

## Abstract

This paper empirically evaluates the treatment effect on the treated of the two public capital injections in Japan; first public capital injection towards the 21 Japanese banks in March, 1998 based on the Financial Function Stabilization Act, and second capital injection towards the 15 Japanese banks, in March 1999 based on the Prompt Recapitalization Act, and analyzes how the capital injection worked not worked. Through this analysis, we conclude that the two injections possibly worked greatly in the sense that they reduced the financial risk of the Japanese banks, but a capital injection as a government program alone was not enough to increase the loan or the bank's profitability.