Index

Abbott Liberal-National Federal Coalition government, Australia, 2013, 81
Act for Payment Guarantee for Foreign Loans, South Korea 280
adequate flow of credit to productive sectors
monetary policy, India 196
ADF (augmented Dickey-Fuller) test null of a unit root, rejection 54
adjustable peg exchange rate system Australia, with US dollar 63
administrative control primary instrument of monetary policy 119
ageing population of Japan life expectancy average of 84 years 231–2
aggregate demand and supply 325 influenced by interest rate 76
agricultural and manufacturing exports Australia 81
agricultural and services sector, Japan open for foreign investment and competition 233
agricultural output in India, 1950–70, 206
agriculture in USA, largest producer of corn and soybeans 494
agriculture, partial privatization of food production raising, China 113
Amended Federal Reserve Act no single objective of monetary policy 499
American Economic Association, 2010
Bernanke on ‘monetary policy and the housing bubble’ 505
American war in Vietnam, financing for 495
anchor to inflation broad money (M3) growth rate, India 202
ancient history and culture of South Korea ethnically homogeneous society 274
appendices, specialist information 537
flexible inflation targeting and inflation persistence in Australia 92–5
interest rate response function under inflation targeting 95–8
ARDL and OLS regression results for long-run narrow money-demand relationships 484–5
Australia 104–5
China 144–5
Hong Kong 179–80
India 222–3
Japan 261, 262
New Zealand 342–3
Philippines 377–8
Singapore 399, 413–14
South Korea 305
Sri Lanka 446–7
United States 521–2
ARDL bounds-test approach 100 autoregressive distributed lag (ARDL) 103
ARDL bounds-test results among money, output and prices China 147
Hong Kong 183
India 225
ARDL estimation technique, money-demand functions 143
ARDL model of long-run real narrow money-demand relationships in ‘Asian Tiger’ economy, Singapore 390
Asia-Pacific, low to moderate inflation 16
The evolution of central banking and monetary policy in the Asia-Pacific

