Macroeconomic Analysis of Relationship Lending

山形大学　溜川健一

In this paper, we incorporate relationship lending into a new Keynesian dynamic macroeconomic model. The relationship lending is a lending activity that stresses a relationship between borrowers and lenders in making a loan contract. We found the following results: (i) relationship lending can lower the equilibrium loan rates, (ii) relationship lending becomes more effective as entrepreneurs are more risky, (iii) relationship lending plays a role in decreasing the degree of financial accelerator effects. Finally, we demonstrate that bad news for entrepreneurs can generate a recession and this recession becomes deep when a strong relationship is hard to be established.