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純債務でみた日本の財政政策

——財政支出余力は十分ある——

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かねてから筆者は，日本の財政構造は主要他国と違い，政府が多額の金融資産を保有しているので，日本の財政事情を的確に把握するためには，「総債務」（総借り入れ）だけではなく，「純債務」（総債務から金融資産を控除した債務）でみるべきことを強調してきた。「純債務」でみた日本の財政について，筆者は3年前から分析し，分析結果を公表して，日本がとるべき財政政策を論じてきた。2001年2月，3月には，衆参両院の予算委員会に公述人として招かれ，金融財政政策のなかで，「純債務でみた日本の財政状況」を説明し，「日本は現時点で緊縮財政を取るべきではない」と提言してきた。

ついで，2002年2月の衆議院予算公聴会にも公述人として招かれ，デフレ対策問題を提言したなかで，「日本の財政は純債務で把握すべきである，デフレ対策として，積極財政をとり，景気振興策を優先した上で，不良債権問題を発展的に解消すべきである」との見解を表明してきた。

この論文は，「純債務でみた日本の財政を，内閣府発表のデータ（国民経済計算）をベースとして分析したもの」である。ベースとなっている数字は，2001年（暦年）末である。しかし，その後の状況は，本質的には変わっていないので，現在でも日本の財政政策を考えるうえで，十分意義ある分析といえよう。

本論は筆者が，New York と Washington での会合（2003年12月）で発表するために，英文で書いたものである。本稿では，「はじめに」と「要約・結論」を日本語で書き，本文は英文のまま掲載する。

論題：「**日　本　経　済　と　デ　フ　レ　問　題**」

——日本は財政支出余力が十分ある。財政政策なくして，

デフレ解消なし。緊縮財政は大きな誤りである——

＊はじめに

小泉経済政策はデフレ促進政策であり，デフレーター（Deflator, Rate of Deflation）でみると，2003年1－6月平均で，前年比で3％に拡大し（内閣府の速報による），税収は2年間で，約7兆円減り，実体経済は，一部の優良企業を除いて，惨憺たる状況である。その原因は，デフレが進んでいる時には，絶対にとるべきではない緊縮財政（Retrenchment Policy）を3年継続しており，さらに明年（2004年）度も緊縮財政をとることを決定していることにある。

4年継続して緊縮財政をとることは，史上，初めてである。この政策は根本的に大間違いであり，デフレを促進している。日本は，財政支出余力が十分ある。ここでその理由を明記し，デフレ経済から，どうすれば脱却できるかを，財政面から説明したい。（注1，①②③）

＊「本論の要約」

テーマ：「日本は財政支出余力が十分ある」

——「純債務」でみた日本の財政事情——

内閣府が発表した「日本の国民計算2001」のデータをもとにして，日本の「総債務」（Total Debt）と「純債務」（Net Debt）は，以下の図表（1－7）の通りである。これを要約すると，以下の通りである。数字は2001年暦年。

（1）　家計部門の金融資産は，1,398兆円（前年比マイナス27兆円）で，家計部門だけの「純金融資産」は，1,002兆円。一般政府の「総債務」は686兆円。しかし「総債務」から「金融資産430兆円」を控除した「純債務」は，256兆円に過ぎない（図表1—（1））。

（2）　最新のデータ（2003年3月末現在）でみると，国債の所有者内訳は，「政府等」（郵便貯金，簡易保険，財務省資金運用部など）が全体の42.7％，日本銀行が18％（両者合計，「政府等」で60％）であり，海外（外国人）保有はわずか3.9％と少ない。アメリカでは，海外（外国人）の国債保有は30％に達している。日本の国債は国内保有率が高く，極めて安定的に調達されている（図表1－（2））。

（3）　日本国政府は，218兆円（前年227兆円）の正味資産があり，日本国は債務超過ではない（図表2）。

（4）　2001年末では，一般政府では，「総債務」は686兆円，「純債務」は256兆円で，GDP

比率では，各々136.6%，51%となる。「純債務」のGDP比率が51%に上昇したのは，デフレで名目GDPが伸びないことが原因である。国の金融資産は，前年比で19兆円増加している（図表3 & 4)。

（5） プライマリーバランス（図表8）でみると，小泉内閣になってから，大幅に拡大（財政赤字が拡大）している。デフレが進んでいる時に，緊縮財政をとれば，デフレは一段と進み，税収は落ち込む，増加するのは，「政府債務」だけである。これは1930年代の，アメリカの大恐慌（29－32年）と日本の昭和恐慌（30－31年）の教訓である。(注1，②)

