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**PUBLIC DEBT AND LIMITED ALTRUISM: IS RICARDIAN  
EQUIVALENCE POSSIBLE IF ALTRUISM IS LIMITED?**

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**Abstract**

There have been many criticisms of Barro's theorem on Ricardian equivalence, but these criticisms apply mainly to a "special form" of Barro's model and there are different possible interpretations of this model. We study another very simple model in which altruism is limited. The effects of public debt are studied under two different types of assumptions. The first type of assumptions is standard: young agents buy the government bonds which are perfect substitutes to the assets of firms. This leads to the "traditional" effects of public debt: it increases current consumptions and decreases future capital stocks. Alternatively, we assume that agents apply a special rule called the "patriarchal rule". If agents expect that their children will apply it, then it is rational for them to apply it. This rule leads to a robust property of Ricardian equivalence.

**Keywords:** public debt, altruism, ricardian equivalence.

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