

A Review of the Rise of the US Public Debt Limit: Selected Theoretical Contributions and Legislative Changes

KURECIC, Petar, University North (CROATIA), petar.kurecic@unin.hr

KOKOTOVIC, Filip, University North (graduate) (CROATIA),
filip.kokotovic@hotmail.com

BANDOV, Goran, Dag Hammarskjold University College of International Relations
and Diplomacy (CROATIA), goran.bandov@diplomacija.hr

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Abstract

For the most of its history, the US public debt has neither been a factor that, aside from rare crisis periods, acted as a factor of significant worry, nor was it a topic present in relevant policy debates. A key element often overlooked in the debate regarding the long-term sustainability of the public debt of developed economies is the legal framework that should prevent macroeconomic imbalances. The aim of this paper is to assess, through theoretical argumentation, the historical significance of the public debt in the USA. The paper concludes that the USA requires a more coherent and precise legal framework that will ensure the long-term stability of the American economy.

Keywords: public debt; legal framework, macroeconomic imbalances; the USA