（6） 2002年度のプライマリーバランスでは，財政赤字が19兆円である。しかし，「純債務」の見地からみると，2001年だけで金融資産が前年比で29兆円増加しており，資金的には全く問題ない。

（7） 日本は，90年代前半のアメリカを参考にするとよい。

「純債務」のGDP比率でみると，アメリカは90年に50%，94年に60%に達している。しかし，この間，政府は積極財政をとって景気を刺激し，金融機関（中小銀行，貯蓄貸付組合等）の不良債権を公的資金で償却し，金融を安定させた。こうして，98年には，アメリカの財政は，黒字になった。

景気回復優先政策なくして財政改革はできない（図表7)。

（注1）

① 拙稿「純債務でみた日本の債務問題―財政は決して危機的ではない―」『週刊ダイヤモンド』2001年3月10日号。

② 拙稿「小泉総理へ7つの提言･財政呪縛から脱してデフレ阻止に全力を」，月刊誌『正論』2001年12月号（2001年11月1日発行）。

③ 拙稿「小泉緊縮財政が諸悪の根源，財政支出でデフレ退治せよ」『週刊ダイヤモンド』2002年7月6日号。

October, 2003

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The Japanese Economy and the Problem of Deflation
——Japan has adequate room for increased fiscal spending. No end to deflation without fiscal policy. Fiscal retrenchment polices are a major blunder.——

The policies of the Koizumi Cabinet have actually encouraged deflationary trends. The average deflator (rate of deflation) for January through June 2003 widened 3 percent from its corresponding level for the same period of the preceding year (according to early reports by the Cabinet Office), and tax revenue over the past two years has declined by about ¥10 trillion. Excluding a few blue-chip companies, conditions throughout the actual economy are now dismal. The reason is that the government has implemented retrenchment policies for three years now, precisely during a period of deflation when such policies should have been completely out of the question, and has even decided to keep these polices in effect through FY 2004.

Sustaining a set of retrenchment policies over a span of four years will be a historical first in every country. This policy stance is seriously flawed, and is actually encouraging deflationary forces.

Japan has the latitude to increase fiscal spending. In this paper, I want to elaborate on why that is so, and explain from a fiscal policy perspective how Japan can free its economy from the current deflationary cycle.

Theme: Japan Has the Latitude for Increased Fiscal Outlays
——A “Net Debt” Perspective on Japan’s Fiscal Position——

Summary

Utilizing data from the Cabinet Office publication, “National Accounts 2001,” Fig. 1-7 below illustrates Japan’s total debt and net debt. The details are summarized

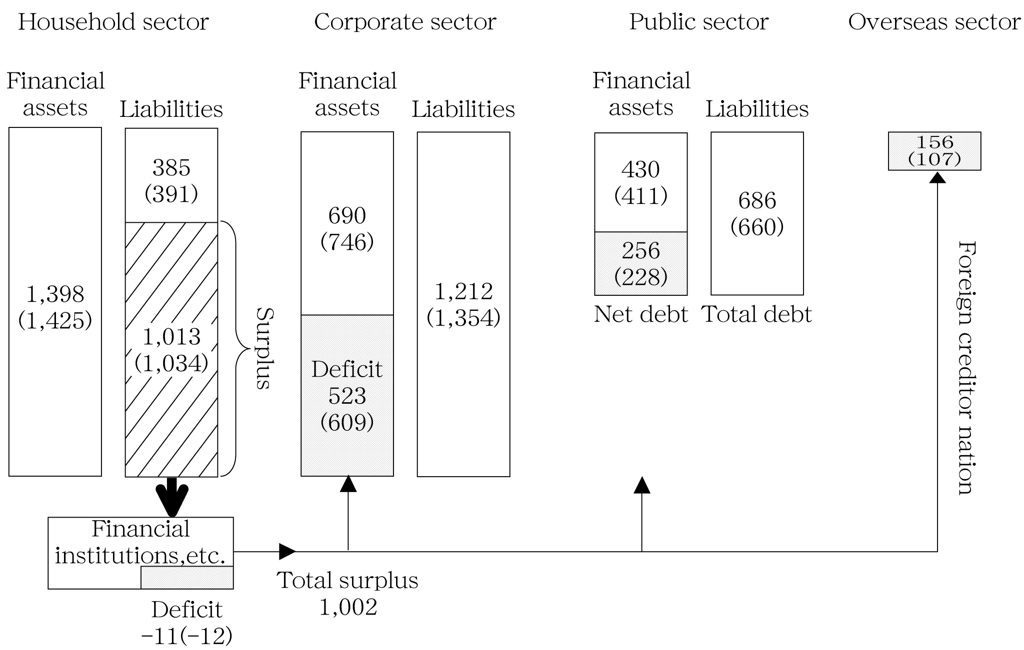
as follows with numerical data for calendar 2001.

