

Inflation Indexed Debt

- History shows many examples of nominal debt being wiped out in real terms by high inflation
- Indexed debt first attempted in Massachusetts, 1780, to help finance Revolutionary War
- Shay's rebellion 1786, sparked by apparent unfairness of other nominal contracts (e. g., soldiers' pay) being worthless while indexed debt was not
- Indexed bonds did not appear again in the United States until 1997
- Still today no private indexed debt