



**"The size of the national debt doesn't matter  
because we owe it to ourselves."**

SOME THINGS a person does owe to himself—intangibles like respect, integrity, responsibility. "This above all, to thine own self be true." But such duties to self are not a debt in the usual sense of a repayable loan or obligation.

If an individual transfers his own money or his own promise to pay from his right pocket to his left, the transaction clearly leaves him neither richer nor poorer. There would be no point in a person's borrowing from himself; but if for some reason he did, the size of the debt he owed himself wouldn't matter at all. However, if A gives his property to B, we do not say that each is as rich or as poor as before. Or, if C buys extensively on credit, his creditors surely do not believe that C "owes it to himself." They are keenly aware that the size of his debt makes a big difference when the bills fall due.

Instead of an individual, one might conceive of a society with the government owning or controlling all property and persons and issuing money or bonds as a bookkeeping device to keep track of its spending. In such a situation, it wouldn't matter how many promises or bonds had been issued or remained outstanding. Since individuals would have neither property nor rights, the socialized government—as sole owner—would only be dealing with itself. But in a nonsocialized society, individuals do have rights and may own property. If the government borrows property from citizen A, then it is obligated to repay that debt to A—not to B or C or D. The individual who owns a government bond may be a taxpayer as well, and thus liable in part for the taxes the government must collect in order to redeem his bond; but B and C and D are also liable as taxpayers even if they own none of the bonds themselves. And the size of the debt makes a real difference to everyone involved.

One of the vital characteristics of the institution of private property is that ownership and control rests with individuals, and whether a person *owns* or *owes* makes a whale of a difference in how rich or how poor he is.

The concept of private ownership and control of property further presupposes a government of limited powers instead of a socialized society in which everything and everyone is government owned and controlled. Private property owners presumably have something to say about the extent to which government may tax or seize their property; otherwise, it wouldn't be a limited government, and there wouldn't be private property.

Now, government debt signifies that government has made certain claims upon private property above and beyond the "due processes" of authorized taxation. The semblance of private property must be maintained, else the government could find no "owner" from whom to "borrow" and no taxpayers upon whom to draw when the debt falls due. But, in essence, the government debt is an existing claim against property—like an unpaid tax bill—and the larger that debt, the less is the real equity of individuals in what is thought to be private property. In that sense, the socialization already has occurred, and the government does "owe to itself" because it owns the property. The size of the debt is important, however, because it measures the amount that taxpayers and property owners owe—not to themselves, but to the government over which they have lost control insofar as it now owns and controls them.

It would be most surprising to find a completely socialized government heavily in debt, simply because no sensible property owner would lend to such an institution if he could possibly avoid it. Though deficit financing seems inconsistent with the original American design of limited government, it is possible in an emergency for a limited government to find voluntary creditors, especially among its own citizens who expect the government to abide by its constitutional limitations and thus leave a large base of taxable private property through which debts may be redeemed. But the growing size of the government debt should be of real concern to every creditor and especially to every taxpayer with any interest whatsoever in private property and personal freedom.

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