

The history of the political economy of public debt



Nicholas J. Theocarakis

Dept. of Economics

National & Kapodistrian University of Athens



4TH ESHET
LATIN AMERICAN
CONFERENCE

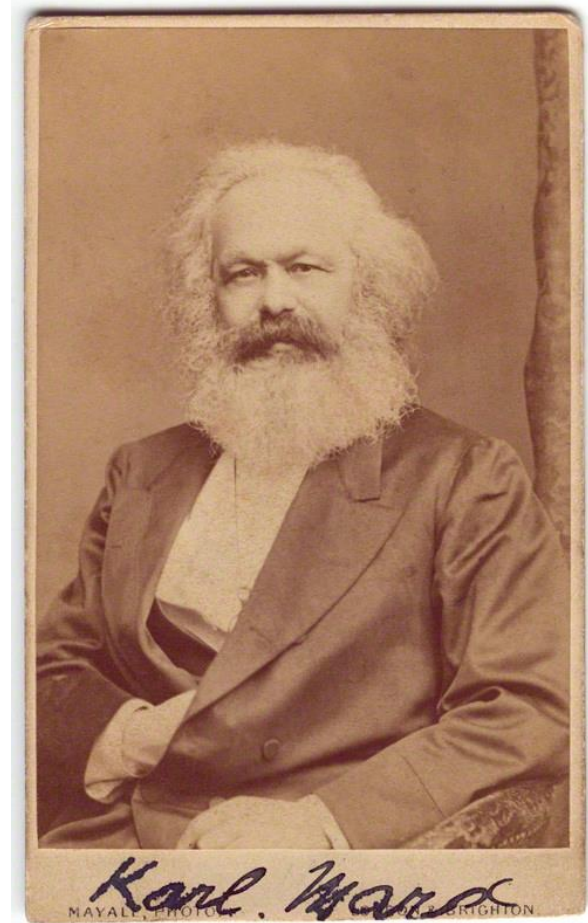


Belo Horizonte – Brazil, 19-21 November 2014

The system of public credit, i.e. of national debts, the origins of which are to be found in Genoa and Venice as early as the Middle Ages, took possession of Europe as a whole during the period of manufacture. The colonial system, with its maritime trade and its commercial wars, served as a forcing-house for the credit system. Thus it first took root in Holland. The national debt, i.e. the alienation [*Veräußerung*]* of the state – whether that state is despotic, constitutional or republican – marked the capitalist era with its stamp. The only part of the so-called national wealth that actually enters into the collective possession of a modern nation is – the national debt.⁷

Hence, quite consistently with this, the modern doctrine that a nation becomes the richer the more deeply it is in debt. Public credit becomes the *credo* of capital. And with the rise of national debt-making, lack of faith in the national debt takes the place of the sin against the Holy Ghost, for which there is no forgiveness.

The public debt becomes one of the most powerful levers of primitive accumulation. As with the stroke of an enchanter's wand, it endows unproductive money with the power of creation and thus turns it into capital, without forcing it to expose itself to the troubles and risks inseparable from its employment in industry or even in usury. The state's creditors actually give nothing away, for the sum lent is transformed into public bonds, easily negotiable, which go on functioning in their hands just as so much hard cash would. But furthermore, and quite apart from the class of idle *rentiers* thus created, the improvised wealth of the financiers, who play the role of middlemen between the government and the nation, and the tax-farmers, merchants and private manufacturers, for whom a good part of every national loan performs the service of a capital fallen from heaven, apart from all these people, the national debt has given rise to joint-stock companies, to dealings in negotiable effects of all kinds, and to speculation: in a word, it has given rise to stock-exchange gambling and the modern bankocracy.



At their birth the great banks, decorated with national titles, were only associations of private speculators, who placed themselves by the side of governments and, thanks to the privileges

7. William Cobbett remarks that in England all public institutions are designated as 'royal'; in compensation, however, there is the 'national' debt.

*Alienation by sale.

Das Kapital.

Kritik der politischen Oekonomie.

Von

Karl Marx.

Erster Band.

Buch I: Der Produktionsproceß des Kapitals.

Dritte vermehrte Auflage.

Das Recht der Uebersetzung wird vorbehalten.

Hamburg

Verlag von Otto Meissner.

1883.

920 *So-Called Primitive Accumulation*

they received, were in a position to advance money to those governments. Hence the accumulation of the national debt has no more infallible measure than the successive rise in the stocks of these banks, whose full development dates from the founding of the Bank of England in 1694. The Bank of England began by lending its money to the government at 8 per cent; at the same time it was empowered by Parliament to coin money out of the same capital, by lending it a second time to the public in the form of bank-notes. It was allowed to use these notes for discounting bills, making advances on commodities and buying the precious metals. It was not long before this credit-money, created by the bank itself, became the coin in which the latter made its loans to the state, and paid, on behalf of the state, the interest on the public debt. It was not enough that the bank gave with one hand and took back more with the other; it remained, even while receiving money, the eternal creditor of the nation down to the last farthing advanced. Gradually it became the inevitable receptacle of the metal-

50 Pfd. St., für Scalpe von Weibern und Kindern 50 Pfd. St.! Einige Decennien später rächte sich das Kolonialsystem an der unterdessen auf-rührerisch gewordenen Nachkommenschaft der frommen pilgrim fathers. Unter englischem Antrieb und Sold wurden sie tomahawked. Das britische Par-lament erklärte Bluthunde und Scalpiren für „Mittel, welche Gott und die Natur in seine Hand gegeben.“

Das Kolonialsystem reifte treibhausmäfsig Handel und Schifffahrt. Die „Gesellschaften Monopolia“ (Luther) waren gewaltige Hebel der Kapital-Konzentration. Den aufschliessenden Manufakturen sicherte die Kolonie Absatzmarkt und eine durch das Marktmonopol potenzierte Akkumulation. Der ausserhalb Europa direkt durch Plünderung, Versklavung und Raub-mord erbeutete Schatz floss ins Mutterland zurück und verwandelte sich hier in Kapital. Holland, welches das Kolonialsystem zuerst völlig ent-wickelte, stand schon 1648 im Brennpunkt seiner Handelsgrösse. Es war „in fast ausschliesslichem Besitz des ostindischen Handels und des Ver-kehrs zwischen dem europäischen Südwesten und Nordosten. Seine Fische-reien, Seewesen, Manufakturen übertrafen die eines jeden andren Landes. Die Kapitalien der Republik waren vielleicht bedeutender als die des übrigen Europa insgesamt.“ Gülich vergisst hinzuzusetzen: Hollands Volksmasse war schon 1648 mehr überarbeitet, verarmter und brutaler unterdrückt als die des übrigen Europas insgesamt.

Heutzutage führt industrielle Suprematie die Handelssuprematie mit sich. In der eigentlichen Manufakturperiode dagegen ist es die Handels-suprematie, die die industrielle Vorherrschaft giebt. Daher die vorwiegende Rolle, die das Kolonialsystem damals spielte. Es war „der fremde Gott“, der sich neben die alten Götzen Europas auf den Altar stellte und sie eines schönen Tages mit einem Schub und Bautz sämtlich über den Haufen warf. Es proklamierte die Plusmacherei als letzten und einzigen Zweck der Menschheit.

Das System des öffentlichen Kredits, d. h. der Staatsschulden, dessen Ursprünge wir in Genua und Venedig schon im Mittelalter entdecken, nahm Besitz von ganz Europa während der Manufakturperiode. Das Kolonial-system mit seinem Seehandel und seinen Handelskriegen diente ihm als Treibhaus. So setzte es sich zuerst in Holland fest. Die Staatsschuld, d. h. die Veräußerung des Staats — ob despotisch, konstitutionell oder republikanisch — drückt der kapitalistischen Aera ihren Stempel auf.

Der einzige Theil des sogenannten Nationalreichthums, der wirklich in den Gesamtbesitz der modernen Völker eingeht, ist — ihre Staatsschuld ^{242a)}. Daher ganz konsequent die moderne Doktrin, dass ein Volk um so reicher wird, je tiefer es sich verschuldet. Der öffentliche Kredit wird zum Credo des Kapitals. Und mit dem Entstehen der Staatsverschuldung tritt an die Stelle der Sünde gegen den heiligen Geist, für die keine Verzeihung ist, der Treubruch an der Staatsschuld.

Die öffentliche Schuld wird einer der energischsten Hebel der ursprüng-lichen Akkumulation. Wie mit dem Schlag der Wünschelruthe begabt sie das unproduktive Geld mit Zeugungskraft und verwandelt es so in Kapital, ohne dass es dazu nöthig hätte sich der von industrieller und selbst wucherischer Anlage unzertrennlichen Mühwaltung und Gefahr auszusetzen. Die Staatsgläubiger geben in Wirklichkeit nichts, denn die geliehene Summe wird in öffentliche leicht übertragbare Schuldscheine verwandelt, die in ihren Händen fortzufingiren ganz als wären sie eben soviel Baargeld. Aber auch abgesehen von der so geschaffenen Klasse müssiger Rentner und von dem improvisirten Reichthum der zwischen Regierung und Nation die Mittler spielenden Financiers — wie auch von dem der Steuerpächter, Kaufleute, Privatfabrikanten, denen ein gut Stück jeder Staatsanleihe den Dienst eines vom Himmel gefallenen Kapitals leistet — hat die Staats-schuld die Aktiengesellschaften, den Handel mit negociablen Effekten aller Art, die Agiotage emporgebracht, in einem Wort: das Börsenspiel und die moderne Bankokratie.

Von ihrer Geburt an waren die mit nationalen Titeln aufgestützten grossen Banken nur Gesellschaften von Privatspekulanten, die sich den Regierungen an die Seite stellten und, Dank den erhaltenen Privilegien, ihnen Geld vorzuschiessen im Stande waren. Daher hat die Akkumulation der Staatsschuld keinen unfehlbareren Gradmesser als das successive Steigen der Aktien dieser Banken, deren volle Entfaltung von der Gründung der Bank von England datirt (1694). Die Bank von England begann damit, der Regierung ihr Geld zu 8% zu verleihen; gleichzeitig war sie vom Parlament ermächtigt, aus demselben Kapital Geld zu münzen, indem sie es dem Publikum nochmals in Form von Banknoten lieh. Sie durfte mit

^{242a)} William Cobbett bemerkt, dass in England alle öffentlichen Anstal-ten als „königliche“ bezeichnet werden, zum Ersatz dafür gab es jedoch die „National“-Schuld (national debt).

diesen Noten Wechsel diskontiren, Waaren beleihen und edle Metalle einkaufen. Es dauerte nicht lange, so wurde dies von ihr selbst fabricirte Kreditgeld die Münze, worin die Bank von England dem Staat Anleihen machte und für Rechnung des Staats die Zinsen der öffentlichen Schuld bezahlte. Nicht genug, dass sie mit einer Hand gab, um mit der andern mehr zurückzuempfangen; sie blieb auch, während sie empfing, ewige Gläubigerin der Nation bis zum letzten gegebenen Heller. Allmählig wurde sie der unvermeidliche Behälter der Metallschätze des Landes und das Gravitationscentrum des gesammten Handelskredits. Um dieselbe Zeit, wo man in England aufhörte Hexen zu verbrennen, fing man dort an, Banknotenfälscher zu hängen. Welchen Effekt auf die Zeitgenossen das plötzliche Auftauchen dieser Brut von Bankokraten, Financiers, Rentiers, Maklern, Stockjobbers und Börsenwölfen machte, beweisen die Schriften jener Zeit, z. B. Bolingbroke's^{243b}).

Vierundzwanzigstes Kapitel.

Die sog. ursprüngliche Akkumulation.

6. Genesis des industriellen Kapitalisten.

AN
ESSAY
UPON

Publick Credit:

BEING
An ENQUIRY

How the PUBLICK CREDIT comes
to depend upon the Change of the *Ministry*, or the Dissolutions of *Parliaments*;
and whether it does so or no.

With an ARGUMENT,
Proving that the PUBLICK CREDIT
may be upheld and maintain'd in this
Nation; and perhaps brought to a greater
Height than it ever yet arriv'd at;
Tho' all the Changes or Dissolutions already
Made, Pretended to, and now
Discours'd of, shou'd come to pass in
the World.

LONDON:

Printed, and Sold by the Book-sellers,
MDCCLX.

Price, Three Pence.

AN
ESSAY
UPON
PUBLIC CREDIT:

BEING AN
ENQUIRY HOW THE PUBLIC CREDIT COMES TO
DEPEND UPON THE
CHANGE OF THE MINISTRY,
OR THE
DISSOLUTIONS OF PARLIAMENTS;
AND WHETHER IT DOES SO OR NO?

