報告要旨

タイトル

An Alternative Explanation for Japan's Lost Decade: DSGE Analysis of the Long-run Stagnation Model

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This paper examines the long-run stagnation model proposed by Ono (1994, 2001) to explain why the stagnation is long lasting from the late 1990's, the so-called lost decade in Japan. Ono (1994, 2001) presents a dynamic optimization model where unemployment and deflation may remain in the long run if there is a positive lower bound of the marginal utility of liquidity. Employing the standard DSGE analysis, we estimate structural parameters and investigate the plausibility of the model for actual data.

First, we discretise Ono (1994, 2001) model to apply the standard DSGE analysis. Second, we estimate structural parameters of the long-run stagnation model, especially focusing on the marginal utility from money holdings via the Bayesian estimation technique.

As a result, the assumption of the positive lower bound of marginal utility from real money holdings is plausible from the view of the Bayesian inference since there are no differences between the long-run stagnation model and the standard DSGE model on the fit of the model to actual data. Steady states for GDP gap and inflation rate are estimated as 10.5% and -1.03% at annual rate in the lost decade of Japan.