Fiscal Policy under Staggered Loan Contract (very preliminary) *

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Abstract

This paper investigates the effects of fiscal policy in DSGE model with staggered loan contracts under monopolistic competition as a financial friction. We show that the qualitative and quantitative effects of fiscal policy are affected by the stickiness of loan contracts to simulate the model, and it effect is effective in the meaning of shrinking the spread to use the Bayesian structural estimation.

JEL classification:E62, E32, G21, H63, F41

Keyword:Staggered loan contracts, Fiscal policy, Bayesian Estimation

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