WITH AN ARGUMENT,

Proving that the PUBLIC CREDIT may be upheld and maintained in this Nation, and perhaps brought to a greater Height than it ever yet arrived at; though all the Changes or Dissolutions already made, pretended to, and now discour'd of, should come to pass in the World:

By ROBERT HARLEY, Esq.

AFTERWARDS EARL OF OXFORD, AND LORD HIGH TREASURER OF GREAT BRITAIN;

FIRST PRINTED, 1710.

*With short HISTORICAL NOTES, explaining the
difficult Passages.*

A Work of the utmost Importance, especially to the *Commercial Part* of this Nation in the present awful Situation of Public Affairs; warmly recommended to the Consideration of the Public at large by the Marquis of LANSDOWNE, in the Debate in the HOUSE OF LORDS, Feb. 28th, 1797.

LONDON:

PRINTED FOR W. BAYNES, NO. 54, PATERNOSTER-ROW;
AND J. S. JORDAN, NO. 166, FLEET-STREET.

1797.



Daniel Defoe (1660-1731)

by Michael Vandergucht, after
Jeremiah Taverner, line engraving,
1706



Robert Harley, 1st Earl of Oxford (1661-1724), Lord Treasurer

by Sir Godfrey Kneller, Bt, oil on
canvas, 1714

I am to speak of what all People are busie about, but not one in Forty understands: Every Man has a Concern in it, few know what it is, nor is it easy to define or describe it. If a Man goes about to explain it by Words, he rather struggles to lose himself *in the Wood*, than bring others out of it. It is best describ'd by it self; 'tis like the Wind that blows *where it lists*, we hear the *sound* thereof, but hardly know *whence it comes*, or *whither it goes*.

Like the Soul in the Body, it acts all Substance, yet is it self Immaterial; it gives Motion, yet it self cannot be said to Exist; it creates *Forms*, yet has it self *no Form*; it is neither Quantity or Quality; it has no *Whereness*, or *Whenness*, *Scite*, or *Habit*. If I should say it is the essential Shadow of something that is Not; should I not Puzzle the thing rather than Explain it, and leave you and my self more the Dark than we were before?

To come a at direct and clear Understanding of the Thing, the best Method will be to describe its *Operations*, rather than define its *Nature*; to show *how it Acts* rather than *how it Exists*, and *what it does*, rather than *what it is*.

Public Credit should be public

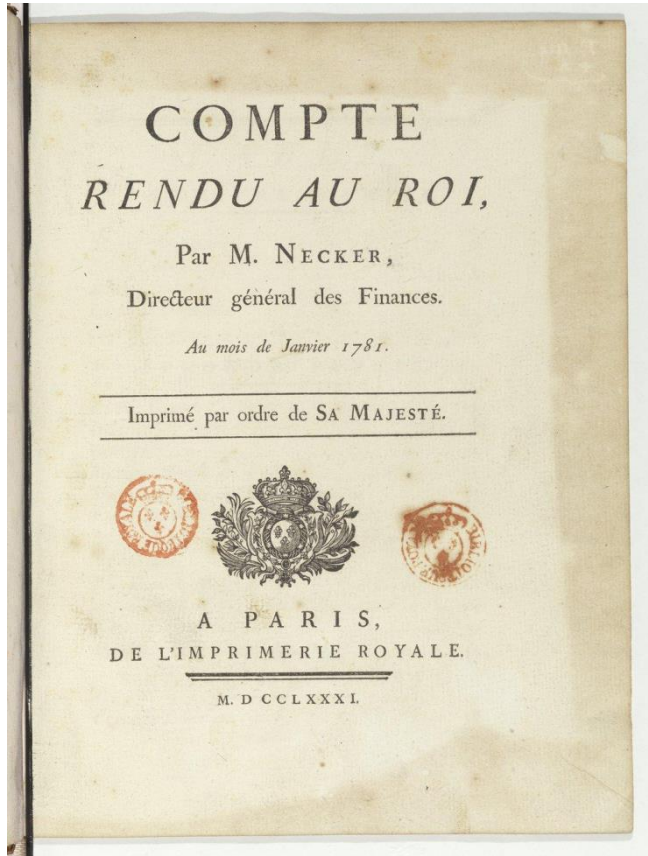
CREDIT is not the Effect of this or that Wheel in the Government, moving regular and just to its proper Work; but of the whole Movement, acting by the Force of its true original Motion, according to the exquisite Design of the Director of the whole Frame.

Thus the *Honour*, the *Probity*, the *exact*, punctual *Management*, which has raised our *Credit* to the pitch it is now arriv'd at, has not been merely the Great Wheel in *the Nations Clockwork*, that turn'd about the Treasure, but the Great Spring that turn'd about that Wheel, and this is the QUEEN and PARLIAMENT.

Public Credit should be continuous

That as the Publick Credit is National, not Personal, so it depends upon No thing or Person, No Man or Body of Men, but upon the Government, that is, The Queen and Parliament; displacing or removing any Minister of State, or great Officer, whose Management under the Sovereign affects our Treasure, can no way influence our National Credit; while the Just, Honourable and Punctual Conduct of the Sovereign and Parliament remains the same. Neither does our Credit depend upon the Person of the Queen, as Queen, or the individual House of Commons, Identically; as if no Queen but her present Majesty, and no Parliament but the present Parliament, could support and uphold the Credit of the Nation: But it will remain a Truth, that every Queen, or every King, and every Parliament, succeeding the Present, that shall discover the same Justice in Government, the same Care in giving sufficient Funds, the same Honesty in supplying the Deficiencies if they happen, the same Concern for the Burthen of the Subject, and the same Care to put the Treasure into the Hands of Faithful and Experienc'd Officers; shall keep up the same Character, have the same Credit, and restore all these Declinings to the same Vigour and Magnitude, as ever.

Public Credit should be publicly known



Source gallica.bnf.fr / Bibliothèque nationale de France

En France, on a fait constamment un mystère de l'état des Finances; ou si quelquefois on en a parlé, c'est dans des préambules d'Édits, & toujours au moment où l'on vouloit emprunter; mais ces paroles, trop souvent les mêmes pour être toujours vraies, ont dû nécessairement perdre de leur autorité, & les hommes d'expérience n'y croient plus, que sous la caution, pour ainsi dire, du caractère moral du Ministre des Finances. Il est important, de fonder la confiance sur des bases plus solides. Je conviens que dans quelques

AN
ESSAY
UPON
Ways and Means
Of Supplying the
WAR.

Chas. Davenant
The Third Edition.

L O N D O N:
Printed for Jacob Tonson, within Grays-
Inn-Gate next Grays-Inn-Lane. 1701.

DISCOURSES
ON THE
Publick Revenues,
AND ON THE
Trade of England.
In Two Parts.

Viz.

- I. Of the Use of Political Arithmetick, in all Considerations about the Revenues and Trade.
- II. On Credit, and the Means and Methods by which it may be restored.
- III. On the Management of the King's Revenues.
- IV. Whither to Farm the Revenues, may not, in this Juncture, be most for the Publick Service?
- V. On the Publick Debts and Engagements.

By the Author of
The Essay on Ways and Means.

P A R T I.

To which is added,
A Discourse upon Improving the Re-
venue of the State of *Athens.*

Written Originally in *Greek*, by *Xenophon*; and
now made *English* from the Original, with some
Historical Notes; By another Hand.

L O N D O N: Printed for James Knapton, at the
Crown in St. Paul's Church-yard. 1698.

Charles Davenant (1656–1714)

A N
ESSAY
 UPON THE
National Credit
 OF
ENGLAND;

Introductory to a
PROPOSAL

Prepar'd for Establishing the

Public Credit;

In such manner as
 To render the same highly Bene-
 ficial to the Government, Trade and
 People of this KINGDOM.

Humbly submitted to the Honourable
HOUSE of COMMONS.

London: Printed by A. R. in Bond's Stables, adjoining to
 Symond's-Inn, near Chancery-Lane; and are to be
 sold by D. Bragg, in Ave-Mary-Lane.

A N
ESSAY
 TOWARDS THE
HISTORY
 OF THE LAST
MINISTRY and PARLIAMENT:
 CONTAINING
SEASONABLE REFLECTIONS
 ON
 I. FAVOURITES } IV. PARLIA-
 II. MINISTERS } MENTS. and
 of STATE. } V. PUBLICK
 III. PARTIES. } CREDIT.

Postquam Respublica in paucorum Potentium jus, atq; ditionem concessit, semper illis Reges, Tetrarchæ vectigales esse; Populi, Nationes, stipendia pendere; Ceteri omnes strenui, boni, nobiles atq; ignobiles, vulgus fuimus, sine gratia, sine auctoritate, his obnoxii, quibus, si Resp. valeret, formidini essemus. leaque omnis Gratia, Potentia, Honor, Divitiæ apud illos sunt, aut ubi esse volunt: Nobis reliquerunt pericula, repulsas, judicia, egestatem. Quæ quousq; tandem patiemini? Cum tabulas, signa, toreumata emunt, nova dirrunt, alia edificant; postremo omnibus modis pecuniam trahunt, vexant: tamen summa lubidine Divitiis suas vincere nequeunt.—

Sallust. de Bello Catil.

LONDON:
 Printed for J. BAKER at the Black-boy in Paternoster-Row, MDCCX.
 (Price 1 s.)

FAULTS on both SIDES:

OR, AN

ESSAY

UPON

The Original Cause, Progress, and Mischievous Consequences of the Factions in this Nation.

SHEWING,

That the Heads and Leaders on both Sides have always impos'd upon the Credulity of their respective Parties, in order to compass their own Selfish Designs at the Expence of the Peace and Tranquility of the Nation.

SINCERELY INTENDED

For the allaying the Heats and Animositities of the People, and persuading all Honest, Well-meaning Men to compose their Party-Quarrels, and unite their Hearts and Affections for the promoting the Publick Good, and Safety of their QUEEN and Country.

By way of Answer to the
THOUGHTS of an HONEST TORY.

—En quo Discordia Civis
Perduxit miseros—Virg.

L O N D O N :

Printed and Sold by the Bookfellers of London and Westminster, 1710.

THE
PRESENT STATE
OF THE
National Debt :

WITH

REMARKS on the NATURE
of our PUBLIC FUNDS, and the Uses
which a large National Debt may be
of to a Sole M——r.



L O N D O N :

Printed for T. Berwick, at Charing-Cross.
M D C C X L.

CONSIDERATIONS
ON THE
PROPOSAL
FOR
Reducing the INTEREST
ON THE
NATIONAL DEBT.



L O N D O N :
Printed for J. OSBORN, in *Pater-noster Row*,
M.DCC.L.

[Price 6d.]

ANNOTATIONS
ON A
LATE PAMPHLET
INTITULED,
Considerations on the Proposal
for reducing the Interest
ON THE
NATIONAL DEBT.

Dum Singuli pugnant, Omnes vincuntur.



L O N D O N :
Printed for R. BALDWIN, at the *Rose*
in *Pater-noster Row*. M.DCC.L.
[Price Six-pence.]

OBSERVATIONS

ON

REVERSIONARY PAYMENTS;

ON

SCHEMES for providing ANNUITIES
for WIDOWS, and for Persons in OLD AGE;

ON

The METHOD of Calculating the VALUES
of ASSURANCES on LIVES;

AND ON

THE NATIONAL DEBT.

To which are added,

FOUR ESSAYS

On different Subjects in the Doctrine of LIFE-
ANNUITIES and POLITICAL ARITHMETICK.

ALSO,

AN APPENDIX,

Containing a complete Set of TABLES; particularly,
Four New Tables, shewing the Probabilities of Life in
LONDON, NORWICH, and NORTHAMPTON; and the
Values of joint Lives.

The SECOND EDITION, with a SUPPLEMENT.
Containing Additional OBSERVATIONS and TABLES.

By RICHARD PRICE, D.D. F.R.S.

L O N D O N :

Printed for T. CADELL, in the Strand.
M.DCC.LXXII.

OBSERVATIONS

ON THE NATURE OF

CIVIL LIBERTY,

THE PRINCIPLES OF

GOVERNMENT,

AND THE

JUSTICE AND POLICY

OF THE

WAR WITH AMERICA.

To which is added

AN APPENDIX,

Containing a STATE of the NATIONAL DEBT, an
Estimate of the Money drawn from the Public
by the Taxes, and an Account of the National
Income and Expenditure since the last War.

*Quis furor iste novus? quo nunc, quo tenditis —
Heu! miseri cives? non Hostem, inimicæque castra,
— Vestræ Spes uritis. VIRG.*

By RICHARD PRICE, D.D. F.R.S.

THE FOURTH EDITION.

L O N D O N :

Printed for T. CADELL, in the STRAND.
M.DCC.LXXVI.

THE
S T A T E
OF THE
N A T I O N A L D E B T,
THE
N A T I O N A L I N C O M E,
AND THE
N A T I O N A L E X P E N D I T U R E.
WITH

Some short Inferences and Reflections applicable to the
present dangerous Crisis.