(1) Financial assets in the household sector totaled ¥1,398 trillion (down ¥27 trillion from the year before). Net financial assets for the household sector alone were worth ¥1,002 trillion. The public sector had a total debt of ¥686 trillion. However, subtracting ¥430 trillion in government-held financial assets from that total leaves a net debt of no more than ¥256 trillion.

(2) Based on recent data (as of March 31, 2003), a breakdown of JGB holdings by bondholder category shows that government holdings (by the Postal Saving Bureau, Postal Life Insurance Bureau, Ministry of Finance Trust Fund Bureau, etc.) account for 42.7 percent of the total outstanding. Another 18 percent is in the hands of the Bank of Japan (effectively bringing the government's share to around 60 percent). Foreign holders, however, account for an insignificant 3.9 percent. By contrast, foreign holdings in U.S. treasuries have reached a level of 30 percent. A high percentage of JGBs are held domestically, and are procured by domestic holders on

Fig. 1—(1) The Flow of Capital in Japan (Financial Assets)

Calendar Year 2001(2000),Trillions of yen



Source: Cabinet Office. Compiled from data in "National Accounts 2001."

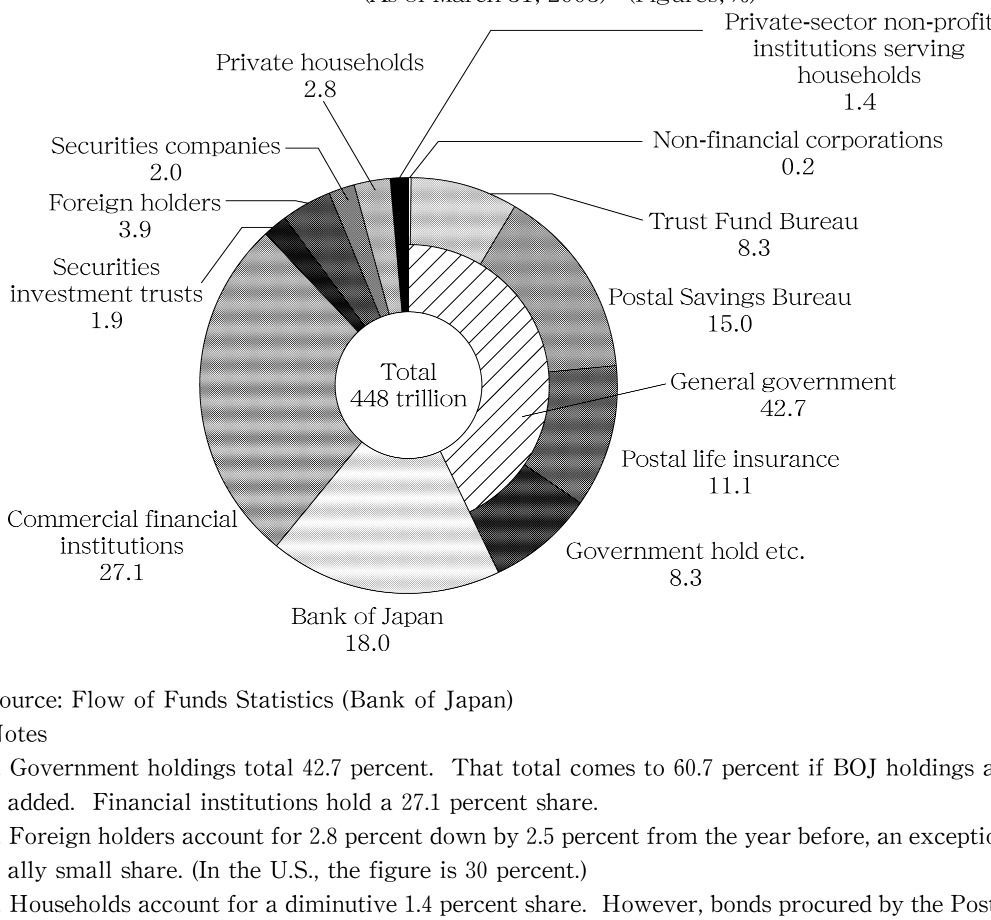
an exceptionally steady basis.