asset markets, bubble collapse 247–8
asset price build-up, neglect of 20
asset price channel, influences on South Korea
  basic rate of interest change 290
asset prices and monetary policy,
  Greenspan doctrine 22–3
asset prices, Reserve Bank of Australia (RBA) 75
asset prices, sharp rises
  housing and shares, New Zealand 329
assumptions and interpretation 570–71
auditor of Bank of Korea (BOK) 283
Australia
  advanced country, Asia-Pacific 45
  capital flow controls 46
  conditional standard deviation of CPI inflation, 1949, 58
  conditional standard deviation of real output growth 1960, 58
  currency pegging to US dollar or UK pound 46
  economy, open and efficient 45
  embracing of financial globalization 77
  fiscal policy stance of government, expansionary 68
  fixed pegged exchange rate, 1950s and 1960s 46
  immigrant society, European ethnicity 45
  impressive economic performance, 1950s and 1960s 65
  inflation transitions 45
  major exporter of agricultural products 45
  monetary policy objective of low inflation 50
  recession, Hawke-Keating Labor government tight monetary policy 52
  Robert Hawke, ALP, 1983, 48
  unit root text results for CPI inflation 56, 57
Australia, Federal Budget, February 1985
  discard of monetary forecasting 69
  Australian competitiveness, low inflation 77
Australian dollar appreciation 81
Australian inflation, stationary 54
Australian Labor Party (ALP)
  Prime Minister Gough Whitlam (1972–75) 48
Australian monetary policy
  Reserve Bank of Australia (RBA) 21
Australian Prudential Regulation Authority’s (APRA)
  Executive Group 21
Australia’s monetary policy, mixed objectives 72
Australia’s monetary policy experimentation 1980s and 1990s 72
automatic collateralized lending 122
autonomy in conduct of monetary policy for price stability, 197
autonomy of the Reserve Bank of India, need for
  monetary policy for price stability 195
autoregressive distributed lag model 63
bad debts, Japan 240
balance between economic growth and price stability, difficulty 196
balance-of-payment, difficulties in Sri Lanka 424
  constraint on economic growth 68
  crisis 1990–91, India 206
  problems 14, 17
  theory, absorption conception 64
Bangko Sentral ng Pilipinas (BSP)
  BSP Act 1993, Philippines 363
  Central Bank of the Philippines 354–5
  employment of short-term interest rate 361
  establishment in 1993 Philippines 357
  self-insurance against attacks on the peso 364
  bank and corporate bankruptcies, Japan 248
  bank credits
    composition and volume control 124
    quantity and composition, influence on ‘window guidance’ 124
bank failures in US eighteenth and nineteenth centuries
absence of central bank 497
Bank for International Settlements (BIS), Japan 248
banking efficiency, financial reform 193–4
bank loan rates, ceiling, elimination, China 123
Bank Notes Issue Ordinance 160
Bank of Japan (BOJ)
factors for 1997 revision 240
fall in discount rate 243
founding legislation, BOJ Act, June 1882 during Meiji restoration 239
independence, accountability, transparent communication 241
monetary policy autonomy in 1998, 237, 239–41
public well informed on monetary policy stance 241
reorganization during World War II under BOJ Law, 1942, 239
restrictive monetary policy in deflationary environment 267
Bank of Japan (BOJ), increased independence by Law of 1998, 239, 240
revision in 1997 under ‘independence’ and ‘transparency’ 239
Bank of Korea Act, June 1950, 282
Bank of Korea Act, June 1998, revision
inflation targeting for price stability 286
Bank of Korea (BOK)
administrative control over credit distribution 280
Bank of Chosun August 1911, 282
base interest rate adjustment, effect on economy 289
money-growth rate lowering, early 1980s 286
organization and activities 282–4
Bank of Thailand (BOT), central bank 458, 460
roles and responsibilities 460
bank performance in India
socio-economic objectives 193
banking sector of New Zealand
domination by foreign banks 349
lowering inflation 290–91
Bernanke, Ben, Chairman of FRS
Board of Governors
on inflation targeting 503
BOJ’s discretionary approach to policy results 245
BOK Act of 1950, new role for MPC 283
boom-bust cycle danger, Japan and US 32
boom-bust cycles 13, 24–5, 142
boom in New Zealand economy 1998–2007
recession 2008–09, 318
borrowings of global savings to finance real sector investment 77
BOT Act 1942
responsible for all central banking activities 460
bounds-test results, long-run relation in India 221
Bretton Woods exchange rate system
collapse 63, 495
fixed exchange rate arrangement 64
gold standard system, US 526–7
British tradition, subservient central bank under Treasury 64
broad monetary aggregate (M3) South Korea
operational target 287
broad money-demand function
instability in Hong Kong SAR 185
more stable than narrow money-demand function 344
broad money growth fall, Japan, 1995, 243
broad money growth
strong causal impact on output growth 308
CPI inflation in China, 1953–2012, 130
Buddhism and Malay Muslims in Thailand 456
budget balance in South Korea, political landscape 275
budget deficit monetization
common source of inflation in
developing countries 372
budget deficits and inflation, feedback
relation 139
budget deficits, large, excessive money
growth 33
bulk issues of government bonds,
Japan 240
call rate of interest changes 288
Canada, inflation targeting, February
1991, 72
capital controls
India, imposition in late 1950s 198
Philippines 384
South Korea, 1950s to 1980s pegged
exchange rate system 285
stabilization of exchange rate 18
capital flight, New Zealand 337
capital flowing uphill
developing to developed countries
35
capital flows
leading to financial crisis 35
monetary policy, boom-bust cycles
35
pro-cyclical 35
volume and composition control,
China 124
Capital Issues (Control) Act, 1947,
India 194
capital market liberalization 22
China 112
capital outflows, India
repatriation of capital for foreign
institutional, non-resident
Indians, investors 200–201
case-study approach for developing
countries 16
cash rate (‘target’), Australia,
1993–2013, 74
cash reserve ratio reduction, India
204
causes of Japan’s recession 247–8
central bank
autonomy in Australia 45
independence 551
lending rate 123
responsibility, concerns 528–9
Central Bank of Sri Lanka (CBSL),
1950
autonomy to achieve defined
monetary objective, Sri Lanka
427
instruments to conduct monetary
policy 428
main functions 426
under Monetary Law Act (MLA)
No 58 of 1949, 426–8
central banks 600, low and stable
inflation 13
central bank’s accountability 12
Central Provident Fund, Singapore 398
Certificates of Deposit (CDs),
‘broad money’ 242
Certificates of Indebtedness (CIs)
as cover for bank notes 161
legal backing for bank notes 160
Chartered Bank of India, Australia
and China 160
cheap imports from East Asian
countries, China
US benefit 504
China 111–54
Banking Regulatory Commission
116, 118
economic reform policies in 1978,
118
Insurance Regulatory Commission
118
investment-led outward-oriented
growth model 114
large, non-tradable goods sector 142
lowest cost manufacturing base in
world 125
monetary policy regime transitional
stage 115
rising income and asset inequality
113
second largest economy in world
112
Securities Regulatory Commission
118
China, yuan to US dollar, inflation in
China and US 132
Chinese Communist Party
Deng Xiaoping, leader, political
power 119
Chinese economic growth sources 112
Chinese economy
flexible exchange rate arrangement 122
Chinese exchange rate policy, inflation volatile 136
Chinese fixed peg
high volatility in three key variables 148
Chinese money-demand behaviour 150
Chinese Statistical Agency, exchange rate 120
Cholesky decomposition technique 588
Classical monetary theory 1, 16, 449, 541, 585
identification procedure 588
Classical monetary transmission mechanism 588
Classical orthodoxy 71
misapplication of monetary policy 70
coefficient of variation of CPI inflation
Australia, 1953–2012, 53
cointegral-causal relation 135
US and China 133
cointegral test results among money, output and prices 108–9
Australia, 1970–2012, 110
Japan 265
New Zealand 346
Philippines 1958–2011, 381–2
Singapore 417
South Korea 309
Sri Lanka 450–51
Thailand 488–9
United States 524–5
commodity boom Australia 68, 77
commodity-standard currency 72
Commonwealth Bank of Australia (CBA), 1911, 49
Comprehensive Agricultural Reform programme
Philippines 363
comprehensive monetary policy easing, BOJ 244
conditional standard deviation of CPI inflation
China, 1953–2012, 128
Hong Kong, 1981, 165
