

CORE DISCUSSION PAPER  
2000/3

**DEBT-SHARING AND SECESSION:  
A GENERATIONAL ACCOUNTING APPROACH**

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January 2000

**Abstract**

This paper investigates one of the most important financial issues arising from a secession or a country partitioning, namely the sharing of the national public debt. Extending Drèze's distributive neutrality condition, we use the generational accounting technique and propose a dynamic debt-sharing criterion which takes into account both the true debt future generations inherit and their contributive capacity. The equivalence with Drèze's static rule is only obtained in the steady growth framework in the absence of initial regional debt. An application of our criterion to the Belgian case offers striking results.

**Keywords:** debt-sharing, public debt, secession, generational accounting, distributive neutrality.

*JEL Classification:* H60, H77.

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The authors are grateful to J. Drèze, M. Marchand and H. Tulkens for very helpful comments and to Mr. Sobrie and Mr. Everaerts (National Institute of Statistics) for their statistical support. Usual disclaimers apply.

This paper presents research results of the Belgian Program on Interuniversity Poles of Attraction initiated by the Belgian State, Prime Minister's Office, Science Policy Programming. The scientific responsibility is assumed by the authors.