By JOHN EARL of STAIR.

*O Navis! referent in Mare te novi
Flactus? O! quid agis fortiter occupa
Portum. Nunc vides, ut
Nudum Remigio Latas
Et malus celeri sanctius Africa,
Antennaeque gemant, ac sine Funibus
Vix durare Corinae
Possint imperishus
Aequor? Non tibi sunt integra Lintea,
Non Di, quos iterum pressa Vocis mole.
Quamvis Pontica Pinus
Silvae Fidis nobilis,
Jactet & Genas & Nomen instile.
Nil potius novata Puppibus
Fidis. Tu usq; Ventis
Debet Ludibrium. Cave.*

D U B L I N:

Printed for Messrs. CHAMBERLAINE, WHITSTONE, POTTS,
HOBY, COLLES, WILSON, WALKER, JENKIN, MILLS,
ARMITAGE, GILBERT, HALLHEAD, HILLARY, HIGLY,
and TALBOT, 1776.

AN
E S S A Y
ON THE
National Debt,
AND
National Capital:
OR,

The ACCOUNT truly stated,
Debtor and Creditor.

Wherein is shewn,

That the FORMER is but a diminutive Part of the
LATTER; and a practicable SCHEME exhib-
ited, whereby the whole may, with great Faci-
lity, be paid off, at once, exclusive of the Aid
of the SINKING FUND, and without any Di-
minution of the present REVENUES of the
Crown, or ANNUAL EXPENCES of the
People.

By ANDREW FLOOKE, Esq;

L O N D O N:

printed for W. Owen, Publisher, at Homer's Head, near
Temple-Bar; and sold by H. Hickley and J. Palmer
Booksellers and Stationers, in BRISTOL, 1750.

A S H O R T
A D D R E S S
TO THE
P U B L I C;
CONTAINING
SOME THOUGHTS

H O W

The National Debt may be reduced,

A N D

All Home Taxes, including Land-
Tax, abolished.

By WILLIAM, LORD NEWHAVEN.

L O N D O N:

Printed for J. DEBRETT, opposite BURLINGTON-
House, PICCADILLY, 1786.

[Price One Shilling.]

OBSERVATIONS
ON THE
NATIONAL DEBT,
AND
An Enquiry
INTO
ITS REAL CONNECTION
WITH
The General Prosperity.

Notwich;

PRINTED AND SOLD BY J. MARCH;

AND MAY BE HAD OF J. S. JORDAN, NO. 166, FLEET-
STREET, LONDON.

1797.

Price Six-Pence.

CONSIDERATIONS
ON THE
UTILITY
OF THE
NATIONAL DEBT:
AND ON THE
PRESENT ALARMING CRISIS;
WITH
A SHORT PLAN OF A MODE OF RELIEF,
AND AN
EXPLANATION OF THE SOLID INHERENT GROUNDS OF
GREAT NATIONAL PROSPERITY, THAT EXIST
IN THIS COUNTRY.

By EDWARD KING, Esq. F. R. S. and F. A. S.

Ne aut temere desperet, propter ignaviam; aut
nimis confidat, propter cupiditatem.

Cic. de Officiis, L. 1. S. 21.

LONDON,
PRINTED FOR T. PAYNE, MEWS-GATE,

1793.

3
ADDITIONAL FACTS,
ADDRESSED TO THE
SERIOUS ATTENTION
OF THE
PEOPLE OF GREAT BRITAIN,
RESPECTING THE
EXPENCES OF THE WAR,
AND THE
STATE OF THE NATIONAL DEBT.

~~~~~  
*Quando vinco dall' impeto, e da l' ira  
Si lascia la ragione, ne si difende;  
E chel' ecco furor si innalza tra;  
Se ben dipoi si piange, e si sospira  
Non è per questa, che l' error s' amende.*

ARIOSTO.

~~~~~  
By WILLIAM MORGAN, F. R. S.

LONDON:

PRINTED FOR J. DEBRET, PICCADILLY; T. CADELL, JUN.
AND W. DAVIES, (SUCCESSORS TO T. CADELL) STRAND.

1796.

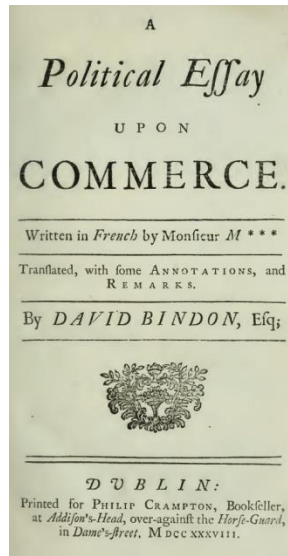
Jean-François Melon (1675 - 1738)

ESSAI POLITIQUE SUR LE COMMERCE.

*Nouvelle Edition augmentée de sept
Chapitres, & où les lacunes des Edi-
tions précédentes sont remplies.*

par Melon.

M. DCC. XXXVI.



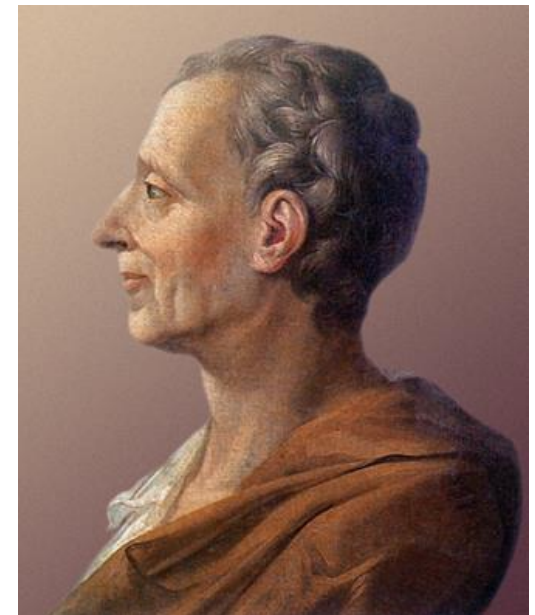
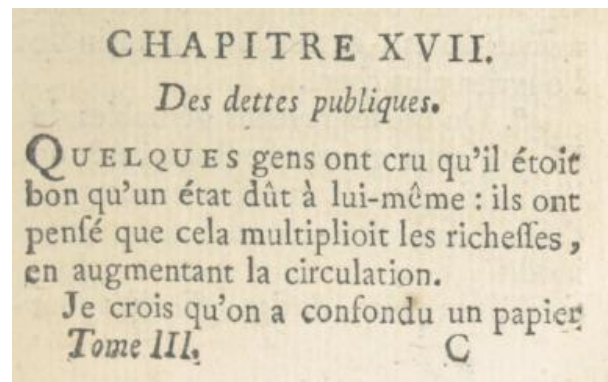
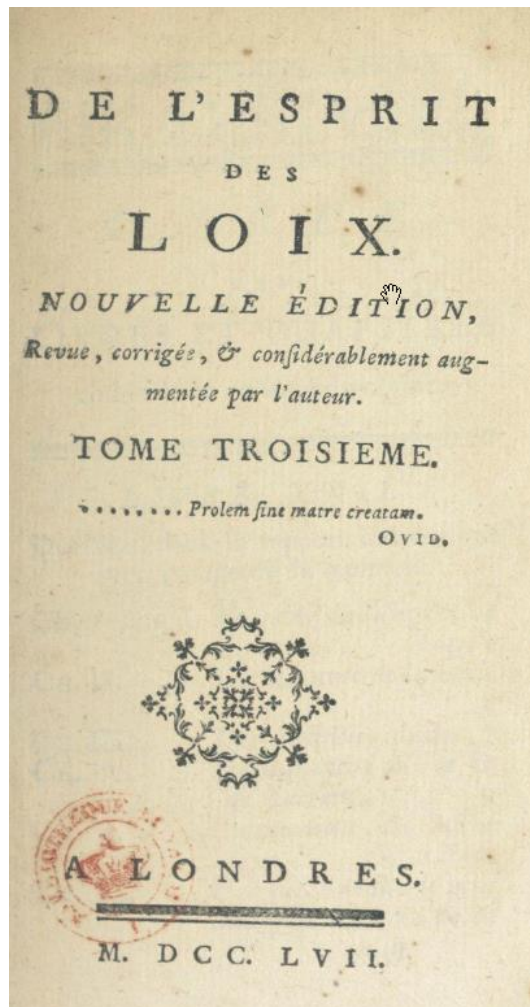
Les Dettes d'un Etat sont des
Dettes de la main droite à la main
gauche, dont le corps ne se trou-
vera point affoibli, s'il a la quan-
tité d'alimens nécessaires, & s'il
sçait les distribuer.

THE Debts of a State are Debts due
from the right Hand to the left, where-
by the Body will not find it self weak-
ened, if it hath the necessary Quantity of
Aliments, and they are properly distri-
buted.

IN

557

IT is to this Credit that the Republicks
owe their Wealth and their Power. Let
them be compared with *Naples, Sicily,*
and other fertile Countries, (a) where the
want of sufficient Circulation, leaves the
Inhabitants in continual Misery.



Charles Louis de Secondat,
baron de La Brède et de
Montesquieu, (1689-1755)

Si les étrangers possèdent beaucoup de papiers qui représentent une dette, ils tirent tous les ans de la nation une somme considérable pour les intérêts.

2°. Dans une nation ainsi perpétuellement débitrice, le change doit être très-bas.

3°. L'impôt levé pour le paiement des intérêts de la dette, fait tort aux manufactures, en rendant la main de l'ouvrier plus chère.

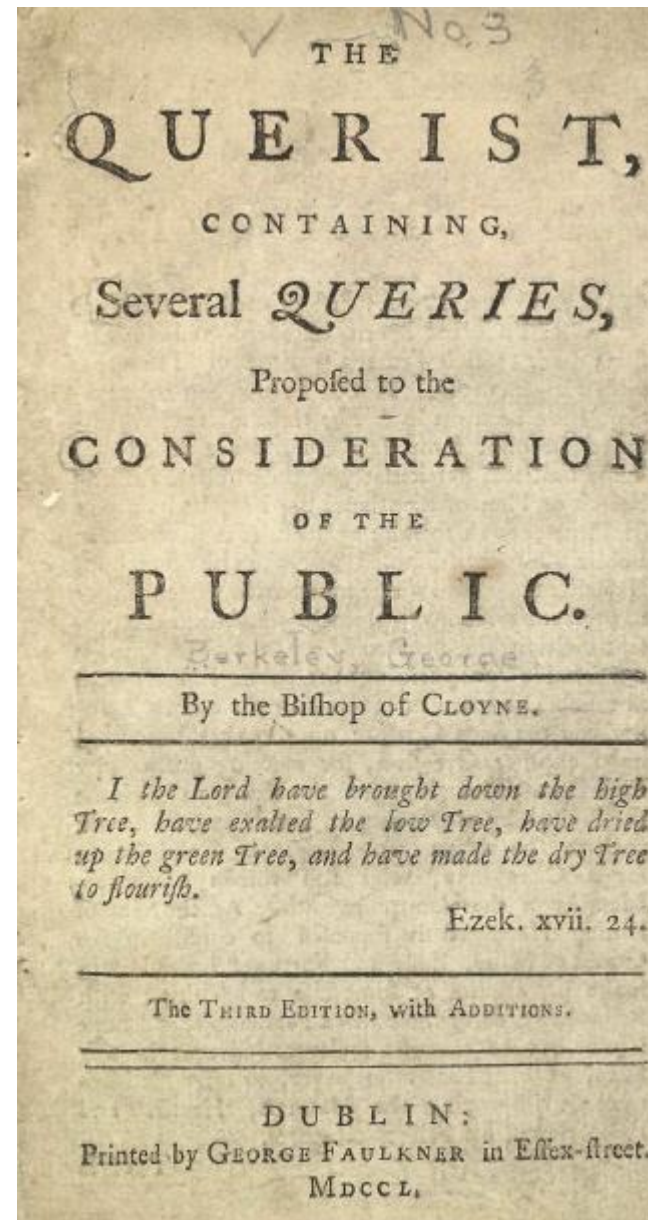
4°. On ôte les revenus véritables de l'état à ceux qui ont de l'activité & de l'industrie, pour les transporter aux gens oisifs; c'est-à-dire, qu'on donne des commodités pour travailler à ceux qui ne travaillent point, & des difficultés pour

LIV. XXII. CHAP. XVII. 47
travailler à ceux qui travaillent.

Voilà les inconvéniens; je n'en connois point les avantages. Dix personnes



George Berkeley, Bishop of Cloyne
(1685–1753)



232. Whether that, which increaseth the Stock of a Nation, be not a Means of increasing its Trade? And whether that, which increaseth the current Credit of a Nation, may not be said to increase its Stock?