(3) The Japanese government owns ¥218 trillion in net assets (¥227 trillion the year before). Japan does not have a debt surplus.

(4) At the end of calendar 2001, Japan's government sector had a total debt of ¥686 trillion and a net debt of ¥ 256 trillion. These amounts were respectively equivalent to 136.6 percent and 51 percent of GDP that year. The increase to 51 percent relative to GDP stems from the fact that deflation undermined growth in nominal GDP. Government financial assets expanded ¥19 trillion on their year-before level.

Fig. 1—(2) Breakdown of JGBs by Bondholder Category

(As of March 31, 2003) (Figures, %)



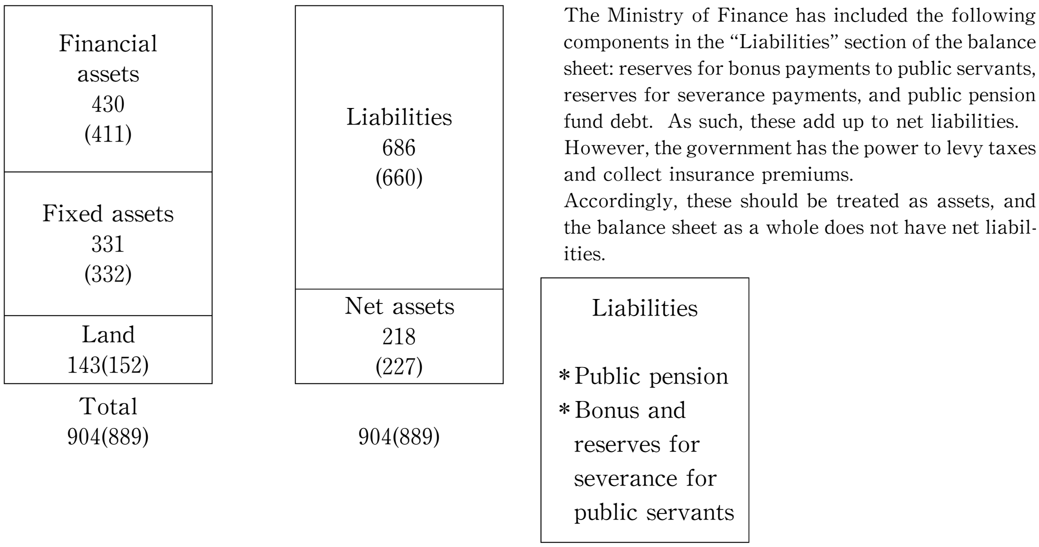
Source: Flow of Funds Statistics (Bank of Japan)

Notes

1. Government holdings total 42.7 percent. That total comes to 60.7 percent if BOJ holdings are added. Financial institutions hold a 27.1 percent share.
2. Foreign holders account for 2.8 percent down by 2.5 percent from the year before, an exceptionally small share. (In the U.S., the figure is 30 percent.)
3. Households account for a diminutive 1.4 percent share. However, bonds procured by the Postal Savings Bureau may be considered a variant of private bond holdings because private savings deposits serve as the financial source for their acquisition.

Fig. 2 The Japanese Government Balance Sheet

Calendar Year 2001 (2000), Trillions of yen



(5) The primary balance (Fig. 8) has widened significantly (with growth in the fiscal deficit) since the Koizumi Cabinet took office. Implementing a policy of fiscal retrenchment during a period of deflation will aggravate deflationary pressures and erode tax revenues. Government debt is the only thing that will grow.

This is the precepts shown by the Great Depression of USA (1929, Oct. −33, Feb.) and the Great Depression of Showa Era of Japan (1930, Jan. −31, Dec.).

(6) The FY 2002 primary balance was characterized by a fiscal deficit of ¥19 trillion. However, data on the net debt show that financial assets expanded ¥29 trillion year-on-year in 2001 alone. In terms of funding, Japan does not face any problems to speak of.

