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Nota di contenuto	Cover Page; Title Page; Copyright Page; Contents; Tables; Figures; I. Introduction; 1. Government Debt/GDP, Selected Countries, Weighted Average; II. The Building Blocks of a Debt Sustainability Analysis (DSA); A. The Public Sector Budget Constraint; B. Ad-Hoc Targets For The Public Debt and/or The Primary Surplus; C. Alternative Scenarios in a Debt Sustainability Analysis; 1. Summary, Recent Research on Public Debt Sustainability, Stochastic Approach; III. The Government's Present Value Constraint: A Restatement; IV. Maximum Sustainable Debt V. Distributing Surpluses Over Time: A Fiscal Objective Function A. Objective: How To Distribute The Fiscal Burden Over Time; B. Objective Functions and Structural Surpluses-Further Considerations; C. Debt and Expenditure Smoothing-Evidence From the Recent Downturn; 2. Industrialized Countries: Change in Primary Government Spending (ratio to GDP) 2009 Minus 2008 (vertical axis), and Net Public Debt/GDP (horizontal axis); 3. Emerging Economies: Change in Primary Government Spending (ratio to GDP) 2009 minus 2008 (vertical axis), and Net Public Debt/GDP (horizontal axis) VI. Required Adjustment in an Uncertain Environment 2. Target Primary Surplus, Probabilistic Approach; 4. Target Primary Surplus, "Low" Volatility Case; 3. Example of Tax Smoothing with Uncertain Potential Output; 5. Target Primary Surplus, "High" Volatility Case; VIII.

Prospective Liabilities; 4. Long-run Fiscal Imbalances in the United States; IX. The Net Worth Approach; X. Non-Renewable Resources; 5. Non-Renewable Resource Management: Permanent Income and "Bird-In-Hand" Approaches; 6. Approximate Sovereign Cumulative Default Probabilities: 5-year bonds
7. Assessment of Fiscal Sustainability for a Hypothetical Economy: A Contingent Claims Approach XII. Summary and Conclusions; References; XI. Contingent Claims Analysis and Market Indicators of Default Risk; VII. Sustainability Over The Business Cycle; Footnotes

Sommario/riassunto

This paper critically reviews recent work regarding the sustainability of public debt. It argues that Debt Sustainability Analyses (DSAs) should be more than mere mechanical simulation exercises. Instead, a DSA should be linked to some objective regarding the distribution of fiscal burdens and distortions over time (in the tradition of Barro's 1979 tax smoothing objective). The paper discusses objective functions that yield simple and transparent fiscal policy rules.