233. Whether the Credit of the public Funds be not a Mine of Gold to England? And whether
B 2 any

28 The QUERIST.

any Step that should lessen this Credit ought not to be dreaded?

234. Whether such Credit be not the principal Advantage that England hath over France? I may add, over every other Country in Europe?

235. Whether by this the Public is not become possessed of the Wealth of Foreigners as well as Natives? And whether England be not in some Sort the Treasury of Christendom?

236. Whether as our current domestic Credit grew, Industry would not grow likewise; and if Industry, our Manufactures; and if these, our foreign Credit?

AN
ESSAY
 UPON
PUBLICK CREDIT,
 IN A
LETTER to a FRIEND.
 OCCASIONED
By the Fall of STOCKS.



L O N D O N:
 Printed for H. Carpenter in Fleetstreet.
 M DCC XLVIII.

[8]

granted; or any other which you think will come nearer to the Truth, and then consider how much the *Public* is the richer or poorer for the *National Debt*.

If Sixty Millions of it be the *Property* of the People of *Great-Britain*, it seems to me very plain that we are not the richer nor the poorer for that part of the *Debt*; because, if the Taxes be collected from the People of *Great-Britain*, the Money arising from those Taxes, is paid to the Proprietors of the *Public Funds* in Dividends, or Interest, which circulating again, to purchase the Necessaries and Superfluities of Life, enables the *Farmer* to pay his *Rent*, the *Landlord* his *Taxes*; helps to support the *Industrious*, and to consume the Produce of their *Labour*. 'Tis true, indeed, the remaining twenty Millions seems to be a *dead Loss* to the *Public*, because thereby the *Foreigners* are possess'd of the One-and-thirtieth Part of the whole *Property* of *Great-Britain*, which amounts to 3*l.* 4*s.* 0*d.* *per Cent.* and which, at the Rate of four *per Cent.* is an annual Loss of Eight hundred thousand Pounds; but great as this annual Loss seems to be, it amounts to no more, at 4 *per Cent.* Interest, than 2*s.* 7*d.* *per Cent.* upon the *real Value* of the *Lands and Property* of *Great-Britain*, upon the foregoing Calculation:
 How



David Hume (1711–1776)

DISCOURSE VIII.

Of Public Credit.

POLITICAL
DISCOURSES.

Jun. 10 1781

BY

DAVID HUME ESQ.

THE SECOND EDITION.



EDINBURGH,

Printed by R. FLEMING,

For A. KINCAID and A. DONALDSON.

M.DCC.LII.

OF PUBLIC CREDIT. 141

children, weary with the struggle, and fetter'd with incumbrances, may sit down secure, and see their neighbours oppress'd and conquer'd; till at last, they themselves and their creditors lye both at the mercy of the conqueror. And this may properly enough be denominated the *violent death* of our public credit.

THESE seem to be the events, which are not very remote, and which reason foresees as clearly almost as she can do any thing, that lyes in the womb of time. And tho' the antients maintain'd, that in order to reach the gift of prophecy a certain divine fury or madness was requisite; one may safely affirm, that, in order to deliver such prophecies as these, no more is necessary, than merely to be in one's senses, free from the influence of popular madness and delusion.

THE
HISTORY
OF
ENGLAND,
FROM THE
INVASION OF JULIUS CÆSAR
TO
The REVOLUTION in 1688.
In EIGHT VOLUMES, illustrated with Plates.

By DAVID HUME, Esq.

A NEW EDITION, with the AUTHOR's last
CORRECTIONS and IMPROVEMENTS.

To which is prefixed,
A Short ACCOUNT of his LIFE, written by Himself.

VOL. V.

LONDON:

Printed for T. CADELL, in the Strand:
And sold by T. LONGMAN, N^o 39, Paternoster-row.
MDCCLXXXIX.

56

too, we may observe, was in most particulars of the same value in both periods: She payed eight pence a day to every foot soldier. But our late delusions have much exceeded any thing known in history, not even excepting those of the crusades. For I suppose there is no mathematical, still less an arithmetical demonstration, that the road to the Holy Land was not the road to Paradise, as there is, that the endless increase of national debts is the direct road to national ruin. But having now completely reached that goal, it is needless at present to reflect on the past. It will be found in the present year, 1776, that all the revenues of this island north of Trent and west of Reading, are mortgaged or anticipated for ever. Could the small remainder be in a worse condition, were those provinces seized by Austria and Prussia? There is only this difference, that some event might happen in Europe which would oblige these great monarchs to disgorge their acquisitions. But no imagination can figure a situation which

which will induce our creditors to relinquish their claims, or the public to seize their revenues. So egregious indeed has been our folly, that we have even lost all title to compassion in the numberless calamities that are waiting us. c Strype, vol. iv. p. 124.

TRAITÉ DE LA CIRCULATION ET DU CRÉDIT.

Contenant une *Analyse raisonnée des Fonds d'Angleterre*, & de ce qu'on appelle Commerce ou Jeu d'Actions; un Examen critique de plusieurs Traités sur les Impôts, les Finances, l'Agriculture, la Population, le Commerce &c. précédé de l'Extrait, d'un Ouvrage intitulé *Bilan général & raisonné de l'Angleterre depuis 1600 jusqu'en 1761*; & suivi d'une *Lettre sur la Jealousie du Commerce*, où l'on prouve que l'intérêt des Puissances commerçantes ne se croise point, &c. avec un Tableau de ce qu'on appelle Commerce, ou plutôt *Jeu d'Actions*, en Hollande.

Par l'Auteur de l'ESSAI SUR LE LUXE, & de la LETTRE SUR LE JEU DES CARTES, qu'on a ajoutés à la fin.

AMSTERDAM;
Chez MARC MICHEL REY.
MDCCLXXI.

Isaac de Pinto
AN

ESSAY

ON

CIRCULATION AND CREDIT,

IN FOUR PARTS;

AND A

MERCANTILE LIBRARY

LETTER
PHILADELPHIA
ON THE

JEALOUSY OF COMMERCE.

From the French of Monsieur DE PINTO.

Translated, with ANNOTATIONS, by the Rev. S. BAGGS, M.A.

L O N D O N:

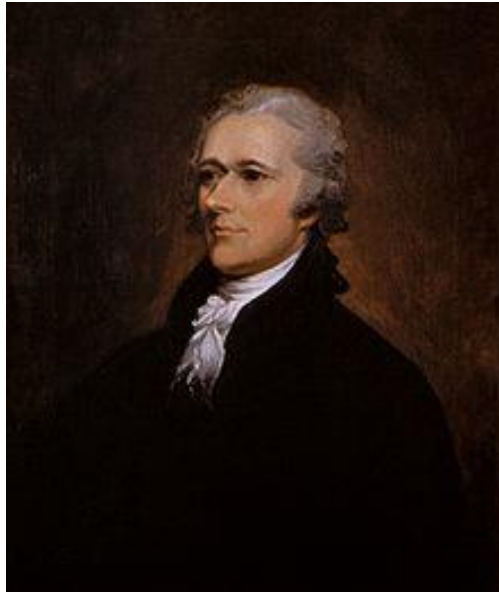
Printed for J. RIDLEY, in ST. JAMES'S STREET.

MDCCLXXIV.

Isaac de Pinto (1715-1787)

ON peut établir comme des principes certains, que le fondement du crédit des fonds publics dépend des réglemens & des circonstances suivantes: 1°. Que les emprunts doivent être Nationaux, c'est-à-dire que tout le corps de la Nation doit en répondre, comme en Angleterre; & quoique le Parlement, en France, n'ait pas à beaucoup près le même poids dans l'Etat qu'en Angleterre, cependant la création parlementaire des fonds, & la garantie de cet auguste Corps, contribueroit beaucoup au crédit: 2°. qu'on doit hypothéquer d'une façon imperturbable, les fonds pour payer les intérêts, sur une partie des taxes & des impôts, séparément pour chaque emprunt: 3°. que la caisse d'amortissement soit exactement employée à la libération; que sa marche soit constante & imperturbable: 4°. que tous les objets soient publics, & qu'on bannisse tout mystère, pour gagner la confiance: 5°. que, pour inspirer cette confiance, on tâche de rassurer le public & l'étranger sur les opérations à-venir, afin qu'on ne puisse plus craindre que, sous quelque pré-

texte que ce puisse être, il arrive jamais plus de réduire les intérêts, sans présenter le remboursement du Capital, & que les Capitaux ne puissent, à l'avenir, être jamais réduits & élagués, comme par le passé; qu'on procédera désormais à cet égard à l'exemple des Anglois, & qu'un fonds qui a été créé à cent sera toujours remboursé à cent, quelque spécieuses que puissent paroître les raisons de réduction; que cet article essentiel ne dépendra plus de la façon de penser d'un Ministre; mais étant intimement lié au Parlement, pour lors la confiance pourra se rétablir.



Alexander Hamilton
(1755/7–1804)

HAMILTON TO ROBERT MORRIS.

April 30, 1781.

SIR :

A national debt, if it is not excessive, will be to us a national blessing. It will be a powerful cement of our Union. It will also create a necessity for keeping up taxation to a degree which, without being oppressive, will be a spur to industry, remote as we are from Europe, and shall be from danger. It were otherwise to be feared our popular maxims would incline us to too great parsimony and indulgence. We labor less now than any civilized nation of Europe; and a habit of labor in the people, is as essential to the health and vigor of their minds and bodies, as it is conducive to the welfare of the State. We ought not to suffer our self-love to deceive us in a comparison upon these points.

I have spun out this letter to a much greater length than I intended. To develop the whole connection of my ideas on the subject, and place my plan in the clearest light, I have indulged myself in many observations which might have been omitted. I shall not longer intrude upon your patience than to assure you of the sincere sentiments of esteem with which I have the honor to be,

Sir, your most obedient and humble servant,

A. HAMILTON.

R E P O R T
OF THE
SECRETARY OF THE TREASURY
TO THE
HOUSE OF REPRESENTATIVES.

TREASURY DEPARTMENT, *January 9, 1790.*

THE Secretary of the Treasury, in obedience to the resolution of the House of Representatives, of the twenty-first day of September last, has, during the recess of Congress, applied himself to the consideration of a proper plan for the support of the Public Credit, with all the attention which was due to the authority of the House, and to the magnitude of the object.

In the discharge of this duty, he has felt, in no small degree, the anxieties which naturally flow from a just estimate of the difficulty of the task, from a well-founded diffidence of his own qualifications for executing it with success, and from a deep and solemn conviction of the momentous nature of the truth contained in the resolution under which his investigations have been conducted, "That an *adequate* provision for the support of the Public Credit, is a matter of high importance to the honor and prosperity of the United States."

With an ardent desire that his well-meant endeavors may be conducive to the real advantage of the nation, and with the utmost deference to the superior judgment of the House, he now respectfully submits the result of his enquiries and reflections, to their indulgent consideration.

In the opinion of the Secretary, the wisdom of the House, in giving their explicit sanction to the proposition which has been stated, cannot but be applauded by all, who will seriously consider, and trace through their obvious consequences, these plain and undeniable truths.—

That exigencies are to be expected to occur, in the affairs of nations, in which there will be a necessity for borrowing.—

That loans in times of public danger, especially from foreign war, are found an indispensable resource, even to the wealthiest of them.—

And that in a country, which, like this, is possessed of little active wealth, or in other words, little monied capital, the necessity for that resource, must, in such emergencies, be proportionably urgent.

And as on the one hand, the necessity for borrowing in particular emergencies cannot be doubted, so on the other, it is equally evident, that to be able to borrow upon *good terms*, it is essential that the credit of a nation should be well established.

For when the credit of a country is in any degree questionable, it never fails to give an extravagant premium, in one shape or another, upon all the loans it has occasion to make. Nor does the evil end here; the same disadvantage must be sustained upon whatever is to be bought on terms of future payment.

From this constant necessity of *borrowing and buying dear*, it is easy to conceive how immensely the expences of a nation, in a course of time, will be augmented by an unsound state of the public credit.

To attempt to enumerate the complicated variety of mischiefs in the whole system of the social economy, which proceed from a neglect of the maxims that uphold public credit, and justify the solicitude manifested by the House on this point, would be an improper intrusion on their time and patience.

In so strong a light nevertheless do they appear to the Secretary, that on their due observance at the present critical juncture, materially depends, in his judgment, the individual and aggregate prosperity of the citizens of the United States; their relief from the embarrassments they now experience; their character as a People; the cause of good government.