(7) Japan should draw its lessons from the experiences of the U.S. during the first half of the 1990s. As a fraction of GDP, the net debt in the U.S. measured 50 percent in 1990 and 60 percent in 1994. Nonetheless, over that period, the U.S. government pursued economic stimulus through expansionary fiscal policies and encouraged stability in the financial sector by utilizing public funds to offset the bad loan burdens then saddling many financial institutions (e.g., small and midsize banks and

Fig. 3 Japan's Total Debt and Net Debt Relative to GDP

Net Debt＝Total Debt－Financial Assets

(Units: trillions of yen, %)

Category \ Calendar year	96	97	98	99	00	01	02
① GDP (nominal)	515	520	515	511	515	502	496
② Total debt	483	536	580	630	660	686	700
③ Total debt as percentage of GDP (%)	93.8	103.1	112.8	122.6	128.6	136.6	141.1
④ Financial assets	368	388	379	406	411	430	455
			[74.6]			[80. 3]	
⑤ Net debt (②－④) [difference between ③ and ⑤]	115	148	201	224	249	256	245
⑥ Net debt as percentage of GDP (%)	22.3	28.3	39.1	73.6	48.3	51.0	49.4

Fig. 4 Breakdown of Financial Assets

	Total	Breakdown: Public pension and Health CARE funds	Breakdown: Foreign reserves, loans, financing, etc.
96	(Year-on-year change) 368	209 (56.8) %	159 (43.2) %
97	+20 388	+10 219 (56.4)	+10 169 (43.6)
98	△ 9 379	+8 227 (59.9)	△ 17 152 (40.1)
99	+27 406	+7 234 (57.6)	+20 172 (42.4)
00	+5 411	△ 3 231 (57.5)	+8 180 (42.5)
01	+19 430	+7 238 (56.0)	+12 192 (44.8)
02	+25 455	+10 248 (54.5)	+15 207 (45.5)

Sources

1. Cabinet Office. "National Accounts 2001."
2. Data for 2002 are Finance Ministry projections for Fig.3 and my projection for Fig.4.
3. Calendar year data were used for 1996-2001 period.

savings and loan associations). By following that path, the U.S. succeeded in nudging its fiscal budget back into a surplus by 1998. The upshot is that you cannot achieve fiscal reform without measures that put priority on economic stimulus.

At the end of calendar 2001, the household sector's financial assets were valued at ¥1,398 trillion (down ¥27 trillion from the year before). Net assets in the household sector alone totaled ¥1,013 trillion yen. The movement of these assets back to all other sectors of the economy assures that the flow of funds in Japan is one of the most stable in the world. The government owned ¥430 trillion in financial assets and had a net debt of only ¥256 trillion.

Externally, Japan is the world's top creditor nation. Through the sale of JGBs, the government taps into domestic household savings as a key source of financing for programs of foreign assistance.

The Japanese government has net assets on its balance sheet, not net liabilities.

The Relationship between the Total Debt and Net Debt

(1) Extensive holdings in financial assets are one of the distinguishing features of the Japanese government's debt balance sheet. As of the end of 2001, those asset holdings were valued at ¥430 trillion (equivalent to 86 percent of GDP). On average, most of the other leading industrial nations have financial assets equivalent in scale to only 15-18 percent of their corresponding GDP, a far smaller ratio compared to Japan's. This is precisely why the net debt should be utilized as the basis for comparison whenever one wishes to describe the outstanding government debt as a percentage of GDP. It is inaccurate to base such comparisons on total debt alone. Japan's public debt translates into a per-capita average of ¥5 million.

However, also bear in mind that the nation's financial assets average ¥3 million per individual. That means, Japanese individual has debt of ¥5 million, but has financial assets of ¥3.5 million per individual. Among ¥3.5 million, about ¥2 million for national health insurance, about ¥1.5 million for trusting Government for investments (foreign reserve, investment and loans to foreign countries and national projects).

