18h Follow
Creating the next generation of critical thinkers

If they are printing money why do we pay taxes?

1 1

Jonathan Stuart-Brown · 2nd 8h Follow
Author

Ian Storer The "economist" is proposing the economics of Zimbabwe government 2000 to 2006. Hyper-inflation. Even by 2020 inflation was still 800% annually (but much better than 2000 to 2006).

Johan Kjellgren · 3rd+ 19h Follow
Principal at Kearney Middle East

Don't know why this popped up on my feed but this is the dumbest thing I've read for a long time

5 1

Kathryn Dalgleish · 2nd 18h Follow
Retired early, but still FCIM, Chartered Marketer, MCIPR, Chartered PR Practitioner.

Johan Kjellgren I was thinking the same. On both counts!

1

Richard Spencer · 2nd 19h Follow

Post successful. View post

22h 1/2

Stuart Allen • 2nd 19h **Follow**
Barrister

Mate. Printing money is the absolute pits of a suggestion. Creating sterling as you put it leads to massive inflation and a devaluing of people's wages. Take a look at the price of gold mate. For 1980-2008 between 200-400 quid an ounce. Now north of 4000 quid an ounce. Working people are being utterly screwed because their pay packets are made of currency to the value of chocolate buttons. Take a look at the Weimar Republic. Take a look at Zi... more

1

Phil Tyreman • 2nd 19h **Follow**
Publisher of Fitness Books and Newsletters

You are not wrong.

Nevertheless, ours is not a wealthy country. Anybody with eyes and a smidgen of intellectual honesty can see that.
... more

Roman Tretyakov • 3rd+ 19h **Follow**
Interim FC/FD | Finance transformation | Interim Group/statutory accountant

When you borrow the money it's not a saving. It's nonsense.

1

Mark Coggins • 2nd 20h **Follow**
Ex-HSBC Head of Asian Equities → CEO Kaplan Asia → Board Director, Cranleigh China | ...

I am sure we will all be jumping for joy when sterling collapses Richard Murphy

1

Gary King • 3rd+ 19h
Head of Finance @ Kettle Produce Ltd. | (Barrowcliffe Southern Sites)

Ridiculous post!

1

Phillip Bradley Brink Murray • 2nd 14h
Domestic Intelligence, Biotechnologies, and Other Scholarly Things 🏔️🦅 | 🏃🇺🇸📚 | 🦅🏔️

$3T is how much money Canada makes in the U.S. per year. If anything, Canada should be Englands new mayor.

Oliver D. • 3rd+ 19h **Follow**
Interim Financial Controller

So basically UK can act like a 3rd world country, printing money when it likes.

Post successful. View post

22h 1/2

General Equilibrium Macroeconomics: Model Development.

Ah ah. Remind me to borrow from you and pay in my own currency. I know I will not have a problem but maybe you will?

Paul Phillips • 2nd 4h Follow •••
Done earning / Driver 67

I've heard some drivel in my life, but this takes the biscuit. A sovereign fund would be national savings. Money borrowed on which interest has to be paid is a debt. Economists are bad enough… but you're a postmodern economist. God help us.

Jamie Smith • 3rd+ 19h Follow •••
Trading, Sales, Product Development and Marketing.

Sorry Sir but your view on this country "debt issuance" is simply wrong. I will leave it there.

Colin Meads • 3rd+ 17h Follow •••
Security Consultant.

https://commonslibrary.parliament.uk/research-briefings/cbp-10842/

What are government debt and debt interest?
commonslibrary.parliament.uk

Spencer Ross in • 3rd+ 18h Follow •••
Head of operations at The C and L Group of Companies ! A Professional Investigator Qualified t…

https://youtu.be/npXbFUAFtYk?si=u5HvPFY3WCyR_c4c

Ben Lander • 2nd 19h Follow •••
Content Manager at Candriam

Richard Lander Danny Mills

Linda Aspey • 2nd 7h Follow •••
Director of Psychology, National Emergency Briefing | Active Trustee, Climate Psychology Allianc…

Elspeth Crawford

Adrian Payne • 2nd 19h Follow •••
Economics * Competition Policy * Music

Carry On Spending 😚 😂 😳

Post successful. View post

22h 1/2

Owner, TurboCASH Accounting - Computer Software Specialist

interesting perpective

Post successful. **View post**

22h 1/2