

< 報告要旨 >

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# ASSET PRICING ACCOUNTING

KENGO NUTAHARA

GRADUATE SCHOOL OF ECONOMICS, UNIVERSITY OF TOKYO,

AND

RESEARCH FELLOW, JAPAN SOCIETY FOR THE PROMOTION OF SCIENCE

ee67003@mail.ecc.u-tokyo.ac.jp

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## ABSTRACT

What is the source of asset price fluctuation? Does asset price fluctuation affect business cycle? To address these two questions, we construct a dynamic general equilibrium model with assets and time-varying wedges, which resemble productivity, distortionary taxes and government consumption. These wedges are measured so that our model accounts for the observed data perfectly. One of important points is that our model covers a large class of frictional business cycle models. These wedges are interpreted as distortions which are caused by some frictions. In the present paper, as an example, we focus on Japan during 1980-2003 which experienced large movements of asset prices and business cycles. Measured wedges tell us that (i) the key for asset price fluctuations is friction which generates distortion in asset holding behavior while friction which generates distortion in aggregate productivity has little effect on asset price, and (ii) through spillover effects among wedges, asset price fluctuations affect business cycles. Especially, for the Japanese economy, we find that (i) the boom during the late 1980s might be led by the great reduction of distortions in corporate share holding behavior. However, (ii) the slump during the 1990s is not affected by friction which generates distortion in asset holding behavior, and the main problem is friction which generates distortion in aggregate productivity. We also find that (iii) friction which generates distortion in aggregate productivity and consumption-labor choice, might have important role to account for the declines of asset values after 1991.

**JEL CLASSIFICATION:** E32, G12

**KEYWORDS:** asset pricing, asset pricing accounting, business cycle accounting, wedge, Japan