

No, We Don't "Owe it to Ourselves": Contribution Towards a Critique of Conventional Macroeconomic Wisdom, and Why Actually-Existing Public Debt and Monetary Policy is Regressive Policy

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**Abstract:**

We review literature on the political economy of public debt (i.e., Wagner 2017 *Public Debt*, Paul Krugman 2015 *New York Times*) to help claim contrary to conventional wisdom, that No, we don't owe this debt to ourselves. (Which should be immediately apparent with the more than \$3T in US\$ denominated sovereign or USG-guaranteed debt held by the Peoples Bank of China, not that there is anything wrong with this). We make our claim fully aware that 'we owe it to ourselves' is one of the hardcore beliefs in the mainstream economics research program, and related policy activism, at the nation-state level. We find that there is no "we" against which to assign public debt and that a Keynesian aggregated view of public finance is derived from a methodological position which fails to model / understand subjective and decentralized human behaviour as an ordering principle. We juxtapose and critique the aggregated Keynesian method, along with some of the analytical tools derived from this method, with that of methodological individualism. Our results show, advancing on those in Wagner 2017, that actually-existing permanent public debt finance, and related monetary expansion and contraction, is regressive policy because it harms those with less disposable income and benefits those with more disposable income, and, that rather than suggesting "we", fiscal illusion about unfunded government liabilities (liabilities five times that of formal public debt issuance) creates an implicit and/or explicit intergenerational class struggle, negating any "we" as proposed by those endorsing Keynesian debt as neutral policies.