

# Debt Sustainability with Bayesian Unit Root Tests

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April 2020

## Abstract

We evaluate the debt sustainability of a panel of OECD countries from 1995 - 2019 (some countries have shorter data) using a Bayesian Unit Root Test proposed by Sims under the Present Value condition of the Government Budget Constraint. We find striking different results compared with traditional Unit Root Tests like ADF.

## 1.Introduction

We base our analysis in Cochrane (1991)

## 2.Debt Sustainability under the Bayesian Unit Root Test of Sims

## 3.Results

## 4.Conclusions

## References

Cochrane, John H. 1991. "A Critique of the Application of Unit Root Tests." *Journal of Economic Dynamics and Control* 15 (2): 275–84. [https://doi.org/https://doi.org/10.1016/0165-1889\(91\)90013-Q](https://doi.org/https://doi.org/10.1016/0165-1889(91)90013-Q).