India, 1958, 210
Japan, 1958–2012, 249
New Zealand, 1958–2012, 330
Philippines 1958–2012, 366
Singapore, 1962–2012, 402
South Korea, 1971–2012, 293
Sri Lanka, 1977–2012, 434
Thailand, 1966–2012, 473
United States, 1958–2012, 510
conduct of monetary policy, China 122–4
conservative economic policy in Thailand
1950s throughout 1980s 490
conservative policymakers in India inflation high and volatile 227
constant money-growth rule
Milton Friedman 591–3, 597
consumer durables, increasing availability, China 132
consumer price index (CPI) inflation rate 73
Australia, 1950–2012, 51
annual average 52
Australia and United States, 1958–2012
benchmark indicator for inflation targeting
China 1953–2012, 125, 128
South Korea 287
test results for equality of means and variances 65
contemporary issues, in monetary policy 19–30
control of foreign exchange, China 117
tests over debt-creating inflows since 1990s, India 198
tests over interest and exchange rates and inflation volatility 572–3
coordination of monetary policy with Ministry of Finance, RBI 197
corporate and financial sectors in Japan
interlocking nature 248
cost-push view of inflation, Australia 55, 69
crawling peg system 63–4
credit aggregates, of importance, India 193
credit control in India 201
credit demand and credit supply 8
credit market conditions
Reserve Bank of Australia (RBA) 75
credit plan for monetary policy, China 122
Cukierman-Meltzer hypothesis, 1986, 59
cultural customs of Japan, social conformity 233
currency appreciation, net effect on money demand 264
currency crisis in Thailand, late 1990s 490
currency depreciation in Japan 268
currency financial crisis, 1997–98, Asia-Pacific 17
currency of China, yuan (renminbi) (RMB)
undervaluation perception 115
currency pegging to US dollar smaller developing countries 24
currency stability in Australia 50
current account deficit 71
Australia 70–71
current account surpluses, Australia, 1972–73, 68
current account transactions
RMB fully convertible for 120
CUSUM and CUSUMSQ for residuals for real narrow money-demand relationships in Thailand
Thailand 487
CUSUM and CUSUMSQ of residuals for long-run real narrow money-demand relationships in the US
Australia 107
China 146
Hong Kong 181
India 223
Japan 263
New Zealand 345
Philippines 380
South Korea 307
Sri Lanka 448
data deployed for estimation of the SVAR model for
China 138
Hong Kong 173
India 217
New Zealand 1982–2010, 336
Philippines 379
Singapore 408
South Korea, 1980 to 2010, 300
Sri Lanka 440
Thailand 479
United States 516
deepened securities markets, Australia 77
deep recession 13
definition of first model INCFCN, RDRI, LREER, LRGDP 139
deflation 27–30
deflationary environment for Japan since early 1990s 232, 234, 243
deflation in early stages, 1997–99 considered good for consumers 237
demand growth stimulation monetary expansion in early 1970s, Australia 70
demand or supply factors, cause of Japan’s deflation 237
demand-pull view of inflation, Australia 69
demographic problem of Japan population density, highest in world 231
Deng Xiaoping, leader of China economic development programme 125
Department of Housing an Urban Development, US home ownership 505
deployment of interest rate as policy instrument 26
deposit rates, floor on, elimination, China 123
deregulation of interest rates and bank credit, India 194
deregulation of interest rates, South Korea, December, 1988, 281
deregulation of the capital account in balance-of-payments from late 1980s 318
desire for self-sufficiency in India, ‘Fabian socialism’ 190
detente process with China, US
President Richard Nixon 494
devaluation of baht, Thailand, 1957
pegged to British pound sterling and US dollar 462
devaluation of rupee, July 1991
balance-of-payments crisis in India 197
devaluation of won (Korea)
under IMF-supported stabilization 279
devaluations, major, of Baht early 1980s 462
developing countries 3
expansionary fiscal policy 11
developing world, economic reforms, in 1980s and 1990s 6
Development Budget Coordinating Committee of Philippines, setting inflation target 358
development strategy in India
since Independence from British Raj, 1947, 206
development strategy of China,
outward-oriented 112
direct-lending programmes,
termination in 1998, China 115
‘discretionary’ exchange rate targeting in developing countries 23–4
discretionary monetary policy from early 1980s United States 504
Japan, inflation instability 254
output volatility increase 10
US, Alan Greenspan 503
disinflation programme, Chairman of FRS, Paul Volcker 527
domestic absorption
decreasing function of real interest rate (RIR) 567–9
increasing function of real income 567–9
domestic currency, wealth-holders options 264
domestic shortage of basic products, South Korea
high inflationary pressure, 1970s 281
domination of Japanese companies electronics, automobiles, heavy machinery, metals earthquake engineering, industrial robotics, 233
dual exchange rate system, Sri Lanka
abolishment 2001 for managed float 425
Dutch Disease-type problem
pressure on tradable goods sector 319
dynamic OLS (DOLS) estimates 264
significance of broad money 344
East Asian industrializing economies
Hong Kong, SAR, South Korea, Malaysia, Thailand 14
East-Southeast Asian financial crisis, 1990s 17, 34, 157, 458, 459
financial reform in Singapore 393
Philippines peso under pressure to depreciate 357
South Korea, major casualty 283, 311
economic and political history of Japan, recent 232–9
economic and political history, of South Korea 278–82
economic controls and regulations, India’s economy 205
economic crisis in India 209
after Russian sudden deregulation 191
economic difficulties in Japan since 1980s
flaws in Japanese society 233
economic growth, expected 8, 31
economic growth in high-inflation environment
social progress 278
economic growth in India, over price stability 203
economic growth over price stability, South Korea 286
key objective of South Korean policy 275
economic growth target each year
Chinese central government 117–18
economic management, disciplined under Australia’s governments 77
economic outlook of Philippines, bright possibilities 364
Economic Planning Board, South Korea 280
economic policy shift, major, in South Korea, 1980s 281
economic productivity and capacity Reserve Bank of Australia (RBA) 75
economic prosperity for Australia 50
economic reform in China, early 1970s 119
economic reform policies, China, 1979, 125
economic shocks vulnerability for China from exchange rate system 142
economic slowdown of Japan since early 1990s 231
economic stabilization, monetary policy 9–11, 20, 318
economic stagnation of Japan since early 1990s 232, 238
economic ‘takeoff’ of South Korea in mid 1960s
General Park Chung-hee, power in 1961 278
economic turbulence in mid 1970s, Australia 65–8
economists, prominent in India, Jagdish Bhagwati 192
economy of Sri Lanka, open to trade and investment 425
efficient legal system in Singapore, high accounting standards, best-practice corporate governance 392
empirical analysis, impact of money on output 581
employment boosting, monetary policy, ineffective 24
employment generation in China 115
employment generation in US 503
employment raising in US policy bias from cultural values 533
Engle-Granger cointegration test money, output and prices 264
Engle-Granger cointegration test results
New Zealand 344
Sri Lanka 449
weak form of cointegrable relationship among money, output and prices 308
equation of exchange, MV = Py 539–40
equilibrium in the money market equality between money demand and supply 5
equity-based financial products 31–2
equity capital flows, restriction, China 121
equity-type bubbles 22–3
error-correction model of real narrow money-demand relationships in Australia 106
error-variance decomposition of variables 176
estimates of coefficients of the interest rate response function in Australia, 1990–2012, 97
ethnic conflict between Tamils and majority Sinhalese civil war, 1980s 450, 451
euroucurrencies in Singapore foreign commercial banks 393
European colonization of United States
Paleo-Indians migration from Asia 494
evolution of monetary policy framework
India 321–6
Japan 241–6
Philippines 356–62
South Korea 284–8
Sri Lanka 428–30
Thailand, exchange rate arrangements 461
United States 501–6
exchange and capital flow controls abolition, Australia 49
Exchange Control Act 1942 imposition on Thailand by Japanese 461
exchange control lifting, Japan 242
Exchange Fund, backing, investment, strategic portfolios 158
1935 Ordinance, Hong Kong SAR 158
Index