Fig. 5 Economic and Fiscal Trends in the Leading Industrial Nations

Country	United States							Germany							United Kingdom							Japan						
Fiscal Year	95	96	97	98	99	00	01	95	96	97	98	99	00	01	95	96	97	98	99	00	01	95	96	97	98	99	00	01
① Current account balance	△	△	△	△	△	△	△	△	△	△	△	△	△	+	△	△	△	△	△	△	△	+	+	+	+	+	+	+
② Domestic investment (I) and savings (S)	I>S	I>S	I>S	I>S	I>S	I>S	I>S	I>S	I>S	I>S	I>S	I>S	I>S	I<S	I<S	I<S	I<S	I<S	I>S	I<S		I<S	I<S	I<S	I<S	I<S	I<S	I<S
③ Fiscal balance	△	△	△	+	+	+	+	△	△	△	△	△	△	△	△	△	△	+	+	△	△	△	△	△	△	△	△	△
④ Foreign debtor nation or creditor nation	△	△	△	△	△	△	△	+	+	+	+	+	+	+	+	△	△	△	△	△		+	+	+	+	+	+	+
⑤ Total debt as a percentage of GDP (%)	74.5	73.9	71.4 15	68.3	65.2	59.5	59.7 17	57.1	60.3	61.7 19	63.0	60.6	60.5	60.2 16	61.1	60.6	60.9 21	62.0	57.0	51.5	50.7 22	80.4	86.5	92.0 64	103.0	115.8	123.5	132.6 83
⑥ Net debt as a percentage of GDP (%)	59.3	58.9	56.8	53.5	48.9	43.7	42.9	39.3	42.0	42.6	44.9	42.3	41.9	44.3	37.2	39.0	40.3	42.3	37.1	30.9	29.0	16.7	21.6	27.9	38.0	45.2	50.4	49.4

	Fiscal Year	95	96	97	98	99	00	01
EU regions	⑤ Total debt as a percentage of GDP (%)	75.8	78.9	79.0 19	78.4	75.5	73.2	72.2 19
	⑥ Net debt as a percentage of GDP (%)	56.1	59.8	59.7	59.8	55.1	53.2	53.0

Notes

1. In columns ① and ③, (+) designates positive value and (△) designates negative value.
2. In column ④, (△) designate a debtor nation, (+) a creditor nation.
3. Measured in terms of government interest payments on net debt in proportion to GDP, the public debt burden in Japan averages about 1 percent. The corresponding value for the U.S. is about 3.3 percent, and for the EU, about 3 percent.
4. Because they are based on somewhat different criteria, the numerical values in Fig. 5 and Fig. 3 are not consistent with each other.
5. Difference between ⑤ and ⑥ means “Difference of GROSS & Net debt percentage of GDP (%).”

Sources: Table compiled on the basis of OECD statistics. The 2001 figures for Japan are actual results.

Fig. 6 Total Debt Balance Relative to GDP

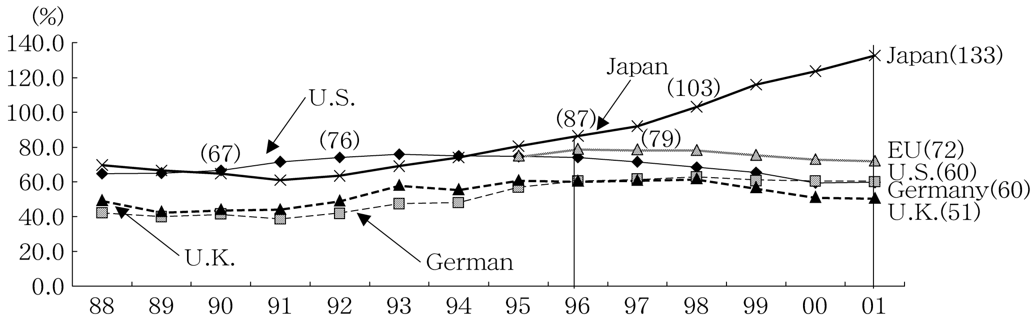
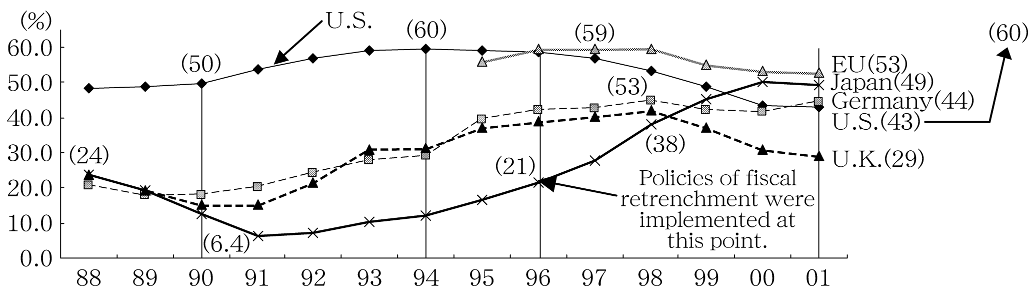


Fig. 7 Net Debt Balance Relative to GDP



Source: OECD statistics (actual results).

