Makoto Tanaka

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EDUCATION

Ph.D. in Economics, University of Virginia	Expected May 2027
M.A. in Economics, Hitotsubashi University	March 2019
B.A. in Economics, Hitotsubashi University	March 2017
Exchange Program, Chinese University of Hong Kong, Hong Kong, China	2014–2015

FIELDS OF INTEREST

Macroeconomics, Monetary Economics, Fiscal Policy, Applied Time Series

JOB MARKET PAPER

Fiscal Beliefs and the Transmission of Fiscal Policy under Imperfect Knowledge

Abstract: The relationship between fiscal deficits and inflation varies considerably over time. Fiscal expansions tend to increase long-run inflation expectations, while persistent movements in deficits and government debt exhibit opposite associations with inflation and its long-run expectations. This paper studies whether evolving beliefs about future fiscal adjustment can explain these patterns and shape the transmission of fiscal policy. When households must learn the dynamics of primary surpluses and government debt, their beliefs need not imply full fiscal backing, allowing deficits and debt to generate distinct perceived wealth effects. As these beliefs evolve, identical fiscal expansions can raise or lower output and inflation, even under an unchanged policy regime. Estimating a New Keynesian model with adaptive learning using U.S. macroeconomic, fiscal, and survey data over 1970–2008, I find substantial historical variation in perceived fiscal backing, with implied wealth effects around 0.3% of GDP during the 1980s and early 2000s. Although long-run inflation expectations remain anchored near the target on average, their evolution is sensitive to changes in fiscal beliefs.

WORKING PAPERS

- Fiscal Information and Time Varying Inflation Target
- Military Spending and Crowding-Out Effects: Evidence from Sub-Saharan Africa (with Antonio C. David, Elisee Miningou, Rasmane Ouedraogo, Alex Vaval Pierre-Charles). *IMF Working Paper*; Revise and Resubmit at *World Development*
- Looking Through Energy Shocks (with Martin Arazi)

WORK IN PROGRESS

- FX Interventions and Low Frequency Deviations of UIP in Emerging Economies (with José Ferrer)

TEACHING EXPERIENCE

Teaching Assistant, University of Virginia 2022–present

Introduction to Macroeconomics; Introduction to Econometrics; Econometric Methods; Behavioral Finance.

RESEARCH EXPERIENCE

Research Assistant for Professor Felipe Saffie, University of Virginia 2024–2026

Research Assistant for Professor Yoichi Sugita, Hitotsubashi University 2019–2021

Research Assistant for Professor Yukiko Saito, RIETI 2019–2021

PROFESSIONAL EXPERIENCE

Ph.D. Intern, Bank of England Summer 2026

Fund Internship Program (FIP), International Monetary Fund Summer 2025

PRESENTATIONS

2026: IDE-JETRO; Bank of England Brown Bag; Bank of England MPSD; Workshop for Young Macroeconomists; SEA Annual Meeting (scheduled)

2025: IMF AFR

HONORS, AWARDS, AND FELLOWSHIPS

Bankard Pre-Doctoral Fellowship 2026–2027

Japan IMF Scholarship 2021–2023

Hitotsubashi University Study Abroad Scholarship 2014–2015

SKILLS

Programming: R, Python, Matlab, Stata, LaTeX, SQL
Languages: English (Fluent), Japanese (Native), Chinese (Intermediate)

REFERENCES

Eric Leeper
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