Exchange Fund Advisory Committee (EFAC)
Hong Kong SAR 158–9
Exchange Fund Ordinance, 1935, 159
silver hoard depositing requirement 160
exchange rate 3, 63–4, 121
crises 14
flexibility 16, 21–2, 33–4
China 114
India 197–8, 205
Japan 269
Singapore 398
freely floating 13, 17
impact on real narrow money balances 564
Japan, inflation volatility 253
maintain low inflation pegged system, Asia-Pacific 17
pegging 24–5, 32, 73–5, 132–6
India, goal of financial stability 196
Philippines 355, 367
policy 148, 1422
evolution of Hong Kong SAR 159–61
policy of China since 1980s stability against US dollar 120
regimes and money policy independence, Australia 90
Singapore 395, 404
South Korea 297–8
Sri Lanka 436–9
stability (external) 196–7
won against the US dollar, South Korea 284–5
yuan renminbi in China, 1980–2012, 120–121
exchange rate regime and capital controls, China fixed peg exchange rate system, since 1970s 120–22
exchange rate regime in Australia, 1931–2013, 90–91
exchange rate regime in South Korea 275
exchange rate regime in Thailand, 1947–97, 463–4, 475
exchange rate stability 31
importance for financial stability 287
obligation of RBA 50
real, nominal or both 21–2
volatility 18
in New Zealand 321
exchange rate system
Hong Kong SAR, stabilization of price level 185
mid 1970s, Australia 64–5
South Korea, multi-currency basket peg system 285
Exchange Settlement Account (ESA) 74
expansionary fiscal policies 70
expansionary monetary and fiscal policies
Australia 69
Japan 270
Philippines 354
South Korea, IMF encouragement 278
United States, continuation 506
expansionary policy bias in US 533
export industries in New Zealand agriculture, horticulture, fishing, forestry, mining 319
export markets loss, New Zealand 344
export-oriented development strategy
Japan 1960s, economic growth 234
South Korea 311
export-oriented industrialization 279
exports and imports, China, control of 120
exports of labour-intensive products to the West 279
external borrowing, Thailand 471–2
external commercial borrowing India commercial bank loans, Eurobonds 200
external debt, defence against 21
external debt level raising, New Zealand 319
external debt of China, low 122
external indebtedness, limited in India 205
failure of high-inflationary expectations
Bank of Japan (BOJ) 238
‘fear of deflation’ in US 533, 535, 536
Federal Deposit Insurance System (FDIS) 497
Federal Open Market Committee (FOMC)
monetary policy decisions 498
Federal Reserve Bank Act 1959, Australia 49
Federal Reserve Banks and Federal Reserve System 497–9
Federal Reserve Districts
Federal Reserve Bank (FRB), New York, Chicago, San Francisco 497–8
Federal Reserve System (FRS)
central bank of US 495–6
independence of 500
monetary policy and financial stability function 500
organization and activities 496–501
financial crisis, 1997–98
India, 1991, 192
South Korea, heavy suffering 286
Thailand 471
US-global, financial stability objective 20
US government housing, policy 505–6
financial deregulation and innovation 6, 465–6
China 112
financial deregulation, internationalization, computerization, Japan 242
financial firms, insolvent, closure by BOT, Thailand 466, 490
Financial Institutions Lending Rate Act BE2523 (190) 465–6
financial liberalization in Sri Lanka, 1977, 428–9
financial reform plan, Thailand, four components 466
financial reforms and government policy, India 192
financial reforms in China
on nation’s monetary policy of People’s Bank 118–19
financial reforms, necessary, Japan 248
financial repression, India in 1980s 192
financial risk minimization, China for financial stability 118
financial risk-taking 28
financial sector deregulation, China 114
financial sector development
rule-based monetary policy 21
financial sector, Japan 233, 259
financial stability, importance of 31
financial stability, Asia-Pacific 18
Financial Stability Bureau, China 118
financial stability, Japan 240
financial stability objective
role of regulatory and supervisory bodies 20–21
financial system, Japan, liberalization of 242, 270
financial system of India, underdevelopment
banks operation under government instructions 195
financial system of Singapore 392–4
financing bill rate in Japan
Treasury bill rate in United States 251, 252
fiscal accommodation of supply shocks, India 193
fiscal and monetary management practices
Singapore 390
fiscal and monetary policies, link in developing countries 11
fiscal consolidation, essential, India 194
fiscal consolidation, Philippines 364
fiscal deficits, in India, 8 per cent of GDP 194
threat to sustained macroeconomic stability 197
fiscal discipline, supporting, Australia 77
Fiscal Financial Stabilization Plan, South Korea
price stability for economic growth 284
fiscal incentives to import-substituting firms
Philippines 363
fiscal policy 31
accumulation of public debt, Japan 234
domination of monetary policy, Japan 267
expansionary, Rudd Labor government, Australia 81
fiscal prudence of South Korea, inflation control 275
fiscal responsibility in New Zealand Fiscal Responsibility Act, 1994, 317–18
fixed exchange rate regimes
Australia, late 1940s to mid 1970s 64
fixed exchange rate to floating currency, Japan 240
fixed peg exchange rate, Sri Lanka 429
fixed peg exchange rate system 572
fixed peg exchange rate system, China 133, 150
restrictions on capital mobility 122
series of shocks 119
fixed peg exchange rate system, New Zealand 335
currency floated after 1985, 321
fixed peg to the US dollar, China 114
fixed-rate commitments, insurance companies 28
flexible economy in Hong Kong SAR 156–7
flexible exchange rate advantage for China 14–15, 150
Australia since 1983, 77
India, need for 195
South Korea 281
flexible exchange rate system adoption 220
shock absorber 419–20
flexible exchange rate system, South Korea
key role as shock absorber 292
cointegral relationships among money output and prices 108–9
flexible inflation targeting 52, 550
Australia 1993, 64
floatation of exchange rate of won 286
floatation of the Baht, Thailand monetary policy independence 459
float exchange rate policy, India 196
float exchange rate system, pegged or managed 33, 34
floating exchange rate system 119, 142
shock absorbing 157, 391
floating exchange rate system, US 504
forecast-error-variance decomposition of variables in the SVAR model, 217, 410
Australia 80
China, INFCN, RDRI, LREER, DLRGDP 141
Hong Kong 176
India 219
Japan 258
New Zealand 337, 339
Philippines 375
Singapore 411
South Korea 302
Sri Lanka 443, 444
Thailand 482
United States 518
foreign and domestic firms entry, Sri Lanka 432
foreign bank accessibility in Singapore 392, 393
foreign capital beneficial for developing countries 35
inflows, from developed countries problems in developing countries, Thailand 491
inflows large, sterilization of, using PBC bills, China 124
large-scale macroeconomic problems 35
foreign capital for lending in booming housing sector 318
foreign currency-denominated deposits and loans
strict controls in India 200
foreign currency dominated assets sharp depreciation of the yen 269
foreign currency purchasing operations, China 124
foreign direct investment incentives for South Korean firms 292
in labour-intensive products 125
large-scale, Singapore 389
till 1992, suspicion of, in India 198
foreign-exchange intervention 29, 120
Japan, responsibility of Ministry of Finance 269
Foreign Exchange Management Act 1999, India 198
foreign exchange market and the exchange rates 199
foreign exchange market intervention, Singapore 396
foreign exchange policy and foreign reserve management, South Korea 283
foreign-exchange reserves accumulation, South Korea 292
foreign-exchange reserves Hong Kong SAR 17, 157
foreign-exchange value destabilization by depreciating exchange rate 117
foreign interest rate (FIR) 412, 564
‘Foreign Investment Act’, Philippines 363
foreign investment inflows to India regards of suspicion 191
foreign investment into the Philippines 354
Foreign Investment Promotion Board 198
foreign majority ownership, India consideration for 198
foreign nominal interest rate (FIR) 563
foreign portfolio investment, India pension funds, mutual funds investment in listed securities, since 1992, 200
foreign reserves, accumulated, Australia, 1972–73, 68
foreign trade and investment in Singapore tourism, education, health 388
four variable SVAR model, 1980–2012, 138–42
Fraser-Liberal-National Party Coalition government Australia (1975–82) 68
free capital mobility in Singapore to encourage foreign investment 390, 395
free market idea, resistance in India 201
‘free reserves targeting’ 1951–70 US 501
Friedman and Schwartz A Monetary History of the United States, 1867–1960 1
Friedman-Ball hypothesis inflation raising inflation-uncertainty 59
Friedman, Milton constant money-growth rule 590, 591–3
‘natural rate of unemployment’ 549
Nobel Memorial Lecture of December 1976, 59
Quantity Theory of Money 3, 5, 562
recognition of monetary roots of inflation 48
F-statistic value, estimated 63
full employment in Australia, almost since 2006, 50, 63, 77
full-fledged inflation targeting, South Korea 287–8
full peg exchange rate systems 21
funding for large state-owned enterprises, China 115
GARCH models 99, 249
for inflation and inflation volatility in Australia 1949, 60
Generalized Method of Moments (GMM) 96
global economic environment, turbulent change 48
global financial crisis 2007–09, 25
Australia’s policy 81
negative economic growth in Hong Kong 164
goal of capital account convertibility of Hong Kong SAR in mainland China 156
government bonds central bank selling 35
private assets purchases, large-scale purchases, Bank of Japan (BOJ) 239
government borrowing, rather than taxing 11
government controls, South Korea on interest rates, bank credits, capital flows 279
goal of capital account convertibility of Hong Kong SAR in mainland China 156
Akhand Akhtar Hossain - 9780857937810
Downloaded from PubFactory at 09/17/2023 08:53:37PM via free access
government of Indira Gandhi
nationalization of commercial banks and financial institutions, 1969, 197
government of Rajiv Gandhi, late 1980s 190
grain-support programme, South Korea 285
Granger-causality among LCPI, LNM, LBM and LRGDP, 1950–2012, 226
Australia, 1950–2012, 111
between inflation and inflation volatility in Australia 1949, 61, 62
China 149
effect on inflation volatility 63
Hong Kong 184
Japan, 1955–2012, 266
New Zealand, 1954–2012, 347
Singapore, 1963–2012, 418
South Korea, 1960–2012, 310
test results 150–51, 182
Great Depression of 1930s, bank failures, US 1, 497
Greenspan era (1987–06) US 28, 496, 502
growth-oriented monetary policy of China 129
growth paths of assets, distortion, India 195
growth rate of broad money (M3) 68
Gulf War effect on India 209
Hawke Labor government, Australia, 1982
high rates of inflation and unemployment 70
heavy and chemical industries promotion in South Korea 280, 285
heavy industry sector building, India 206
high and volatile inflation in Philippines until early 2000s 366
high budget deficits, India 209
high employment generation in US Greenspan objective 504
high household saving rate, China 124
high-inflation economies 150
high inflation or hyperinflation monetary policy rules avoidance 590
high inflation persistence in Australia 92–3
high inflation volatility 22, 59
China 148
India 212
Japan, to real exchange rate 243
United States monetary policy 515
high real interest rate reduced demand for credit, Japan 232
high remuneration for skilled labour, Hong Kong SAR 158
high risk investments high compensation for asset managers 28
high standards of living, Singapore rapid economic and social development 388
high volatility of exchange rates, New Zealand 349
Hong Kong and Shanghai Banking Corporation 160
Hong Kong dollar depreciation, 1982–83, 161
Hong Kong dollar pegging to US dollar, July 1972, 160
Hong Kong economy fixed peg exchange rate system, China 177
intermediary for mainland’s exports and imports 155
rapid growth and rapid monetization since 1960s 178
vulnerability to US discretionary monetary policy changes 177
Hong Kong Monetary Authority (HKMA)
Chief Executive 159
Hong Kong Mortgage Corporation 159
Hong Kong SAR currency renmimbi (RMB), yuan and dollar (HKD) 155
economic integration with mainland China 155
fixed peg to the US dollar (USD) 156
The evolution of central banking and monetary policy in the Asia-Pacific

