



Public Debt Overhangs: Advanced-Economy Episodes since 1800

Carmen M. Reinhart

Vincent R. Reinhart

Kenneth S. Rogoff

JOURNAL OF ECONOMIC PERSPECTIVES

VOL. 26, NO. 3, SUMMER 2012

(pp. 69-86)

Download Full Text PDF
(Complimentary)

Article Information

Comments (0)

Abstract

We identify the major public debt overhang episodes in the advanced economies since the early 1800s, characterized by public debt to GDP levels exceeding 90 percent for at least five years. Consistent with Reinhart and Rogoff (2010) and most of the more recent research, we find that public debt overhang episodes are associated with lower growth than during other periods. The duration of the average debt overhang episode is perhaps its most striking feature. Among the 26 episodes we identify, 20 lasted more than a decade. The long duration belies the view that the correlation is caused mainly by debt buildups during business cycle recessions. The long duration also implies that the cumulative shortfall in output from debt overhang is potentially massive. These growth-reducing effects of high public debt are apparently not transmitted exclusively through high real interest rates, as in eleven of the episodes, interest rates are not

materially higher.

This website uses cookies.

By clicking the "Accept" button or continuing to browse our site, you agree to first-party and session-only cookies being stored on your device to enhance site navigation and analyze site performance and traffic. For more information on our use of cookies, please see our [Privacy Policy](#).

Accept

Reinhart, Carmen M., Vincent R. Reinhart, and Kenneth S. Rogoff. 2012. "Public Debt Overhangs: Advanced-Economy Episodes since 1800." *Journal of Economic Perspectives*, 26 (3): 69-86.

Choose Format:



Additional Materials

Data Appendix (Updated 9/12/2013) (716.97 KB)

Online Appendix (26.11 KB)

JEL Classification

E23 Macroeconomics: Production

H63 National Debt; Debt Management; Sovereign Debt

N10 Economic History: Macroeconomics and Monetary Economics; Growth and Fluctuations: General, International, or Comparative

N40 Economic History: Government, War, Law, International Relations, and Regulation: General, International, or Comparative

Find us on Facebook and X (formerly Twitter).



@AEAJournals



@AEAJournals



@AEAInformation



@ASSAMeeting



@JOE_listings

Copyright 2024 American Economic Association. All rights reserved.

[Terms of Use & Privacy Policy](#)

This website uses cookies.

By clicking the "Accept" button or continuing to browse our site, you agree to first-party and session-only cookies being stored on your device to enhance site navigation and analyze site performance and traffic. For more information on our use of cookies, please see our [Privacy Policy](#).

Accept