

The Increase in Global Public Debt: A Warning of a Global Financial Crisis



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Global public debt levels (which includes the debts of countries, companies, and households) have risen dangerously and unprecedentedly in recent years, reaching \$307 trillion in the third quarter of 2023. This represents 336% of the total global gross domestic product (GDP), more than three times what the global economy produces.

The reasons behind this significant increase in public debt include the high costs of combating the coronavirus pandemic in recent years, large trading volumes in the financial market, increased government spending in many countries, in addition to interest rates rising to unprecedented levels during the past year, during which global public debt grew by around \$10 trillion

This increase in public debt poses a major challenge to the global economy, as it forces countries, companies, and individuals to limit spending and investment, resulting in an economic growth slowdown. Additionally, this reality may lead some debtors to default, increasing the risks and repercussions of a global financial crisis, especially considering that the debt service costs continue to rise steadily, reaching very high levels.

The debts of countries constitute a significant part of the global public debt. According to data from the International Monetary Fund, government debts amounted to \$87.3 trillion, posing a threat to all countries, including advanced ones. More than 100 countries will be compelled to reduce their spending on infrastructure, healthcare, education, and social protection services, especially since over 60% of countries classified as having low income face significant challenges in managing their debts.

The main challenge, however, is whether there is a solution to the problem of global debt. Despite the efforts of economic and political experts, the prospects remain unclear. If serious measures are not taken to address this problem, there is a significant risk to the stability of the global financial system, especially in light of the serious repercussions of the Zionist aggression on Gaza Strip and the risks it poses to shipping in the Red Sea, leading to increased shipping costs, in addition to the significant losses incurred by companies supporting the Zionist entity.

The significant and continuous increase in the size of public debt serves as a red flag for the world, reminding us of the necessity to control debt and steer economies toward financial sustainability. Governments, international institutions, and companies must work together to find innovative solutions to this growing financial problem before it leads to a major crisis threatening global stability.