importing US monetary policy 167
low taxing, free market economy 156
major trade and international finance centre in Asia 155
service as gateway for foreign investment, professional services, technology transfer to mainland China 156
strong solvent banking sector 157
trade and service activity, minimal economic regulation 155
Hong Kong SAR economy
integration with mainland China and rest of Asia 164
major structural adjustment and change 164
Hong Kong SAR, Exchange Fund monetary-financial system 158
Hong Kong SAR, international financial centre 159
increasing dominance 186
Hong Kong, Special Administrative Region (SAR)
of People's Republic of China (PRC) 155
household income and wealth, rapid increase 132
‘household money’ demand for China 132
housing bubble, United States 505
hyperinflation 3, 549
Asia Europe, Latin America 15
economic stagnation 59

'icon' status of Alan Greenspan after leaving FRS 503
IMF-structural adjustment programmes
real exchange rate depreciation, South Korea 291
IMF-supported comprehensive stabilization programme 281
immigration, large, from Asian countries to New Zealand house price rises 318
immigration policy expansion, New Zealand 318
import restriction, financial repression, South Korea 279
import-substituting and industrialization strategy, 1950s
Sri Lanka 424
Thailand 457
import suppression and external borrowing, India international financial institutions 192
impulse responses for variables in the SVAR model for
Australia, 1990, 78–9
China, 1980–2012, 140
Hong Kong 175
India 218
Japan 256
New Zealand 338
Philippines 373
Singapore 409
South Korea 299, 301
Sri Lanka 442
Thailand 480
United States 517
income and assets, inequalities, Hong Kong SAR
productivity growth low 158
income and wealth inequality, China 113
income inequality in United States among highest of developed countries 494
increase in demand for money, China rapid growth rate 132
increase in government spending, New Zealand 318
Independence from Britain, 1948, Sri Lanka 423
independent monetary policy under flexible exchange rate, Singapore 391
India 190–229
‘Article IV’ agreement with International Monetary Fund 198
balance-of-payments crisis 191
belief of harmfulness of competition 190
China in 2000s, growth race, ‘no contest’ 191
development strategy, inward-oriented 206
economic reform 209

economy

under pegged exchange rate system 220

independence from Britain in 1947 economic and social progress 190

phobia against foreign investment 190

post-Independence economic history 190

rupee pegging to British pound sterling, 1947 to September 1975, 197

Indonesia, short-term interest rate 17

‘industrial policy’ 29–30

industrialization, forced, in India heavy industry, public ownership, import substitution 190

inflation 3, 4, 29, 166

inflation-adjusted interest rate 540

inflation and interest rates 132–6

Hong Kong SAR 165

inflation and money growth in China 129

inflation and money supply growth 9

inflation behaviour 209–11

in Australia since 1950s 47

inflation control measures 321–2

Australia 54

inflation control of South Korea volatility diminishment 292

inflation control prioritization 316

inflation decline 290–91

inflation drivers, New Zealand 318

inflation expectations channel 290

inflation, high and volatile 12

Philippines, 1970s 383

inflation, high rate of South Korea, early 1950s three-year long war with North Korea 292

inflation, Hong Kong feedback relation with real interest rate and real exchange rate 174

inflation in China 1985–86, 113, 125, 133

inflation in New Zealand, 316, 321

inflation, key source, money supply, excess 5

inflation, low and stable in US 133

inflation low in Singapore since 1980s unstable, external shocks 390–91

inflation, mean-shifts from policy regime transitions, Australia 54

inflation persistence 434–6, 551

Australia 47, 53–4, 83, 92

Hong Kong link with United States 166

India 194, 211

Japan 239, 246, 250

literature review 548–52

New Zealand 329

Philippines 366–7

Singapore 399

South Korea 294–5

Thailand 472–3

United States 510

inflation real interest rate, real exchange rate and real output 136, 211, 298–303, 332–40, 404–10, 439–43, 515–18