DEFENCE OF THE FUNDING SYSTEM :

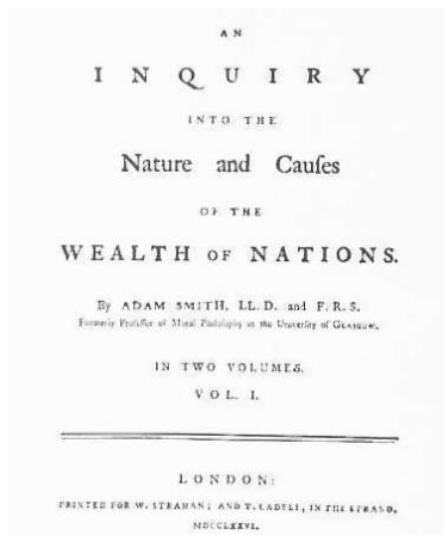
Trace the progress of a public debt in a particular case.

The government borrows of an individual one hundred dollars in specie, for which it gives its funded bonds. These hundred dollars are expended on some branch of the public service. It is evident they are not annihilated; they only pass from the individual who lent, to the individual or individuals to whom the government has disbursed them. They

continue, in the hands of their new masters, to perform their usual functions, as capital. But besides this, the lender has the bonds of the government for the sum lent. These from their negotiable and easily vendible nature, can at any moment be applied by him to any useful or profitable undertaking which occurs; and thus the credit of the government produces a new and additional capital, equal to one hundred dollars, which, with the equivalent for the interest on that sum, temporarily diverted from other employments while passing into and out of the public coffers, continues its instrumentality as a capital, while it remains not re-imbursed.



Adam Smith (1723-1790)



37 The ordinary expence of the greater part of modern governments in time of peace being equal or nearly equal to their ordinary revenue, when war comes they are both unwilling and unable to increase their revenue in proportion [417] to the increase of their expence. They are unwilling, for fear of offending the people, who, by so great and so sudden an increase of taxes, would soon be disgusted with the war; and they are unable, from not well knowing what taxes would be sufficient to produce the revenue wanted. The facility of borrowing delivers them from the embarrassment which this fear and inability would otherwise occasion. By means of borrowing they are enabled, with a very moderate increase

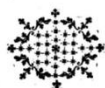
of taxes, to raise, from year to year, money sufficient for carrying on the war, and by the practice of 'perpetual' funding they are enabled, with the smallest possible increase of taxes, to raise annually the largest possible sum of money. In great empires the people who live in the capital, and in the provinces remote from the scene of action, feel, many of them scarce any inconveniency from the war; but enjoy, at their ease, the amusement of reading in the newspapers the exploits of their own fleets and armies. To them this amusement compensates the small difference between the taxes which they pay on account of the war, and those which they had been accustomed to pay in time of peace. They are commonly dissatisfied with the return of peace, which puts an end to their amusement, and to a thousand visionary hopes of conquest and national glory, from a longer continuance of the war.⁴⁰

- 36 [416] In France, the seat of government not being in a great mercantile city, merchants do not make so great a proportion of the people who advance money to government. The people concerned in the finances, the farmers general, the receivers of the taxes which are not in farm, the court bankers, &c. make the greater part of those who advance their money in all public exigencies. Such people are commonly men of mean birth, but of great wealth, and frequently of great pride. They are too proud to marry their equals, and women of quality disdain to marry them. They fre-

L'ANTROPOPHAGIE,

O U L E S

ANTROPOPHAGES.



A AMSTERDAM,

1764.



revenue as it stands at present.

- 47 The publick funds of the different indebted nations of Europe, particularly those of England, have by one author been represented as the accumulation of a great capital superadded to the other capital of the country, by means of which its trade is extended, its manufactures multiplied, and its lands cultivated and im-[425]proved much beyond what they could have been by means of that other capital only⁵⁰. He does not consider that the capital which the first creditors of the publick advanced to government, was, from the moment in which they advanced it, a certain portion of the annual produce turned away from serving in the function of a capital, to serve in that of a revenue; from maintaining productive labourers to maintain unproductive ones, and to be spent and wasted, generally in the course of the year, without even the hope of any future reproduction. In return for the capital which they advanced they obtained, indeed, an annuity in the publick funds in most cases of more than equal value. This annuity, no doubt, replaced to them their capital, and

the pernicious system of borrowing money from abroad.
52 In the payment of the interest of the publick debt, it has been said, it is the right hand which pays the left.⁵² The money does not go out of

V.iii]

the Wealth of Nations

927

[429] the country. It is only a part of the revenue of one set of the inhabitants which is transferred to another; and the nation is not a farthing the poorer. This apology is founded altogether in the sophistry of the mercantile system, and after the long examination which I have already bestowed upon that system, it may perhaps be unnecessary to say any thing further about it. It supposes, besides, that the whole publick debt is owing to the inhabitants of the country, which happens not to be true; the Dutch, as well as several other foreign nations, having a very considerable share in our publick funds.⁵³ But though the whole debt were owing to the inhabitants of the country, it would not upon that account be less pernicious.

THE
HISTORY OF ENGLAND

FROM THE
ACCESSION OF JAMES II.

BY
THOMAS BABINGTON MACAULAY.

VOL. IV.



PHILADELPHIA
PORTER & COATES



Thomas Babington Macaulay (1800–1859)

interest of a hundred and forty millions.* And yet this great philosopher,—for such he was,—had only to open his eyes, and to see improvement all around him, cities increasing, cultivation extending, marts too small for the crowd of buyers and sellers, harbours insufficient to contain the shipping, artificial rivers joining the chief inland seats of industry to the chief seaports, streets better lighted, houses better furnished, richer wares exposed to sale in statelier shops, swifter carriages rolling along smoother roads. He had, indeed, only to compare the Edinburgh of his boyhood with the Edinburgh of his old age. His prediction remains to posterity, a memorable instance of the weakness from which the strongest minds are not exempt. Adam Smith saw a little, and but a little further. He admitted that, immense as the pressure was, the nation did actually sustain it and thrive under it in a way which nobody could have foreseen. But he warned his countrymen not to repeat so hazardous an experiment. The limit had been reached. Even a small increase might be fatal.†

It can hardly be doubted that there must have been some great fallacy in the notions of those who uttered and of those who believed that long succession of confident predictions, so signally falsified by a long succession of indisputable facts. To point out that fallacy is the office rather of the political economist than of the historian. Here it is sufficient to say that the prophets of evil were under a double delusion. They erroneously imagined that there was an exact analogy between the case of an individual who is in debt to another individual and the case of a society which is in debt to a part of itself; and this analogy led them into endless mistakes about the effect of the system of funding. They were under an error not less serious touching the resources of the country. They made no allowance for the effect produced by the incessant progress of every experimental science, and by the incessant efforts of every man to get on in life. They saw that the debt grew; and they forgot that other things grew as well as the debt.

THE
WORKS
OF
JEREMY BENTHAM,

NOW FIRST COLLECTED;
UNDER THE SUPERINTENDENCE OF HIS EXECUTOR,
JOHN BOWRING.

PART IX.

CONTAINING
DEFENCE OF USURY.
MANUAL OF POLITICAL ECONOMY.
A PLAN FOR THE CONVERSION OF STOCK INTO NOTE ANNUITIES.
ON THE RESTRICTIVE AND PROHIBITORY COMMERCIAL SYSTEM.
VIEW OF A COMPLETE CODE OF LAWS.
PANNOMIAL FRAGMENTS.
NOMOGRAPHY; OR, THE ART OF INDITING LAWS.
LOGICAL ARRANGEMENTS.

STANFORD
EDINBURGH:
WILLIAM TAIT, 78 PRINCE'S STREET;
SIMPKIN, MARSHALL, & CO. LONDON; JOHN CUMMING, DUBLIN.
MDCCCXXXIX.



Jeremy Bentham (1748– 1832)

A MANUAL
OF
POLITICAL ECONOMY:
NOW
FIRST EDITED FROM THE MSS.
OF
JEREMY BENTHAM.

Admitting an increase of wealth, and that a gradual and regular one, the productive capital of the country, taken together with the growing mass of consumed and reproduced wealth continually produced by it, must be considered as increasing at compound interest. The rate of interest can scarcely be taken as so high as 2 per cent.; for at 2 per cent. compound upon the capital, whatever it may amount to in any year, the quantity of it would be rather more than doubled in thirty-five and a half years. The most sanguine estimator will not, I imagine, regard the increase of national wealth to have been, even for the last thirty-five years, increasing at nearly so rapid a rate. If the quantity and value of productive capital have gone on increasing at this rate, the quantity of growing income must have gone on increasing at the same rate; since it is only from the income of that or the preceding year, that the addition made to the capital of any year can be made. If the quantity of growing income have gone on increasing at this rate, the mass of population must have gone on increasing at the same rate, save and except in so far as an increase has taken place in the degree of relative opulence, *i. e.* so far as an average individual of the posterior period has been richer than an average individual at an anterior period—so far as wealth has gone on increasing faster than population. That wealth has gone on increasing faster than population, is what I should expect to find to be the case; but that the increase should be anything like as much as double, *i. e.* half as much again, seems too

FICAL ECONOMY.

[CH. VII.]

much to believe. The half, or thereabouts, of the aggregate wealth, will be that which is shared among individuals of the poorest class:—and in the case of that class, the wealth of an average individual appears, within the period in question, to have rather diminished than increased.

I take therefore two per cent. for the rate of accumulation—not as the true rate, but for a rate which, though considerably too high, is near enough to the true rate to answer the purpose of illustration. Taking, then, 20 per cent. as the gross ratio of the real income produced by that real capital, to the real capital by the employment of which it is produced,—this two per cent. would constitute one-tenth part of the gross income:—and the part out of income added to capital every year is one-tenth part of the whole mass, of which the other nine parts are partly consumed for maintenance, partly employed in keeping up the real capital *in statu quo*; that is, in a condition to give birth to the same quantity of real income in each subsequent as in each preceding year.

The whole income, then, of an average individual, may for this purpose be considered as divided into ten parts:—of which nine parts go for present maintenance, added to the expense of providing for reproduction without decrease or increase, and the other tenth to positive increase.

A N

E S S A Y

O N T H E

N A T U R E and P R I N C I P L E S

O F

P U B L I C C R E D I T.

Samuel Gale



L O N D O N:

Printed for B. WHITE, at Horace's Head, Fleet-Street.

M.DCC.LXXXIV.

6th.—Wherefore the damages or burthens sustained from the said revenue s during the whole time $T+t$

will be
$$- - - - - \frac{\frac{R^T - 1}{R - 1} \times r^t s + \frac{r^t - 1}{r - 1} \times s}{-}$$

OR (which is all the same)
$$- - \frac{\frac{R^T - 1}{R - 1} \times r^t + \frac{r^t - 1}{r - 1} \times s}{-}$$

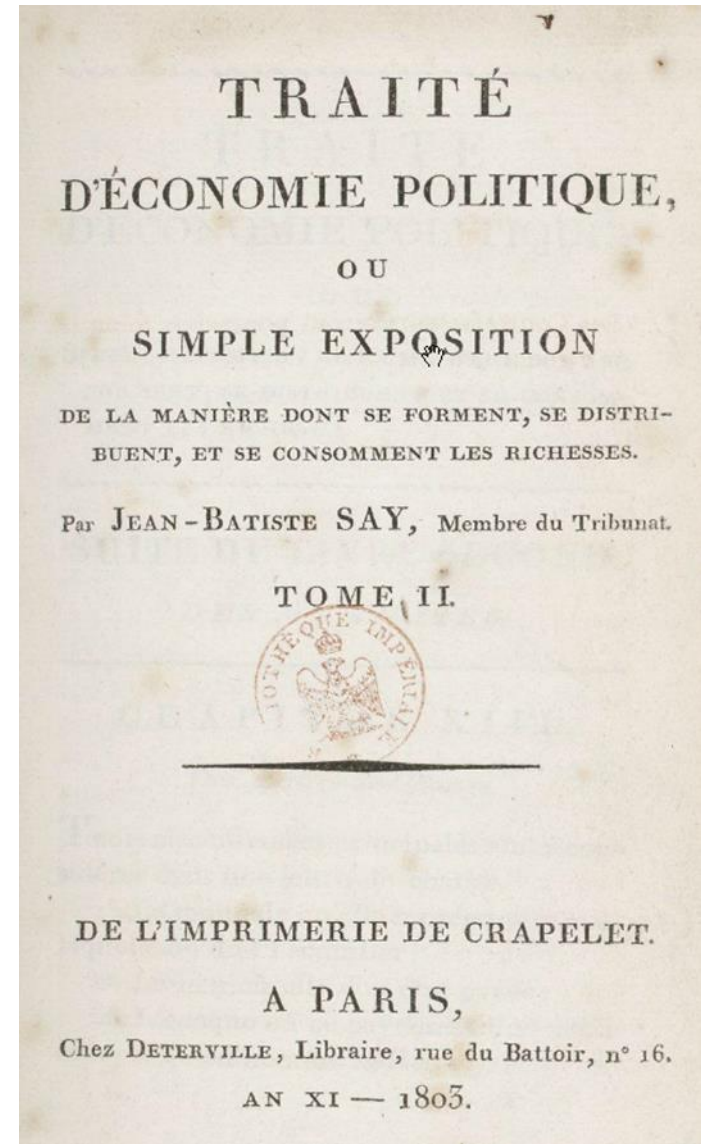
7th.—Hence then, it being required that the revenue s shall be such, as that the damages or burthens thereof during the whole time $T+t$, shall be equal to the damages or burthens sustained during the same time $T+t$ by raising the half-yearly sum S during the time T , we shall have (per N^o 2. p. 24)
$$- - - - \frac{\frac{R^T - 1}{R - 1} \times r^t + \frac{r^t - 1}{r - 1} \times s}{-} = \frac{R^{T+1} - 1}{R - 1} \times r^t S$$

8th.—And hence
$$- - - - s = \frac{\frac{R^{T+1} - 1}{R - 1} \times r^t S}{\frac{\frac{R^T - 1}{R - 1} \times r^t + \frac{r^t - 1}{r - 1}}$$

9th.—And, seeing that the revenue s does not come into the treasury till the end of the half year, whereas it is necessary (according to N^o 1, page 23) that S should be brought into the treasury at the beginning of the half year,



Jean-Baptiste Say
(1767-1832)



CHAPITRE XVIII.