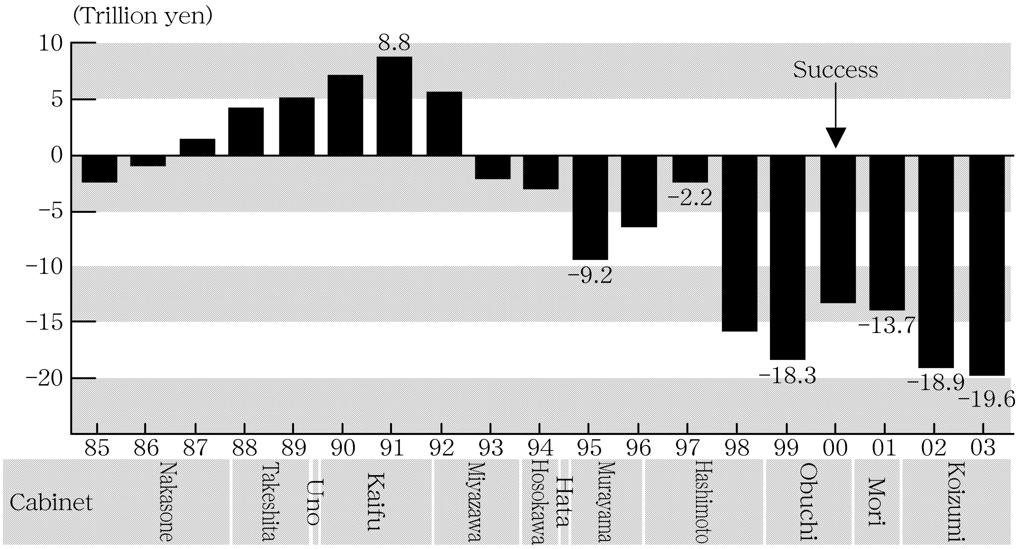
(2) Slow nominal GDP growth, net declines in GDP since 2001, and deflationary pressures are the chief reasons why the government debt has risen in proportion to GDP. Deflationary trends and the deflationary policies of the government itself are at the root of Japan's debt dilemma. These factors have aggravated the deteriorating trend in the nation's debt as a percentage of GDP.

(3) Social security funds account for about 60 percent of the total in financial assets; the rest is in foreign reserves, loans, and credit. Unless action of some kind is taken, the balance in social security funds will reach zero in 2025. To counter that scenario, efforts are already under way to revise the nation's health insurance and National Pension Funds. In addition, in the interest of maintaining a balanced budget, the government is also exploring steps to reduce benefits and increase the share of the insurance burden shouldered by individual policyholders.

(4) The balance in gold and foreign currency reserves has recorded its highest level

Fig. 8 Trends in Japan's Primary Balance

Japan's primary balance has deteriorated significantly since the Koizumi Cabinet came into office. Policy failures are entirely to blame for this development.



Findings by Ministry of Finance. Date up to F Y 2002 are based on the general. account budget after a supplementary budget is added to it; Date for F Y 2003 are based on the inital general account.

Source: The Asahi Shimbun (June 30, 2003)

on record: US$550.0 billion (¥65 trillion) at the end of August 2003.

Core Views on Fiscal Policy

(1) Current account balance (exports and imports) and domestic savings and investment.

Domestic investment is greater than domestic savings when the current account balance is in deficit (imports exceed exports); and the converse also applies.

Domestic investment is less than domestic savings when the current account balance is in surplus (exports exceed imports); and the converse also applies.

(2) The national debt will decrease naturally when the growth rate of the economy is higher than that of debt-related costs.

Features Distinguishing Japan from Other Countries

(1) The total debt does not accurately portray Japan's fiscal position. The nation's finances should be interpreted in terms of the net debt.

(2) As a fraction of GDP, Japan's net debt stood at 49.4 percent in 2001, not the highest ratio for any of the leading industrial nations. Actually, on average, however, the government's deflationary policies are chiefly to blame for this statistic. Japan's nominal GDP in 2001 shrank relative to its level in 1990, effectively inflating the ratio of net debt to GDP. Stemming the deflationary spiral is the most urgent task confronting Japan at this time.

(3) The U.S. net debt equaled 50 percent of GDP in 1990 and expanded to 60 percent in 1994. However, because U.S. policymakers implemented measures that put priority on economic recovery, the fiscal deficit was replaced by a fiscal surplus in FY 1998. The U.S. relies chiefly on foreign investors to buy its debt securities because its domestic savings rate is comparatively low.