four variables 567–71

Japan 253–8

significant interrelations among 374

Thailand 475–82

inflation targeting 25, 27–30, 32, 203, 550–51

after 1982, 502–3

Australia 46, 48, 49, 83, 84

developing countries 17–19

in inflation volatility 26–7

India 228

Japan 245, 268

New Zealand 318, 319, 324

Philippines 353, 354, 361, 368

Singapore 391

South Korea 275, 303, 311–12

Sri Lankan question 425

Thailand 467, 483, 490

United States 1951–70, 501

inflation target setting in consultation with government, South Korea 286

inflation uncertainty 1, 59

Australia 83

inflation volatility 249–50, 292–4, 365–6, 509, 572

Asia-Pacific 16
Australia 55, 84
bidirectional relationship 58–63
negative effect on money-demand,
Latin America 565
output volatility 11
quarter-on-quarter, in New Zealand
329
Singapore 399
Sri Lanka 433
Thailand 472
inflation volatility and controls over
interest rates and exchange rates
576
inflation volatility and economic
growth
causal linkage, Australia 26, 32–3,
52–4, 63, 128–9, 168, 173
inflation volatility and money demand
561–6
inflation volatility and output volatility
557
inflation volatility decrease in Sri
Lanka
from mid 1990s, to mid 2000s 439
inflation volatility, Hong Kong 164,
178
inflation volatility in movement of
capital, Singapore 390
inflation volatility, not innocuous 257
inflows of foreign capital, major effects
205
problems for Indian monetary
management 205
information and communication
technologies (ICT) 238
information indicators
to review monetary policy settings
75
instability in the Phillips curve
relationship
R.E. Lucas (1972) 582
institutional arrangements
exchange rate regime, India 197
instrument of required reserves
managing domestic liquidity, China
124
insurance sector of Singapore,
profitable 392
interbank overnight rate (‘actual’) 73–4
Australia, 1993–2013, 74
interest rate 4, 25
adjustment under a money-growth
rule 593–5
control, Sri Lanka 428
controls, PBC control of interest
rates 123
effect exchange rates, import prices
76
instrument of monetary policy 7, 8,
9, 26
money demand function role 5–7
movements, manipulation to get
inflation out of the economy
502
parity condition Singapore 395
response function under inflation
targeting 95–8
rise, raising credit risk 290
rule, price level indeterminate 10
Sri Lanka 453–4
interest rates 167, 251–3, 399–404
China and the United States, 1980–
2012, 133
effect on general saving, investment
behaviour 76
effect on spending behaviour of
households, supply of credit,
exchange rates 76
flexibility in India 227
interest rates and exchange rates, New
Zealand
nominal and Treasury bill rates of
NZ and US 331
required and excess reserves 123
international best-practice standards,
Singapore 393
international capital, China 124
international commodity price
movements 319
international confidence, in exchange
rate stability 24
international developments
Reserve Bank of Australia (RBA)
75
International Monetary Fund (IMF)
publications
Articles of Agreement 466
Australia in good position 81
stabilization measures for Thailand
458
international silver standard
Hong Kong SAR off in 1935, 160
interrelation among inflation, real
interest rate (RIR), real exchange
rate (RER), and real GDP growth
570
interrelations among four variables in
SVAR model, New Zealand 337
interventionist policy stance in
economic affairs
Philippine government 363
investment-export boom
sustained economic growth in Asia
81
Islamic banking and finance
promotion
Singapore 394
IS-LM-BP model and adjustment
shocks 534
Japan 231
7000 islands off east coast of China
first Asian country gaining status of
developed country
four ‘Asian Tigers’ South Korea,
Taiwan, Hong Kong, Singapore
356
impressive economic progress, 1960s
to 1980s 232
leadership role in Asia 231
low and negative rates of inflation
economic stagnation 59
major investor in East Asia 233
real exchange rate, sharp
depreciation raising trade
surplus with US 237
recession since early 1990s, long and
severe 247
stock and land prices high, 1980s
decline 1990s 243
Japanese currency depreciation to
slow economic recovery in East-
Southeast Asia 237
deflation, throughout 1990s 536
earthquake of 2010, 491
economy, tentative recovery in early
2000s 248
ethnic homogeneity, ageing
population 233
government bonds purchase 244
occupation of Singapore, 1942,
British repossession, 1945, 387
products overpricing 269
recession in early 1990s 234
society, homogeneous, socially
conservative, cohesive 231
Japanese-style deflation, US prevention
504–5
Johansen approach 100–103
Johansen tests for cointegral
real narrow money-demand
relationships in Australia 101–2
Keating, Paul, Prime Minister,
Australia 71
key monetary policy issue in South
Korea
volatility of real exchange rate, real
interest rate 298
Keynesian economists 1, 539–40, 562
fiscal policy 46
prescription of monetary policy 13
Keynesian orthodoxy 71
Keynesian prescription, monetary
policy 46
Korean War (1950–53), commodity
boom 51
KPSS (Kwiatkowski, Phillips, Schmidt
and Shin) test
null hypothesis 54
KSS (Kapetianos, Shin and Snell) test
null of a unit root rejection 54,
554–5
labour-and resource-intensive exports
South Korean exports 279
labour-intensive exportable products
of Japan
high demand in Europe and North
America 234
labour-intensive product
Japan’s, in Europe and North
America 246
rapid export growth South Korea
280
labour market reform, Japan 233
Labour Party in New Zealand
financial reforms, 1984–85, 326
lag effects of monetary policy 593
land and real estate values, decline in Japan 248
land mass, forested mountains, Japan 231
large-scale capital inflows, 292, 491
Latin America, 1960s and 1970s, higher inflation rates 14
law of PRC on PBC, functions and responsibilities 116–17
Lee Kuan Yew, 1959 to 1989 leader of Singapore
compulsory national service for all able-bodied men 388
economic and social progress since 1960s 388
legal powers of PBC, instruments of credit control 124
legal structure of Central Bank of Sri Lanka 428
Lehman Brothers, collapse, 2008, 81
lender-of-last-resort service (LLR), United States 497
lending operations of China’s banks 115
liberal financial environment, Thailand, 1990s
problems in overheated economy 472
Liberal Party and National Party, Australia
government from 1949–72, 47
lifetime employment in Japan 233
Linked Exchange Rate System Hong Kong 161
exchange rate stability 159
outside government control 157
refining of 164
vulnerability to economic shocks 177
Liquidity Adjustment Facility (LAF) 203
liquidity maintenance in New Zealand 321
livestock epidemic, supply shock 324
loans, non-performing, Japan 248
long-run neutrality of money 1
long-term interest rates
under upward pressure, South Korea 289
long-term output growth reduced 9–10
low asset prices in Japan
low average inflation in South Korea since financial crisis 275
low-growth, high-inflation economy to rapid-growth, low-inflation economy, Philippines, 2000s 383
low-inflation economy in India, 1950s and 1960s
high inflation 1970s, 1980s 206
highly volatile problem since 1950s 193
low-inflationary environment, Japan 238
low wage rates, China
manufacturing sector, unskilled workers 112–13
McCallum rule
monetary policy, growth rate of money base 598–9
macroeconomic development and inflation performance 506–14
China 125–32
Hong Kong SAR 161, 164
India 206–10
Japan 246–53
New Zealand 326
Philippines 362–8
Singapore 398–404
South Korea 291–8
Thailand 468–75
Sri Lanka 430–39
macroeconomic environment in Australia
change, 1970s 65
macroeconomic imbalances in late 1960s, Sri Lanka
OPEC oil price shocks 430
macroeconomic indicators
Hong Kong, 1969–2012, 162–3
Japan, 1950–2012, 235–6
New Zealand, 1951–2012, 327–8
Philippines, 1950–2012, 359–60
Singapore, 1951–2012, 400–401
South Korea, 1951–2012, 276–277
Sri Lanka 431
Thailand, 1961–2012, 469–70
United States, 1951–2012, 507–8
macroeconomic indicators, India, 1950–2012, 207–8
macroeconomic management
Australia 45
New Zealand, difficulty for four decades 319
Philippines, leading role 354
macroeconomic measurement in Hong Kong SAR
‘Linked Exchange rate System’ 156
macroeconomic performance
1986–2013, Australia 77–81
macroeconomic performance of New Zealand
mediocre after inflation targeting 348
sharp deterioration 1970s 344
macroeconomic policy package, China
monetary policy before reform 119
macroeconomic populism culture in Indian politics 204
macroeconomic stability, China 129
major exports of Singapore
electronics, chemicals, engineering, biomedical products 389
Malaya Islamic Bank (May Bank Singapore)
other financial institutions, sales of Islamic products 394
managed exchange rate regimes
Australia, late 1940s to mid 1970s 64
managed float exchange rate systems 21
Philippines 354, 364, 383–4
Marcos government overthrow by ‘people-power’ revolution, Philippines 363
Market Average Exchange rate system, new, in South Korea 285
market-based capital controls 35
for stability of exchange rate, South Korea 312
market-determined interest rate
key monetary policy instrument 114
‘market-determined unified exchange rate’ regime
Indian government 197
market-driven outward-oriented model of development
India’s ‘look East policy’ 193
market-oriented sectors in China 114
means and variances of inflation in Hong Kong and the US 1980, 166
medium-term fiscal planning and consolidation
IMF framework, South Korea 278
Meiji restoration of 1868, Japan
Japanese economy foundations 232
Menzies, Robert, Prime Minister of Australia (1949–66)
Coalition government 47
mercantile trade in Hong Kong’s economic structure, dominance 155
military regimes in Thailand 456
mining boom, Australia 77, 81, 84
Ministry of Finance, Japan
loss of right to dismiss senior officials of BOJ 240
some control over BOJ’s budget items 240
modern infrastructure of Japan
destruction in World War II 232
money-growth targets, China 129
monetarism 2, 4, 10
monetary activism
end of, India, as an anchor to price 202
financial crises in world, since 1990s 601
importance of 25, 7, 17
intermediate target to control inflation, US 501–2
price stability 7
role of, in monetary policy of transmissions mechanisms under inflation targeting 303
monetary and exchange rate policy issues 177–85
India 220–27
Japan 258–67
New Zealand 340
Philippines 375–83
Singapore 410–16
South Korea 303–10
Sri Lanka 443–9
Thailand 483–6
United States 518
monetary authority (HKMA) Hong Kong SAR
banking functions 158–60
Monetary Authority of Singapore (MAS) 392, 394–5
Monetary Board Philippines has powers and functions of BSP 355–6
monetary contraction, BOJ 244
monetary control, loosening, China 125
monetary expansion 2
  effect 9–10
  in early 1970s, Australia 68
  in Japan, undermining of BOJ policy credibility 237
Monetary Law Act
  unanimous Board decisions in six – circumstances 427–8
monetary macroeconomics 1, 537
monetary measures, expansionary not contractionary 13
monetary operations of BOK in three ways 289
monetary policy transmission mechanisms in the Philippines 362
monetary policy 3, 7, 545–6
  1983–85 Treasury-conducted monetary targeting 91
Asia-Pacific, changing behaviour 16–19
  and the business cycle 2
  buffering unemployment 556–7
China overview 148
  for price stability 142
  conducted by BSP in IMF financial programming framework 357
credibility, low 12–13
current account balances and macroeconomic adjustment in US 533–6
deflationary environment 27
design and implementation, New Zealand inflation targeting 323–4
developing countries, promoting economic growth 14–19
economic stabilization 582
evolution 118–24
exchange rate policy, fiscal discipline of Singapore appeal across the globe 389
Hong Kong SAR, description 161
independence, reduction, China 133
India
  economic growth and stability 193
  evolution of framework 196–7
  managed float, capital controls, state banks 209
  strategy for price stability 195
  in transition 205–6
inflation in Australia 46–9
inflation targeting, New Zealand 317
instrument amendment, South Korea inflation target 287
Japan 238
  change since mid 1970s 242
  during high growth phase 241–2
  historical perspective 267
  restrictive until mid 2000s 267
  need to focus on long-run price stability 537
neglect 1983–93, 70–71
New Zealand
  role of providing cheap credit, 316
  structural change since inflation targeting in 1990, 326
Monetary Policy Committee (MPC) 460
China, macroeconomic management of PBC role 116
South Korea 282–3
Thailand objective to achieve financial stability 461
United States 30
monetary policy regime
  1976–83 Treasury-conducted monetary targeting 91
  1985–88 Treasury-conducted ‘checklist’ approach 91
  1988–93 Treasury-conducted non-checklist (unfettered) discretionary monetary policy 91
  1993 to date RBA-conducted rule-based monetary policy 91
Pre-1976 Treasury-conducted exchange rate targeting 91
monetary policy regimes since 1983, 70–81
monetary policy report from BOK to Congress every year 288
monetary policy research in Japan 232
monetary policy stance in Japan 1970–2012, 247, 268
money-growth rule 29, 32, 594
and related issues 590–91
under flexible exchange rate regime,
China 151
money-growth shock and the dynamic
adjustment of the economy 580
money impact on output
John Maynard Keynes General
Theory 578
money-market rate and the federal
funds rate 474–5
money-market rate in Thailand and the
Federal funds rate in the United
States 1977–2010, 477
money markets for government
securities, India 194
money-market tools, Singapore 396
money, output and prices, relationships
among 143, 148, 178, 181–2, 308–10, 486, 578–9
India, cointegral relationship 221
money, role of, in monetary policy 25
money stock 573–4
money supply
demand determined, not market
determined 340
growth and inflation 6
growth linkage with inflation 259
weak in New Zealand after
inflation targeting 350
moral hazard problems, Thailand 28, 472
mortgage interest rates 505
MPC of the Bank of Korea
base interest setting monthly 288
microeconomic indicators, China,
1953–2012, 126–7
multinational corporations operating
in Singapore, 7000 389
multiple exchange rate system, China
120
multiple-indicator approach to
monetary policy, India 202–5, 204
objectives of 203