Du Crédit public.

LE crédit public est la confiance qu'on a dans les engagements du souverain. Il est au plus haut point, quand la dette publique ne rapporte pas aux prêteurs un intérêt supérieur aux placemens les plus solides; c'est une preuve que les prêteurs d'argent n'exigent aucune prime d'assurance pour couvrir le risque auquel leurs fonds sont exposés, et qu'ils regardent comme nul. Le crédit ne s'élève à ce haut degré que lorsque le gouvernement, par sa forme, ne peut pas aisément violer ses promesses, et lorsque d'ailleurs on lui connaît des ressources égales à ses besoins. C'est pour cette dernière raison que le crédit public est faible par-tout où les comptes financiers de la nation ne sont pas connus de tout le monde.

Là où le pouvoir réside entre les mains d'un seul homme, il est difficile que le gouvernement jouisse d'un grand crédit. Il ne peut offrir pour gage que la bonne volonté

du monarque. Sous un gouvernement où le pouvoir législatif réside dans le peuple ou dans ses représentans, on a de plus pour garantie les intérêts du peuple qui est créancier comme particulier, en même tems qu'il est débiteur comme nation, et qui ne saurait recevoir ce qui lui est dû sous la première de ces qualités, à moins de le payer sous la seconde. Cette seule considération peut faire présumer qu'à une époque où rien de grand ne s'achève qu'à grands frais, et où de très-grands frais ne peuvent être soutenus que par des emprunts, les gouvernemens représentatifs prendront un ascendant marqué dans le système politique, à cause de leurs ressources financières et indépendamment de toute autre circonstance.

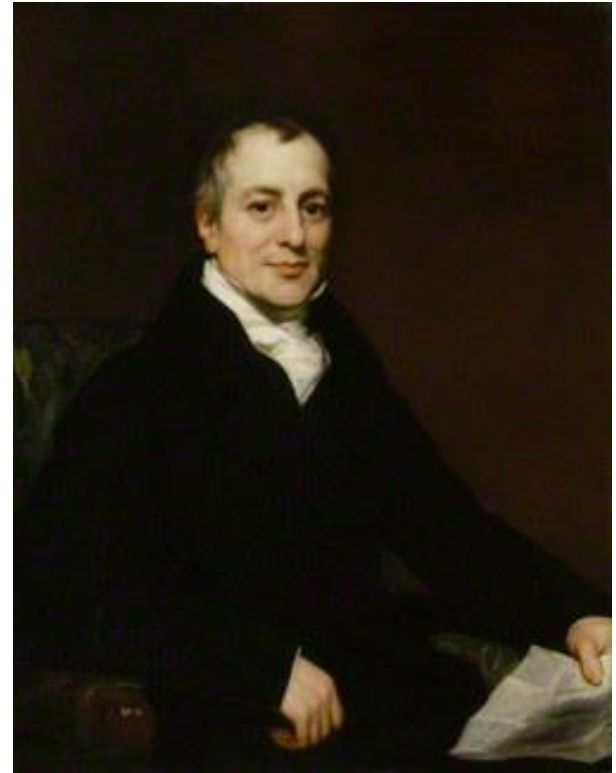
A considérer les ressources d'un gouvernement, il mérite plus de confiance qu'un particulier. Les revenus d'un particulier peuvent lui manquer tout-à-coup, ou du moins en si grande partie, qu'il demeure hors d'état d'acquitter ses engagements. Des faillites nombreuses dans le commerce, des événemens majeurs, des fléaux, des procès, des injustices, peuvent ruiner un particulier; tandis que les revenus d'un gouverne-

ON
THE PRINCIPLES
OF
POLITICAL ECONOMY,
AND
TAXATION.

By DAVID RICARDO, Esq.

LONDON:
JOHN MURRAY, ALBEMARLE-STREET.

1817.



David Ricardo (1772 –1823)

Taxes which are levied on a country for the purpose of supporting war, or for the ordinary expenses of the State, and which are chiefly devoted to the support of unproductive labourers, are taken from the productive industry of the country; and every saving which can be made from such expenses will be generally added to the income, if not to the capital of the contributors. When, for the expenses of a year's war, twenty millions are raised by means of a loan, it is the twenty millions which are withdrawn from the productive capital of the nation. The million per annum which is raised by taxes to pay the interest of this loan, is merely transferred from those who pay it to those who receive it, from the contributor to the tax, to the national creditor. The real expense is the twenty millions, and not the interest which must be paid for it.* Whether the interest be or be not paid, the country will neither be richer nor poorer. Government might at once have required the twenty millions in the shape of taxes; in

which case it would not have been necessary to raise annual taxes to the amount of a million. This, however, would not have changed the nature of the transaction. An individual instead of being called upon to pay 100*l.* per annum, might have been obliged to pay 2000*l.* once for all. It might also have suited his convenience rather to borrow this 2000*l.*, and to pay 100*l.* per annum for interest to the lender, than to spare the larger sum from his own funds. In one case it is a private transaction between A and B, in the other Government guarantees to B the payment of interest¹ to be equally paid by A.

* "Melon says,¹ that the debts of a nation are debts due from the right hand to the left, by which the body is not weakened. It is true that the general wealth is not diminished by the payment of the interest on arrears of the debt: The dividends are a value which passes from the hand of the contributor to the national creditor: Whether it be the national creditor or the contributor who accumulates or consumes it, is, I agree, of little importance to the society; but the principal of the debt—what has become of that? It exists no more. The consumption which has followed the loan has annihilated a capital which will never yield any further revenue. The society is deprived not of the amount of interest, since that passes from one hand to the other, but of the revenue from a destroyed capital. This capital, if it had been employed productively by him who lent it to the State, would equally have yielded him an income, but that income would have been derived from a real production, and would not have been furnished from the pocket of a fellow citizen."—*Say*, vol. ii. p. 357. This is both conceived and expressed in the true spirit of the science.

¹ *Essai politique sur le commerce*, 'nouvelle édition', 1761, p. 296.

SUPPLEMENT

410

TO THE

FOURTH, FIFTH, AND SIXTH EDITIONS

OF THE

ENCYCLOPÆDIA BRITANNICA.

WITH PRELIMINARY DISSERTATIONS

ON THE

HISTORY OF THE SCIENCES.

Illustrated by Engravings.

VOLUME FOURTH.

EDINBURGH:

PRINTED FOR ARCHIBALD CONSTABLE AND COMPANY, EDINBURGH;
AND HURST, ROBINSON, AND COMPANY,
LONDON.

1824.

FUNDING SYSTEM.

Funding System.
UNDER this head we propose, first, to give an account of the rise, progress, and modifications of the SINKING FUND, accompanied with some observations as to the probability of its accomplishing the object for which it was instituted; and, next, briefly to consider the best mode of providing for our annual expenditure both in war and peace,—an inquiry necessarily involving the policy of that SYSTEM OF FUNDING of which the Sinking Fund has long been considered as one of the principal recommendations and props.

I. On the subject of the Sinking Fund, we shall have frequent occasion to refer to the statements of Professor Hamilton, in his very valuable publication,

surplus duties, which, according to the original plan, ought to have been appropriated to the sinking fund. **Funding System.**

"Soon after, the principle of preserving the sinking fund inviolable was abandoned. In 1733, L. 500,000 was taken from that fund, and applied to the services of the year."—"In 1734, L. 1,200,000 was taken from the sinking fund for current services; and, in 1735, it was anticipated and mortgaged." The produce of the sinking fund, at its commencement in 1717, was L. 323,437. In 1776, it was at its highest amount, being then L. 3,166,517; in 1780, it had sunk to L. 2,403,017.

"The sinking fund would have risen higher, had it not been depressed, especially in the latter period,

FUNDING SYSTEM.

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Funding System.

	Loan each Year.	Amount of Loans.	Debt redeemed each Year.	Amount Debt Redeemed.	Interest on Debt Redeemed.	Debt remaining Unredeemed.
1st year	L. 20,000,000	20,000,000	1,000,000	1,000,000	50,000	19,000,000
2d year	20,000,000	40,000,000	1,250,000	2,250,000	112,500	37,750,000
3d year	20,000,000	60,000,000	1,512,500	3,762,500	188,125	56,237,500
4th year	20,000,000	80,000,000	1,788,125	5,550,625	277,531	74,449,375
5th year	20,000,000	100,000,000	2,077,531	7,628,156	381,408	92,371,844

Funding System.

426

F U N

G A L

Funding System.
Gallani.

"if our sinking fund should accumulate, in time of peace, to so large a sum that I can take five millions *per annum* from it; I can spend L. 100,000,000 in a new war without coming to you for fresh taxes; the disadvantages of my plan are, that by now taking L. 7,000,000 *per annum* from it, and making a

provision for speedily, and at regular intervals, appropriating more of this fund to present objects, the sinking fund will be so much diminished, that I cannot so soon, by a great many years, avail myself of the five millions for the purpose which I have stated."

(E. E. E.)

Funding System.
Gallani.

Ricardian Equivalence

Robert J. Barro, 1974. “Are government bonds net wealth?”, *Journal of Political Economy*

James Buchanan, 1976. “Barro on the Ricardian Equivalence Theorem”, *Journal of Political Economy*

Gerald P. O’Driscoll, Jr., 1977. “The Ricardian Nonequivalence Theorem”, *Journal of Political Economy*

Willem Hendrik Buiter & James Tobin, 1978. “Debt Neutrality: A Brief Review of Doctrine and Evidence”, Cowles Foundation Discussion Paper No 497

Andrew B. Abel, 1987. “Ricardian equivalence theorem”, in *The New Palgrave: A Dictionary of Economics*

James M. Buchanan, Jr. (1919–2013)



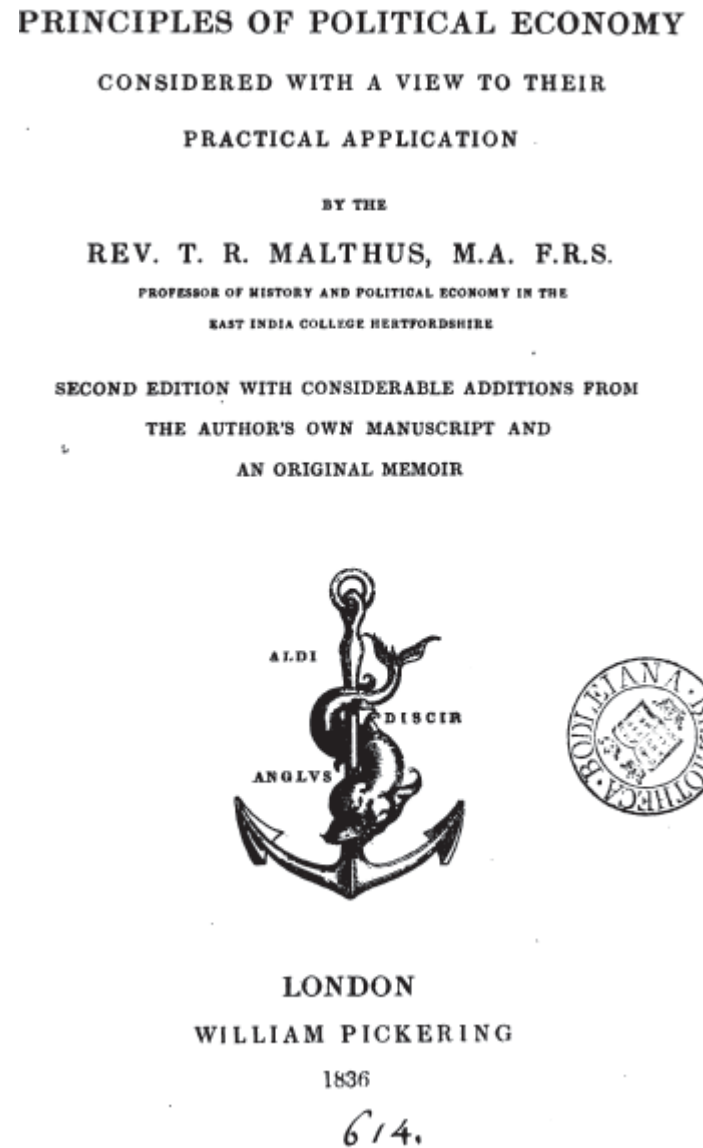
James M. Buchanan and Richard Wagner. 1977.
Democracy in Deficit. New York: Academic Press
Collected Works 2 & 14
“Public Debt”