The savings rate in Japan is currently quite high; the nation already has ¥1,400 trillion in personal assets. Hence, even if the government does expand its reliance on the issuance of debt securities, this would pose absolutely no danger of crowding out private sector access to funds. Japan still has plenty of room to expand fiscal spending.

Fiscal Year	Primary Balance (trillion yen)
1998	−16
1999	−18.3
2000	−13.0
2001	−13.7
2002	−18.9
2003	−19.6 (projected deficit of over ¥20 trillion)

Balancing the primary balance by 2010 is one of the fiscal policy targets of the Koizumi Cabinet. However, the primary balance has actually deteriorated significantly since the Koizumi Cabinet took office in April 2001. Although the primary balance had a net deficit of ¥13 trillion in FY 2000, that deficit widened to ¥18.9 trillion the following year and has reached ¥19.6 trillion so far in FY 2003 (with projections putting it beyond ¥20 trillion).

This is the by-product of three years under a regime of retrenchment polices that should have never been implemented in the first place within the current deflationary setting. As a consequence, tax revenues have dipped by about ¥10 trillion in the space of only two years. This amounts to a massive failure of government policy. What is worse, the government is poised to keep its retrenchment policies in effect for some time to come.

Implementing policies of fiscal retrenchment at a time when deflationary forces are mounting will trigger a vicious cycle of economic malaise followed by further deflation, shrinking tax revenues, burgeoning government debt, still more retrenchment policies, even more dismal economic conditions, and so forth.

This cycle emerged with the Great Depression (1929–1933) in the U.S. under the Hoover administration, and with the Showa Depression (1930–1931) in Japan. Within the current deflationary environment, Koizumi's retrenchment policies have become the root of all evil. If they are kept in force much longer, they can be expected to bring about Japan's ultimate ruin.

I have provided an analysis of this issue in the following paper: "Koizumi's Retrenchment Policies Are the Root of All Evil: Battle Deflation with Fiscal Policy." (Weekly Magazine DIAMOND, July 6, 2002)

CONCLUSION

＊Establishing Net Debt-Based Policies of Fiscal Discipline

－Japan Needs a Comprehensive Strategy Aimed at Stemming the Deflationary

Spiral

Net debt＝total debt minus financial assets.

(1) Think of financial assets as being a part of the general budget. This is the accepted approach in Europe and North America. If applied to Japan, an increase in financial assets would be understood to be equivalent to "non-tax revenue," and hence, a factor that contributes to fiscal surplus.

(2) The primary balance for FY 2002 is ¥19 trillion in deficit. However, the country's financial assets rose ¥14 trillion in value in 2000 and are expected to gain an additional ¥25 trillion in 2002. Hence, from a flow of funds perspective, the issuance of new debt securities does not pose an additional burden because the fiscal deficit as measured on a net-debt basis already has been adequately counterbalanced.

(3) Bond management discipline in a net debt context.

ⅰ. Net growth in the value of financial assets does not serve as a source of financing to offset the nation's fiscal deficit. Rather, it eases the burden imposed by the issuance of JGBs.

ⅱ. <u>If examined in terms of the distinctively large savings surplus (S＞I) in its private sector capital balance, it follows that Japan needs to engage in heavier levels of public spending than do other countries</u>.

iii. Net debt-based fiscal discipline and its goals.

1. Strive to reduce the net debt as a percentage of GDP.
Targets: nominal GDP growth and a relative decline in net debt (i.e., a nominal GDP growth rate that is higher than the net debt growth rate).

2. Stem the deflationary spiral. Japan needs comprehensive policies that put top priority on measures to drive up commodity prices (i.e., reflationary policies).

3. Continue monetary policy to keep short- and long-term interest for the next 3～5 years through intervention by Bank of Japan in the bond market (purchase of long-term bond).

＊Reflationary policies

Under Franklin Roosevelt's New Deal in the mid and latter 1930s, the U.S. government implemented a sweeping array of programs designed to increase public investment and buoy commodity prices–that is to say, reflationary policies. These programs enlisted every conceivable means to push commodity prices higher, including relaxed credit, the government's purchase of agricultural products, and price hike campaigns.

Japan has gradually fallen into an entrenched stagnation comparable to the one witnessed at the time of the Great Depression in the USA in the 1930s, and is already experiencing a deflationary spiral. I pointed out this characteristic of the Japanese crisis in monographs and papers as early as 1995. We should learn from and follow the policies implemented in the 1930s in the USA, and get a long-term strategy of fiscal and monetary policy together, in order to stop deflationary pressure.