Napoleonic wars
money-induced financial crises 590
narrow and broad money-growth rates
in China 1953–2012, 130
Japan, sharp fall since mid 2000s 244
narrow money-demand function
Hong Kong SAR, stability of 185
Japan 260
lowering 308
targeting 129
nationalist Chinese forces of General
Chiang Kai-Shek, 1949 victory of
Hong Kong 155
nationalization of banks
repressive financial environment,
South Korea 279
National People’s Congress, China 116
National Treasury of South Korea 282
‘natural rate of unemployment’
Milton Friedman (1968) 549
natural resources of Hong Kong,
limited 155
near unit root test result
shock-induced higher inflation rate 54
negative interest rate target 29
negative real interest rates 206
net exports
decreasing function of real exchange
rate (RER) 567–9
increasing function of foreign
income 567–9
New Central Bank Act, Philippines
price stability for monetary policy 355
New Classicism 12
private sector efficiency 10
‘New Economy’ argument 237
New Federation of Malaysia
Singapore expelled, 1965, 387–8
New Keynesian paradigm 549
New Zealand, developed country 315
birthplace of inflation targeting, 1990, 316
currency floating, the NZ dollar
(NZD), 1985, 319
decline in economic standing in
Australasian region 315
dollar floated, March 1985
deregulation of interest rates
and capital flows 322
economic expansion 329
high demand for its agricultural
products mainly from UK and
US 315
high inflation to mid 1990s 332
high interest rate policy competition in housing market 329
inflation targeting 72
membership in major international organizations 315
one of richest countries in world, 1950s and 1960s 344
population of largely European ethnicity indigenous Maori population 315
pride in being birthplace of A.W. Phillips discoverer of Phillips curve relation 315–16
sixth highest per capita income in world in 1959s and 1960s 315
small open economy in Southwestern Pacific Ocean 315
small, trade-oriented developed country 344
non-tradable goods price, sharp rise, Thailand 458
nominal exchange rate, real exchange rate 564
nominal and real effective exchange rates in India, 1970–2010, 212
New Zealand dollar 335
Philippines, 1975–2010, 371
South Korea, 1980–2010, 298
Thailand, 1980–2010, 478
nominal and real Treasury Bill Rates in the Philippines and the United States 367
nominal effective exchange rate (NEER) Singapore, instrument of monetary policy 395
nominal exchange rate relation with inflation, Singapore bidirectional relationship 390
nominal interest rate 28, 563
Japan 267
pegging 3, 5
raising, Australia 69
non-borrowed reserves US 502
non-linearity in inflation 554–5
non-resident Indians, bank deposits 200
nonstationary endogenous variables 100
non-tradable goods sector Hong Kong SAR 185
North Korea, China-backed invasion and subjugation attempts on US-backed South Korea 284
note-issuing mechanism, change in Hong Kong SAR 160–61
objectives and strategies of monetary policy 499–500
objectives of monetary policy, in developing countries 30–32
official interest rate, Reserve Bank of Australia (RBA) 75
offshore borrowings, Indian government control 201
offshore RMB business, Hong Kong SAR 159
offshore trading of rupee, prohibition 201
oil price shocks (OPEC), 1970s 4, 48
Okun’s law (1971) 556
oligarchic warlords in India 191
OLS estimation technique, money demand function 143
OPEC oil price shocks (OPEC), 1970s 68, 465–6
effect on Australia 68
effect on Sri Lanka 449
Japan 242, 247
recession in Western economies 234
South Korean switch to price stability 286
open-economy in Sri Lanka 425
open-economy money-demand function New Zealand specification 341
open-economy real exchange rate parity condition 215
New Zealand 337
open economy with freely mobile capital exchange rate impact 564
open-market operations, monetary policy 203
China, 1993 123
South Korea 288–9
Sri Lanka 433
open trade and investment regime in Singapore 389
opportunistically, politically motivated Cukierman-Meltzer hypothesis, 1986, 59
opportunity cost variables 260
Organizational Structure of the State Council, China 116
Organization of Economic Cooperation and Development (OECD), recession of 68
Organization of the Petroleum Exporting Countries (OPEC) 4
output growth, inflation 174
output volatility New Zealand 324
Overseas Investment Commission, New Zealand 320
overview of monetary policy in the United States since the 1950s 526

Pacific Ring of Fire earthquakes, tsunami, volcanic eruptions 231
the Philippines 352
partition of the Korean Peninsula post World War II 274
lending operations 115
peak of India’s annual growth rate, mid 2005, 191
peg exchange rate system 1950s, through late 1990s 18
and monetary targeting, 1976–85, 63–70
Australia 54
China, domination by US dollar 148
India exchange rate of rupee as anchor to prices 201, 202
Singapore 391
South Korea, pegging of baht to a world major currency until 1997, 461
Thailand 490
pegged exchange with US dollar, de facto, 1950s to 1970s 284
People’s Bank of China (PBC) 114
central bank of China, 1983, 116–18
maintenance of price stability 113
reports to State Council for approval 118

People’s Congress of China legal status to China’s central bank, 1995, 116
People’s Republic of China (PRC) reclaim of sovereignty of Hong Kong, from British, 1997
foreign exchange constraint, Hong Kong 161
Philippines, formerly Republic of the Philippines 1996–97
archipelago in Southeast Asia, 7000 islands 352
credit-led economic boom 357
European-influenced institutions whether there is a stable English and Spanish and local languages 352
improvement in economic performance since early 2000s 364
liberalization of capital account balance-of-payments to encourage foreign-capital inflows 358
major economy in Southeast Asia 352
managed float exchange rate system Bangko Sentral ng Pilipinas (BSP) central bank 353
market economy from 1990s, crisis management 356
money-demand function 376
US key role in economic, social and political affairs 352
Phillips curve relationship 315, 316, 556–7
inflation and unemployment 59
Keynesian economics 542–3
Phillips curve theory 527
Phillips curve type models of Calvo (1983) 548
plant and equipment, high corporate investment in, Japan post-World War II economy 246
policy activism, monetary discretion 600
policy credibility, central bank lack 26–7
policy-formulation process, streamlining 15–16
<table>
<thead>
<tr>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>627</td>
</tr>
</tbody>
</table>