Robert J. Barro (1944-)



Thomas Robert Malthus (1766-1834)

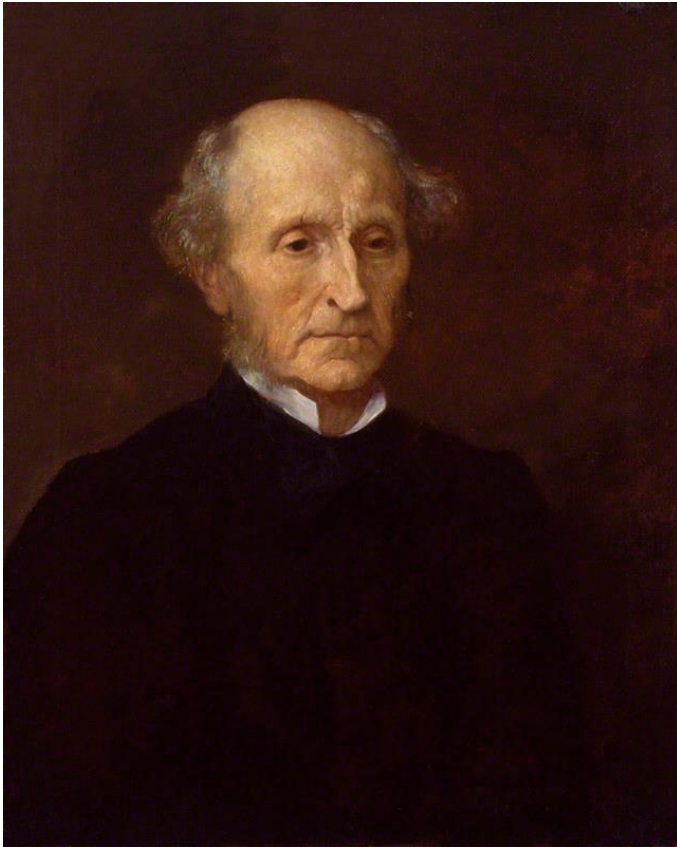


I am very far, however, from being insensible to the evils of a great national debt. Though, in many respects, it may be a useful instrument of distribution, it must be allowed to be a very cumbersome and very dangerous instrument. In the first place, the revenue necessary to pay the interest of such a debt can only be raised by taxation; and, as this taxation, if pushed to any considerable extent, can hardly fail of interfering with the powers of production, there is always danger of impairing one element of wealth, while we are improving another. A second important objection to a large national debt, is the feeling which prevails so very generally among all those not immediately concerned in it, and consequently among the great mass of the population, that they would be im-

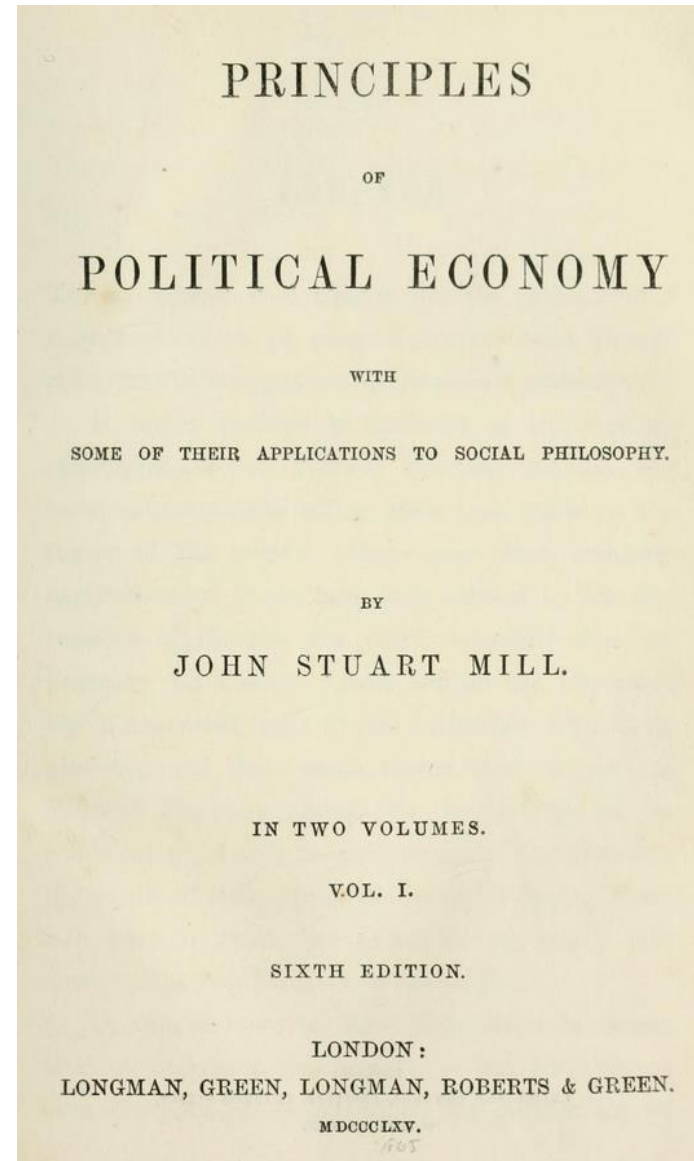
* By *effectual* consumption is meant, a consumption by those who are able and willing to pay such a price for produce, as will *effect* the continuation of its supply without a fall of profits not required by the state of the land.

mediately and greatly relieved by its extinction; and, whether this impression be well founded or not, it cannot exist without rendering the interest paid for it in some degree insecure, and exposing a country to the risk of a great convulsion of property, particularly as it prevents any economy of expenditure which is practicable, from affording such a relief from taxation, as will tell upon the feelings of the people. A third objection to such a debt is, that it greatly aggravates the evils arising from changes in the value of money. When the currency falls in value, the annuitants, as owners of fixed incomes, are most unjustly deprived of their proper share of the national produce; when the currency rises in value, the pressure of the taxation necessary to pay the interests of the debt, may become suddenly so heavy as greatly to distress the productive classes;* and this kind of sudden pressure must very much enhance the insecurity of property vested in public funds.

On these and other accounts it would be desirable gradually to diminish the debt, and more especially to discourage the growth of it in future, even though it were allowed that its past effects had been favourable to wealth, and that the advantageous distribution of produce which it had occasioned, had, under the actual circumstances, more than counterbalanced the obstructions which it might have given to commerce.



John Stuart Mill (1806-1873)



is not avoided by taking it in a loan. The suffering is not averted, but only thrown upon the labouring classes, the least able, and who least ought, to bear it: while all the inconveniences, physical, moral, and political, produced by maintaining taxes for the perpetual payment of the interest, are incurred in pure loss. Whenever capital is withdrawn from production, or from the fund destined for production, to be lent to the State, and expended unproductively, that whole sum is withheld from the labouring classes: the loan, therefore, is in truth paid off the same year; the whole of the sacrifice necessary for paying it off is actually made: only it is paid to the wrong persons, and therefore does not extinguish the claim; and paid by the very worst of taxes, a tax exclusively on the labouring class. And after having, in this most painful and unjust way, gone through the whole effort necessary for extinguishing the debt, the country remains charged with it, and with the payment of its interest in perpetuity.

CHAPTER VII.

OF A NATIONAL DEBT.

§ 1. THE question must now be considered, how far it is right or expedient to raise money for the purposes of government, not by laying on taxes to the amount required, but by taking a portion of the capital of the country in the form of a loan, and charging the public revenue with only the interest. Nothing needs be said about providing for temporary wants by taking up money; for instance, by an issue of exchequer bills, destined to be paid off, at furthest in a year or two, from the proceeds of the existing taxes. This is a convenient expedient, and when the government does not possess a treasure or hoard, is often a necessary one, on the occurrence of extraordinary expenses, or of a temporary failure in the ordinary sources of revenue. What we have to discuss is the propriety of contracting a national debt of a permanent character; defraying the expenses of a war, or of any season of difficulty, by loans, to be redeemed either very gradually and at a distant period, or not at all.



Charles Francis Bastable (1855–1945)

CHAPTER V

THE THEORY OF PUBLIC CREDIT AND PUBLIC DEBTS

§ 1. THE peculiar position of the state economy and the great importance of public borrowing have both tended to obscure the fundamental truth that public credit is but one form of credit in general, and is, or ought to be, regulated by the same leading principles. Many of the most serious errors in this department of finance have been due to the belief that the State in its borrowing was emancipated from the restrictions that prudence imposed on the individual, and that it might safely indulge in experiments that would soon land the ordinary citizen in bankruptcy.

PUBLIC FINANCE

BY

C. F. BASTABLE, M.A., LL.D.

PROFESSOR OF POLITICAL ECONOMY IN THE UNIVERSITY OF DUBLIN

'Finance is not mere arithmetic; finance is a great policy. Without sound finance no sound government is possible; without sound government no sound finance is possible.'
WILSON

SECOND EDITION, REVISED AND ENLARGED

BLACKSTOUT
PUBLIC LIBRARY

London
MACMILLAN AND CO.
AND NEW YORK

1895

ÉCONOMISTES & PUBLICISTES CONTEMPORAINS

TRAITÉ
DE LA
SCIENCE DES FINANCES

PAR
PAUL LEROY-BEAULIEU

MEMBRE DE L'INSTITUT,
PROFESSEUR AU COLLÈGE DE FRANCE,
DIRECTEUR DE *l'Économiste français*.

SEPTIÈME ÉDITION
REFONDUE ET AUGMENTÉE

TOME SECOND
LE BUDGET ET LE CRÉDIT PUBLIC

PARIS
GUILLAUMIN ET C^{ie}
ÉDITEURS
44, RUE DE RICHELIEU

FELIX ALCAN
ÉDITEUR
108, BOULEVARD SAINT-GERMAIN

1906



Paul Leroy-Beaulieu
(1843-1916)

CHAPITRE III

DES EMPRUNTS PUBLICS ET DE LEURS EFFETS ÉCONOMIQUES.

Les emprunts publics sont-ils un bien ou un mal? — Sophismes répandus au xviii^e siècle à ce sujet.

Est-il vrai qu'un État qui ne doit qu'à lui-même ne s'appauvrit pas? — Est-il vrai que les emprunts publics soient des dettes de la main droite à la main gauche? — Réfutation de ces opinions.

Un emprunt est utile ou nuisible suivant que le capital emprunté est employé d'une manière reproductrice ou qu'il est gaspillé. — Arguments allégués en faveur des emprunts publics. — Les emprunts publics peuvent dans une certaine mesure développer l'esprit d'épargne. — Les emprunts publics ont servi à répandre chez les peuples modernes le goût et l'habitude des valeurs mobilières. — Détails sur le nombre des rentiers en France à diverses époques et sur le nombre de souscripteurs aux emprunts contractés depuis 1852.

Inconvénients des emprunts publics. — Des emprunts nationaux fréquemment répétés donnent au capital d'un pays une mauvaise direction. — Ils produisent une grande centralisation du crédit, rendent difficiles les œuvres locales et les entreprises libres. — Démonstration de ces propositions. — Le capitaliste habitué aux emprunts publics devient d'une extrême pusillanimité pour tous les autres placements mobiliers.

Les emprunts publics font une brèche au capital circulant du pays. — Pourquoi cette brèche est moins grande qu'on ne le croirait au premier abord. — Les emprunts publics réduisent au minimum les réserves métalliques des particuliers. — Dans la constitution actuelle du crédit européen, la plupart des emprunts publics sont en partie souscrits à l'étranger, ce qui diminue la saignée faite au capital circulant du pays.

Les États, considérés comme emprunteurs, se divisent en deux catégories : ceux qui n'ont de crédit qu'au dehors, ceux qui ont du crédit à la fois au dehors et à l'intérieur. — Ces derniers finissent toujours par racheter la partie de leurs emprunts que l'étranger a d'abord souscrite : exemple de l'Italie, de la France et des États-Unis.

