

GOVERNMENT DEFICIT AND FISCAL REFORM IN JAPAN

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Aim of the book

This book presents a theoretical-based comprehensive analysis of economic consequences of government deficits and fiscal reform in Japan. Particular emphasis is directed at developing tools that can be applied to theoretically and empirically clarify essential economic concerns in Japan such as generational incidence of fiscal reform and a growing dependence on government bonds for covering financial deficits. This book evaluates the recent movement of Japanese fiscal reform and government deficit.

We first summarize fiscal policy in 1990s. Then, we investigate the macroeconomic impact of government debt and the sustainability problem. We then discuss benefits and costs of public investment. We also consider the political aspect of fiscal reconstruction movements in Japan. Finally, we investigate the behavior of central government's control on local governments' debt issuance and its effect on the real activities of local governments. This book points out that the long-run structural fiscal reform is more important than the short-run Keynesian fiscal policy in Japan.