

Indebted state versus intermediary state: who owes what to whom?

Giuseppe Eusepi · Richard E. Wagner

Published online: 8 May 2012
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Abstract Ratios of public debt to GDP are much discussed these days and questions concerning debt relative to taxation have long been explored by fiscal scholars. With respect to monarchical regimes, it seems reasonable to treat public debt as similar to personal debt, recognizing that a monarch is not an ordinary person. When public debt arises through parliamentary assemblies, however, the similarity of form between public and personal debt vanishes because a parliamentary assembly does not trade on its own account; to the contrary, it is a type of intermediary that brings together people who buy bonds and people who later pay the bondholders. In a republic there is no sovereign who is indebted to ruled subjects. The institutional framework of republican governance transforms public borrowing into a process of intermediation among citizens, which leads in turn to the alternative orientation toward public debt that this paper explores.

Keywords Ricardian equivalence · Public debt versus personal debt · Unfunded liabilities · Public debt as fiscal intermediation · Antonio De Viti de Marco

JEL Classification E6 · H2 · H6

G. Eusepi

Department of Law and Economics of Productive Activities, Sapienza University of Rome,
Via del Castro Laurenziano, 9, 00161 Rome, Italy
e-mail: Giuseppe.Eusepi@uniroma1.it
URL: <http://www.eco.uniroma1.it>; <http://w3.uniroma1.it/ecspc/>

R. E. Wagner (✉)

Department of Economics, 3G4, George Mason University, Fairfax, VA 22030, USA
e-mail: rwagner@gmu.edu
URL: <http://mason.gmu.edu/~rwagner>