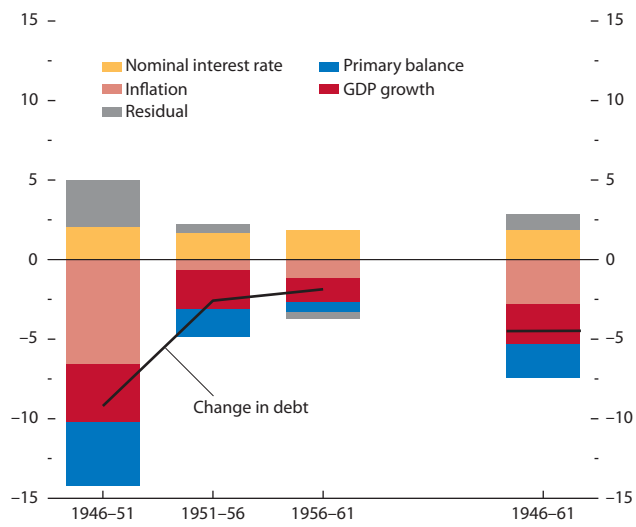


**Figure 3.8. United States: Debt Dynamics after World War II (Percent of GDP)**

The United States sharply reduced its debt-to-GDP ratio in the five years following World War II thanks to a combination of high negative real interest rates, fiscal surpluses, and strong growth.



Sources: Abbas and others (2010); Haver Analytics; Reinhart and Rogoff (2010); and IMF staff calculations.  
 Note: The decomposition of debt dynamics is based on a linearized version of