

# Sustainability of the Japanese Government Debt: A Review

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## **Abstract**

The debt to GDP ratio in Japan is worst among some developed countries. The central and local government has run budget deficit since the early 1990s, and in accordance with this the government bonds outstanding has been heavily accumulated.

Considering the exacerbation of the government budget, many researchers examine the fiscal policy and budget management of the Japanese government by various approaches. The approach is classified into threefold; the examination of the sustainability of the government budget, the prediction of the tipping point of a fiscal crisis, and the coordination problems of government bond market.

In this research we provide a brief introduction of the previous works that investigate the sustainability of Japanese government debt. First, we present the works which examine the sustainability of the government debt. Second, we review the studies on the prediction of tipping point of a fiscal crisis. Finally, we discuss the issues on the possibility of sovereign debt crisis even when a country is solvent.