

## ***ABSTRACT***

Joko Widodo government regime (2014-until now) prioritizing the establishment of infrastructure and public service in Indonesia. Those things are considered to be important because of equality between the region in Indonesia. However, this effort is supported by a massive increase in government debt compared to prior government regime, Susilo Bambang Yudhoyono (2009-2014). This raises a doubt whether current government effort will bring a burden for Indonesia fiscal condition in the future. This research aims to analyze Indonesia fiscal sustainability Indonesia, whether it is solvable to fulfill the repayment of government debt or not in order to find whether there is a different government solvability by each government regime. By using Markov Switching Model estimation method and data in period 2010-2018 by terms of quarterly, this research finds that fiscal sustainability will not happen because the government is unsolvable, pictured by Product Domestic Bruto Indonesia which assumed to increase the government by generating tax revenue are not significantly affect the government solvability. Meanwhile, the risk of exchange rate volatility is not significantly affected government solvability. Therefore, it gives proof that government effort to decrease the exposure from foreign government debt are effective. Furthermore, this research concludes that there are no differences in fiscal solvability by each government regime.

*Keywords: Government Regime, Fiscal Sustainibility, Solvability, Markov Switching Model*