
Report No.	HIAS-E-66
Title	The Public Investment Multipliers: Evidence from Stock Returns of Narrowly Defined Industry in Japan
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Abstract	This paper provides an evidence on the macroeconomic impacts of public investment. I extract public investment news shocks from the excess return of narrowly defined road pavement firms in Japan and use them as an instrument for future government spending. I found that the extracted news shocks predict the future government spending through changes in future public investment. The result shows that the public investment multiplier is 1.64 a year after the shock and about 5 after four years, which is considerably larger than fiscal multipliers estimated in previous studies. The findings highlight the importance of the types of government spending, in addition to the amount of the spending, in determining the overall effects of countercyclical fiscal policies.
Keywords	Fiscal multiplier; Stock returns; Public Investment; Infrastructure Investment.
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