The sustainability of the U.S. state government debt

Kazuki Hiraga

School of Political Science and Economics, Tokai University

Mail: khiraga581470@gmail.com

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Abstract

This paper inspects the sustainability of U.S state government debt. In order to test it, we use a couple of estimation methods; the one is that panel unit root test of the government debt, which checks whether the level of the debt converges to zero. The other is investigating whether it has a bubble term or not, which means that testing using dynamic panel estimation. We find that the both tests are not satisfied. That is, the level of U.S. state government debt does not converge to zero, nor the present value of it does, and then we cannot confirm the sustainability of the U.S. state government debt.

JEL classification: H72, H62, C33

Key words: The sustainability of the U.S. state government debt, Panel unit root test, Dynamic panel estimation

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