

Analyzing the Effect of U.S. Public Debt on Economic Growth

1. Introduction

1.1 Motivation for Analyzing the U.S. Economy

The U.S. economy is a cornerstone of global financial stability and has undergone significant changes over time. Understanding the dynamics between key indicators, such as GDP, public debt, inflation, and unemployment, provides valuable insights for policymakers, economists, and researchers. This project investigates how the growth of the U.S. economy is related to the increase in government borrowing, aiming to uncover trends and relationships that influence economic health.

1.2 Main Research Question

The central question this project seeks to answer is:

- "Is the growth of the U.S. economy related to the increase in government borrowing over time?"

2. Datasets

For this project, we have identified two primary datasets to analyze the relationship between economic growth and government borrowing over time:

2.1 U.S. Economic Indicators (1974–2024)

Datasets

The U.S. Economic Indicators dataset provides detailed data on key economic trends in the United States from 1974 to 2024. Key attributes include monthly measurements of GDP, inflation (CPI), and unemployment rates. These indicators are crucial for understanding the performance of the U.S. economy and assessing its stability over time.

- **MetaData URL:** [U.S. Economic Indicators Dataset](#)
- **Data URL:** Available for download via Kaggle API (data from 1974 to 2020 is used in this project).

- **Usability : 10.00**
- **Description:** This dataset is complete, well-structured, and requires minimal preprocessing.
- **License:** [Open Data Commons Public Domain Dedication and License \(PDDL\) v1.0](#)

For this project, the economic indicators (CPI, GDP, and unemployment rates) are aggregated quarterly for consistency. To match this dataset with the second dataset (U.S. Public Debt vs. GDP), the data is narrowed from 1974 to 2020. After cleaning, the final dataset includes quarterly averages for CPI, GDP, and unemployment rates, along with a calculated Debt-to-GDP ratio.

2.2 U.S. Public Debt vs. GDP (1947–2020)

Datasets

The U.S. Public Debt vs. GDP dataset provides quarterly updates on the relationship between government borrowing and economic output in the United States for the period 1947–2020. It includes data on Gross Domestic Product (GDP) and Total Public Debt, expressed in millions of dollars. The dataset also facilitates the calculation of the Debt-to-GDP ratio, a key indicator of fiscal sustainability. The data, sourced from reliable government publications and economic records, allows for an in-depth analysis of how fiscal policy has evolved over decades.

- **MetaData URL:** [U.S. Public Debt vs. GDP Dataset](#)
- **Data URL:** Available for download via Kaggle API (data from 1974 to 2020 is used in this project).
- **Usability : 10.00**
- **Description:** This dataset is complete, well-structured, and requires minimal preprocessing. It provides quarterly data on GDP and public debt in the United States, spanning from 1947 to 2020. Key attributes include Gross Domestic Product (GDP) and Total Public Debt, expressed in millions of dollars. The dataset facilitates the calculation of the Debt-to-GDP ratio, offering insights into fiscal sustainability and economic performance over decades.
- **License:** [Open Data Commons Public Domain Dedication and License \(PDDL\) v1.0](#)

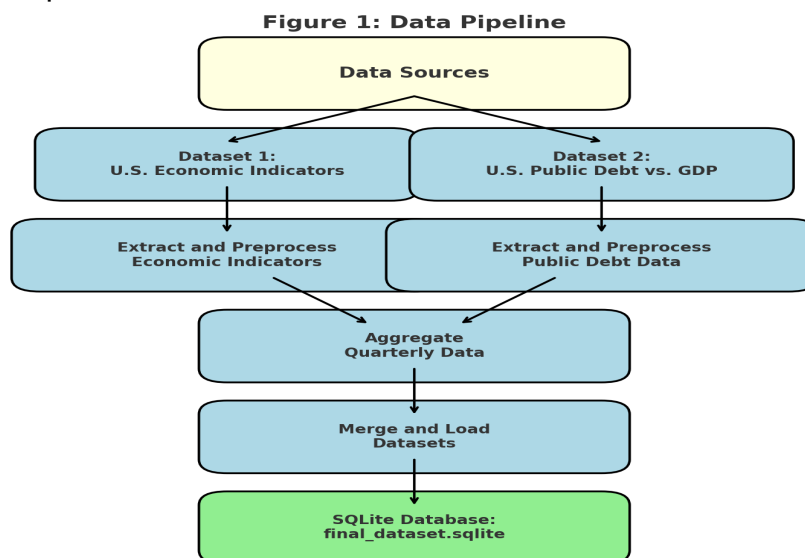
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the final dataset includes quarterly averages for CPI, GDP, and unemployment rates, along with a calculated Debt-to-GDP ratio.

3. Data Pipeline

The data pipeline processes datasets on U.S. Economic Indicators and Public Debt using the Kaggle API. The pipeline involves steps such as data extraction, preprocessing, quarterly aggregation, and merging. Figure 1 illustrates the pipeline.

Figure 1: Data Pipeline



Transformations and Cleaning Steps:

- Monthly data on CPI, GDP, and Unemployment aggregated to quarterly intervals.
- Public Debt data merged with quarterly aggregated economic indicators.
- Calculated metrics: Debt-to-GDP Ratio, GDP Growth Rate, and Debt Growth Rate.
- Missing values handled using forward and backward filling.

4. Results and Limitations

4.1 Output Data Description The final dataset includes:

- Quarterly data on CPI, GDP, Unemployment, Public Debt, and Debt-to-GDP Ratios.
- Derived metrics: GDP Growth Rate and Debt Growth Rate.
- The dataset is stored in an SQLite database (`final_dataset.sqlite`).

4.2 Data Quality and Limitations The dataset is well-prepared and normalized, but some limitations exist:

- Temporal mismatch: Economic Indicators extend to 2024, while Public Debt data ends in 2020.
- Derived metrics (e.g., Growth Rates) may introduce minor inaccuracies due to aggregation.