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Public Debt, Inequality, and Power: The Making of a Modern Debt State. Sandy B. Hager. Oakland: University of California Press. 2016

Sandy Brian Hager book, published in 2016, is an extension of his doctoral research. The author's lived experience of the Global Financial Crisis (GFC) of 2007-08 showed how the role of US public debt is indispensable within contemporary capitalism. The main driving force behind the book was the ongoing debates about the ownership of the public debt and the power the debt holders had over the government. The author identified the gap in the existing literature regarding public debt and addressed the shortcomings in his work.

The author identified four main weaknesses in the existing literature. First, the empirical methods used in the existing literature did not improve over time. Second, the methodology to measure the ownership concentration has not been consistent among authors. Third, the existing studies only included households and conveniently ignored corporate owners of public debt. Fourth, the last comprehensive study that was published was in 1996, covering the time period until 1992 only. So, there was a long gap over the massive buildup of public debt from the early 2000s until the GFC.

The author's argument throughout the book is about the unequal distribution of public debt; concentrated in the hands of the 1% wealthy households and top 2500 corporations known as the *Marktvolk,* which yield power over the government and influence decision and policy making. Another pressing issue the author raises in his book is about the lack of discussion regarding foreign ownership of the public debt which as of 2015 stood at over 50 %, China alone owning 21% of the public debt. The author also mentions the threat of 'exit 'this high foreign ownership of US public debt looms. The author puts a comprehensive plan for his book at the beginning laying out the structure and line of argumentation.

The author mentions some important questions his book aims to answer, which he covers throughout his book. The questions cover different aspects of the public debt debate, for instance the dominant owners of the public debt, redistribution of income from taxpayers to bondholders, the power the bondholders held over the government, and the power international owners of public debt held over the government. The author uses empirical evidence to support his claim throughout the book, and often engages with existing literature to either support his argument or point out the flaw in the available literature.

In the second chapter on *The Spectacle of a Highly Centralised Public Debt*, the author engages with H. C. Adam's work to discuss the historical development of the public debt. Hager points out the establishment of highly financialized markets and constitutional governments as the driving force behind the exacerbated public debt ever since the 20th century. But the new capitalist class that emerged had sufficient funds to extensively invest in government bonds, lend money to the government and control the way dominant shareholders control a corporation. The author discusses why the US bonds are highly popular among the international investors as well, and the reason he gives is the trust people put in the US financial market and the dollar.

In the third chapter, the author moves on to *The Bondholding Class Resurgent.* He uses the work of Thomas Piketty to describe the different classes within the US society and the wealth ownership within. The important distinction was the ‘dominant ’vs ‘wealthy ’class, the former represents the top 1%. Extending the argument about class, Hager tries to place the corporations on the class spectrum and records the massive wealth accumulation among the corporations dealing in finance, insurance and real estate since the 1980s. In this chapter, Hager draws a direct correlation between ownership of wealth with ownership of public debt, both of which exacerbated since GFC.

In the fourth chapter, *Fiscal Conflict,* the author points out the reason for the massive public debt as the government’s expenditures are far greater than the tax collection, declining tax progressivity and the difference is financed by borrowing money from wealthy elites. Hager elaborates his argument of redistribution of wealth and claims that the regressive taxation on consumption has caused a massive redistribution of income from the masses to a small number of wealthy elites. Hager holds the State as complacent in maintaining the ideological superstructure and wealth inequality in the society.

In the fifth chapter, *Bonding Domestic and Foreign Owners*, he moves on to discuss the reason why the international investors put their trust in US bonds, as the competitors such as Japan or China are either not financialized enough or not ready yet. The sixth chapter, *Who Rules the Debt State*, Hager talks about the influence these bondholding class, which he calls as the *Marktvolk,* holds over the government. He mentions the choice preference of the government which chooses the *Marktvolk* over the *Staatsvolk*; the general public. The preference of *Marktvolk* over *Staatsvolk* during policy making further increased as the public debt ownership increased, having a direct correlation.

In the concluding chapter, the author proposes two solutions for the debt State. First, replacing government bonds with currency which would help to slow further increase in inequality. Second, implement progressive forms of taxation, which would reverse existing inequality. But the author complicates his suggestions by critiquing them. Replacing bonds with currency would not be welcomed by the wealthy class and it would do nothing to address the existing inequality. The critique for his second solution is that progressive taxation has been resisted by the rich as the sustenance of their wealth relies on tax evasion.

Overall, this is a well written book. The author has been clear about the purpose of this book and answered the questions he raised at the beginning. The author engages with existing literature and substantiates his arguments and claims by empirical data. The line of argumentation in the book has been clear. But the author does not convincingly propose a better solution to the problem at hand. However, this book is an important starting point to resume the discussion on public debt and to devise a sound solution to the ever-increasing public debt and inequality.