THE
SCIENCE OF FINANCE

BY GUSTAV COHN

TRANSLATED BY
T. B. VEBLEN

CHICAGO
The University of Chicago Press
1895

37320
11/2/96.

Der
öffentliche Credit

dargestellt.

in der Geschichte und in den Folgen der Finanzoperationen
der großen europäischen Staaten seit Herstellung des allge-
meinen Land- und Seefriedens, ihrer Maßregeln zur
Begründung oder Befestigung öffentlicher Creditanstalten,
und der Begebenheiten in der Handelswelt, deren Wirkung
damit zusammen getroffen;

von

Friedrich Nebenius
Großherzoglich-Badischer gehheimer Referendar.

Mit Großherzoglich-Badischer Ober-Censur-Erlaubniß.

Carlsruhe und Baden,
im Verlag der D. H. Marx'schen Buchhandlung.
1820,

Das
System der Staatsanleihen

im

Zusammenhang der Volkswirtschaft betrachtet.

Von

Dr. Carl Dieckel,
Privatdozent der Nationalökonomie an der Universität zu Gießen.

Heidelberg.
Akademische Verlagshandlung von J. C. B. Mohr.
1855.

Lehr- und Handbuch
der
politischen Oekonomie.

In einzelnen selbständigen Abtheilungen.

In Verbindung mit

A. Buchenberger
großh. Ministerialrath
in Karlsruhe

K. Bücher
Professor der Statistik und
Nationalökonomie in Leipzig

H. Dietzel
Professor der Staatswissen-
schaften in Bonn

und Anderen bearbeitet und herausgegeben
von

Adolph Wagner
Professor der Staatswissenschaften in Berlin.

Vierte Hauptabtheilung:

Finanzwissenschaft.

Erster Theil:

Einleitung, Ordnung der Finanzwirthschaft,
Finanzbedarf, Privaterwerb

von

A. Wagner.

3. Auflage.

Leipzig.

C. F. Winter'sche Verlagshandlung.
1883.

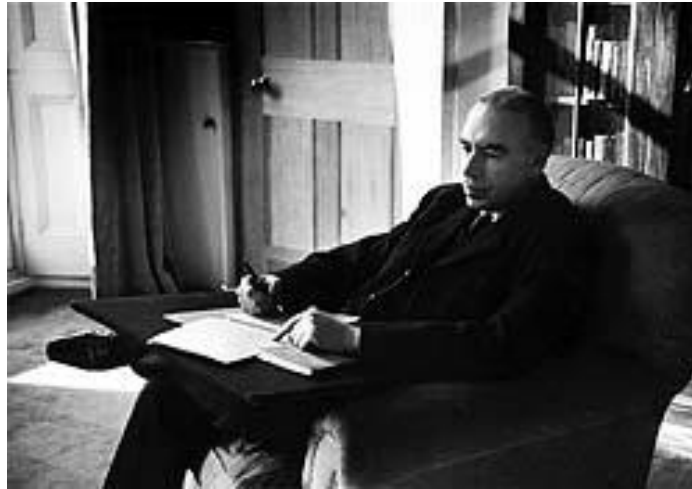
sotto forma di capitale *investito* in terre, in case, opifici o anche in cognizioni e attitudini personali innate od acquisite.

Per queste avviene precisamente, come già si è accennato, che un'imposta straordinaria si risolve subito in prestiti individuali, ai quali si ricorre per non essere astretti a vendere una parte del patrimonio, e a ristabilire, sotto qualche nuova forma, la schiavitù. Il riscatto, cui accenna il Prof. Loria, di canoni, livelli ecc. ne è la conferma, perchè esso si riferisce ai *futuri* risparmi, con i quali questi contribuenti costituiranno il capitale disponibile corrispondente all'onere annuale dell'interesse o dell'imposta, e si metteranno nella condizione economica, in cui si trova già, nel momento dell'imposta straordinaria, la prima categoria di contribuenti.

Perchè poi essi preferiscano il mutuo con l'onere annuale dell'interesse e la prospettiva del riscatto, ho già detto. Ma torna di ripetere che è un caso di valore subbiettivo, per cui, a parità di reddito e quindi di valore obiettivo, una categoria di persone annette al possesso della terra un maggior grado finale di utilità, che al possesso dell'eguale valor capitale in forma disponibile (1).

A. DE VITI DE MARCO

John Maynard Keynes (1883-1946)



Tract on Monetary Reform 1923

General Theory 1936

Treasury Memoranda 1942

Abba P. Lerner (1903 – 1982)



Abba P. Lerner

FUNCTIONAL FINANCE AND THE FEDERAL DEBT

1943

Social Research 10(1), 38-51

The central idea is that government fiscal policy, its spending and taxing, its borrowing and repayment of loans, its issue of new money and its withdrawal of money, shall all be undertaken with an eye only to the *results* of these actions on the economy and not to any established traditional doctrine about what is sound or unsound. This principle of judging only by *effects* has been applied in many other fields of human activity, where it is known as the method of science as opposed to scholasticism. The principle of judging fiscal measures by the way they work or function in the economy we may call *Functional Finance*.

An interesting, and to many a shocking, corollary is that taxing is *never* to be undertaken merely because the government needs to make money payments. According to the principles of Functional Finance, taxation must be judged only by its effects. Its main effects are two: the taxpayer has less money left to spend and the government has more money. The second effect can be brought about so much more easily by printing the money that only the first effect is significant. Taxation should therefore be imposed only when it is desirable that the taxpayers shall have less money to spend, for example, when they would otherwise spend enough to bring about inflation.

In brief, Functional Finance rejects completely the traditional doctrines of "sound finance" and the principle of trying to balance the budget over a solar year or any other arbitrary period. In their place it prescribes: first, the adjustment of total spending (by everybody in the economy, including the government) in order to eliminate both unemployment and inflation, using government spending when total spending is too low and taxation when total spending is too high; second, the adjustment of public holdings of money and of government bonds, by government borrowing or debt repayment, in order to achieve the rate of interest which results in the most desirable level of investment; and, third, the printing, hoarding or destruction of money as needed for carrying out the first two parts of the program.

THE "BURDEN OF THE DEBT" AND THE NATIONAL INCOME¹

By EVSEY D. DOMAR*

Evsey D. Domar, 1914-1997



Evsey D. Domar

The American Economic Review
34 (4) (Dec. 1944), 798-827

I

"Full employment after the war" has now become the subject most frequently discussed by economists. When the war is over, the level of employment and income will be determined to a great extent by the speed and character of the reconversion process. After that, hopes of maintaining full employment are based, for good or for ill, on the various backlogs developed during the war. But when both periods are over, the old and so painfully familiar problem of the disposal of intended savings will again appear.

It is possible that private investment will be able to absorb all savings year in and year out, or that private investment will at least fluctuate around a sufficiently high average so that deficits which may be incurred by the government in some years will be offset by surpluses made in others. Whether or not this will actually happen is a matter of opinion; it is a problem not discussed here. Instead I propose to examine the less optimistic case, when private investment is insufficient to absorb intended savings over a relatively long period of time.

Public investment financed by borrowing, though perhaps the most direct and evident, is by no means the only method of dealing with the situation. The income-generating properties of various kinds of taxation still remain to be explored;² the possibilities of encouraging private investment by means of various tax devices have not been sufficiently worked out either; the same can be said about plans designed to reduce the propensity to save. It will be assumed here, however, either that all these measures cannot be tried, or that they have not proved sufficiently effective so that a continuous policy of deficit financing must still be pursued.³

* Mr. Domar is with the Board of Governors of the Federal Reserve System. The opinions expressed are those of the author and do not necessarily reflect the position of the Board.

A TRACT
ON
MONETARY REFORM

BY
JOHN MAYNARD KEYNES
FELLOW OF KING'S COLLEGE, CAMBRIDGE

MACMILLAN AND CO., LIMITED
ST. MARTIN'S STREET, LONDON
1924



There is a respectable and influential body of opinion which, repudiating with vehemence the adoption of either expedient, fulminates alike against Devaluations and Levies, on the ground that they infringe the untouchable sacredness of contract; or rather of vested interest, for an alteration of the legal tender and the imposition of a tax on property are neither of them in the least illegal or even contrary to precedent. Yet such persons, by overlooking one of the greatest of all social principles, namely the fundamental distinction between the right of the individual to repudiate contract and the right of the State to control vested interest, are the worst enemies of what they seek to preserve. For nothing can preserve the integrity of contract between individuals, except a discretionary authority in the State to revise what has become intolerable. The powers of uninterrupted usury are too great. If the accretions of vested interest were to grow without mitigation for many generations, half the population would be no better than slaves to the other half. Nor can the fact that in time of war it is easier for the State to borrow than to tax, be allowed permanently to enslave the taxpayer to the bond-holder. Those who insist that in these matters the State is in exactly the same position as the individual, will, if they have their way, render

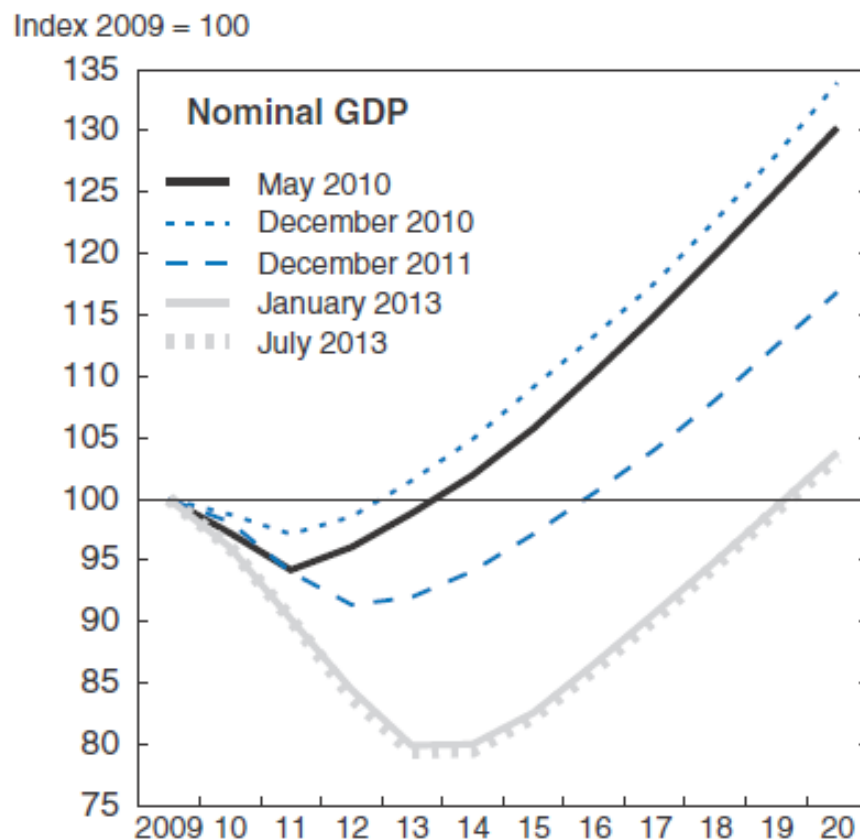
impossible the continuance of an individualist society, which depends for its existence on moderation.

These conclusions might be deemed obvious if experience did not show that many conservative bankers regard it as more consonant with their cloth, and also as economising thought, to shift public discussion of financial topics off the logical on to an alleged "moral" plane, which means a realm of thought where vested interest can be triumphant over the common good without further debate. But it makes them untrustworthy guides in a perilous age of transition. The State must never neglect the importance of so acting in ordinary matters as to promote certainty and security in business. But when great decisions are to be made, the State is a sovereign body of which the purpose is to promote the greatest good of the whole. When, therefore, we enter the realm of State action, *everything* is to be considered and weighed on its merits. Changes in Death Duties, Income Tax, Land Tenure, Licensing, Game Laws, Church Establishment, Feudal Rights, Slavery, and so on through all ages, have received the same denunciations from the absolutists of contract,—who are the real parents of Revolution.

written as

$$P_t g_t + P_t h_t + B_t^G = P_t^B B_{t+1}^G + \Delta M_{t+1} + P_t T_t, \quad (5.1)$$

where g_t is real government expenditure, h_t is real transfers to households, T_t is total real taxes, and M_t is the stock of base, or outside, nominal money, i.e., non-interest-bearing money in circulation that is supplied by the government (the central bank) at the start of period t . The total stock of money consists of outside and inside money; inside money (mainly credit) is provided by the commercial banking system.



Source: OECD, OECD Economic Outlook 93 database; IMF, Quarterly Report on Greece; IMF (2013), "Greece: Fourth Review Under the Extended Arrangement Under the Extended Fund Facility", Country Report, No. 13/241, July.


StatLink  <http://dx.doi.org/10.1787/888932957612>

Figure 4. **Official projections of Maastricht debt and nominal GDP**

