

## Macro Roundup Article

**Headline:** [The Debt Supercycle Comes to China](#)

**Article Link:** <https://www.project-syndicate.org/commentary/country-garden-shows-debt-supercycle-comes-to-china-by-kenneth-rogoft-2023-08>

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**Tweet:** [@krogoft](#) argues the best lens for viewing the Chinese economy is a simple story of deleveraging after a debt “supercycle” that drove the property sector to 23% of GDP.

**Summary:** China’s current problems can be traced back to its massive post-2008 investment stimulus, a significant portion of which fueled the real-estate construction boom. After years of building housing and offices at breakneck speed, the bloated property sector – which accounts for 23% of the country’s GDP (26% counting imports) – is now yielding diminishing returns. This comes as little surprise, as China’s housing stock and infrastructure rival that of many advanced economies while its per capita income remains comparatively low. The debt supercycle may have lasted longer than initially expected, perhaps because of the pandemic. But it was a critical piece of the story, and now, as China’s economy falters, it is the best explanation for what might come next.

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**Primary Topic:** Business Cycle

**Topics:** Business Cycle, China, GDP, Growth, Housing, Op-Ed/Blog Post

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