- policy-induced inflation 17
- volatility 33
- policy ineffectiveness proposition 582–3
- policy measures for poor and vulnerable
  - Hong Kong SAR 158
- policy target, New Zealand Agreement RBNZ Act 1989, Agreement target 323
- Policy Targets Agreement (PTA) 323
- definition of price stability, New Zealand 317
- political change in New Zealand in 1984, 344
- political economy of economic stabilization 11–13
- political instability and polarization 45
  - India 209
  - Iraqi invasion of Kuwait 209
  - Philippines, impediment to land reform programme 363
  - Thailand 491
- political leaders of Japan and BOJ’s views
  - economic stagnation and deflation 245–6
- political motivation of monetary policy ‘surprises’ 11
- political stability at cost of political freedom
  - Singapore 389
- political stability in Australia 45
- political upheaval of South Korea, twentieth century 274
- politicization of RBI during 1970s 197
- population density in Sri Lanka, low 423
- population density of South Korea, one of highest in world 274
- population of Singapore, 3.3 million 387
- portfolio approach to holding money 562
- portfolio investment permission in government securities and Treasury bills, since 1997 India 200
- post-industrial economy in United States dominant in manufacturing 494
- post-World War II economic history of Japan 231
- post-World War II monetary policy in Australia 63
- pound sterling abandonment as anchor currency for India, September 1975, 197
- poverty and socio-economic inequality, India 190
- regulation-repressed 190
- powers of the RBNZ 320
- presidential democracy, South Korea hardest hit by East Southeast financial crisis, 1997–98 274
- price flexibility and wage flexibility
  - Hong Kong SAR 156
- price level decline in Japan, decrease in Output 238
- price level equation 308
- price-setting behaviour of firms 83
- price stability 2, 14, 15, 18, 31, 34, 71, 92–5, 113, 119, 317, 537
  - below growth and employment macroeconomic policy 46
  - central bank’s objective 23
  - China 122
  - by monetary policy 148
  - definition for US monetary policy 519
  - exchange rate stability, Thailand 461
  - Hong Kong SAR 157
  - not ensured by pegged exchange rate system 186
  - Japan 240, 268
  - low and stable inflation 396
  - monetary targeting for 561
  - New Zealand economic objective of government 323
  - objective of monetary policy 2, 9, 19–20
  - Philippines 355
  - primary objective of monetary policy 529
  - pursuit, BOJ Law 1998, 240
  - Singapore 399
  - social dimension, India 194
  - Sri Lanka, primary objective of monetary policy 425
- United States 499
price-stickiness, in Keynesian models of monetary non-neutrality
Prices and Incomes Accord
with Australian Council of Trade Unions (ACTU)
prices of goods and services
primary targets
prices and quantities of goods, services, assets, China
private consumption demand, weak in Japan
prices of goods and services, China
private housing increasing availability, China
preparatory savings
productive land, scarce in Japan
promotion of capital-intensive industries, Philippines
protectionist policies
import-substituting and export-oriented industries
public debt, budget deficits, massive in Japan
‘pull factor’ for India, economic growth of other East-Southeast Asian countries
purchasing power parity (PPP) condition
traded prices
purchasing power parity (PPP) measure
Japan, world’s third largest economy by gross GDP
purchasing power parity (PPP) proposition, Australia
quantitative-easing policy, BOJ
Quarter-on-quarter CPI inflation in
Australia
Hong Kong
India, 1958, 210
Japan, 1958–2012, 249
New Zealand, 1958–2012, 330
Philippines, 1958–2012, 365
Singapore, 1962–2012, 402, 403
Sri Lanka, 1977–2012, 434
Thailand, 1966–2012, 473
quarter-on-quarter CPI inflation in
South Korea 1971–2012, 293
rapid growth of Chinese economy from mid 1960s
rapid monetization of the Indian economy since 1960s
rate of CPI inflation, Australia, 1950 to 2012, 51
rate of inflation influence on real interest rate and real exchange rate
variables
rate of inflation, expected determinant of money-demand
rate of inflation, Thailand
rational expectations proposition
mainstream macroeconomics
real appreciation of currency
real broad money balances (LRBM)
real call money rate in India, 1950–2010, 211
real call rate of interest in India and the real Treasure bill rate in the United States, 1950–2010, 213
real deposit rate of interest
real deposit rate of interest and real lending rate of interest in Japan, 1956–2010, 253
real deposit rate of interest, South Korea volatility, 1969–2012, 295–7
real effective change rate of rupee, 1970–2010, 210
real effective exchange rate 138–42
South Korea, 1980–2010, 298
United States, 1975–2010, 514
volatility
real exchange rate 9, 24–5, 174, 215, 257
China 121, 136
New Zealand, instability 319, 337
Singapore 391
South Korea, stability, 1980s, 1990s 291, 299
real exchange rate and volatility influence on trade and capital flows, Singapore
real exchange rate appreciation trade and capital flows
real exchange rate parity condition
Singapore 395
Thailand 481
real exchange rate, volatile 33
real Federal funds rate in the US, 1959–2012, 514
real financing bill rate and real Treasury bill rate in the United States 252
real income as core determinant of narrow money-demand in South Korea 304
real income in New Zealand core determinant of broad money demand 341
real interest rate (RIR) 8, 24, 28, 139, 174, 215
China 136
high volatility in Japan 251
highly volatile 13
Hong Kong and the US, on deposits and increase, investment raising 441
inflation 174
low or negative in Japan, 1970s 267
positive relation with inflation rate 95
reaction function 96
South Korea 289, 299
Treasury bills in Hong Kong, in the real Federal funds in the US 171
volatile 33
real lending rate of interest, capital flight 257
real loan rate of interest, variables 76
real money growth and output growth 541–2
real money-market rate in Thailand and the real Federal funds rate in the US, 1977–2010, 477
real narrow money balances (LRNM) 99, 100
real output 138–42, 567
supply shocks 575
real output growth and unemployment rate (Okun’s Law) (1971) 541
real sector shocks, China 113
real share price index in Japan 269
real shocks 11
real time deposit rate of interest (RTDR) in South Korea, 1969–2010, 297
real Treasury bill rate in New Zealand and in the United States, 1978–2020, 334
real Treasury bill rates, Sri Lanka 436
real interest rate parity 436
real value of tax revenues 139
real variables, output, employment, real interest rates, real exchange rates 2
recession in Japan, position of Bank of Japan 241
recursive coefficient estimates, Australia 94
recursive estimates of the coefficient on the one-period lagged rate of CPI inflation in Australia 1949, 93
China 135
Hong Kong 167, 182
India 214
Japan 250
New Zealand 331
Philippines 367
Singapore 403
South Korea 294
Sri Lanka 435
Thailand 474
United States 511
reform agenda for India 1991
foreign trade, banking, exchange rate policy financial account transactions 191
reform measure, structures in Sri Lanka, 1987–90
rupee floated 2001, 432–3
reform processing 1990s, Sri Lanka 450–51
regulated interest rates and credit allocations, India 209
regulation of paper money 590
regulatory policies, repressive in India controls of bank credit 193
relationship between the rates of inflation and unemployment in the US, 1975–2010, 528
relationships among money, output and prices 264–7, 379–82, 416, 520–26
New Zealand 344
relative price distortions or stability 54, 59
Report of the Committee to Review the Working of the Monetary System, India 201
Republican Presidency of George Bush monetary policy goals 505
Reserve Bank Board, Australia monetary and banking policy 49
monetary policy decisions 73–4
Reserve Bank of Australia (RBA) conduct of monetary policy 49
inflation targets 72–3
major policy implications 83–4
monetary policy 49–50
objectives of monetary policy 50
organization and activities 320–21
secondary full-employment target 83
Reserve Bank of India (RBI) direct policy instruments
holdings of non-marketable treasury bills 194
interest rate regulations, selective credit controls, cash reserve ratio, liquidity reserve ratio 203
‘monetary targeting with feedback’, 1985, 201
monetarist view on inflation till 1991, 201
Reserve Bank of New Zealand (RBNZ) 317
central banking functions 320–21
economic stabilization, by deployment of monetary policy instruments 318
linkages between money growth and inflation 34–5
short-term market interest rates 324–5
Reserve Bank of New Zealand (RBNZ) Act 1989 72
price stability as single goal of monetary policy 317, 322
redefinition of monetary policy’s role (price stability) 348
reserve requirements
foreign currency purchase operations 123
residual graph of the real cash rate response function in Australia, 1990–2012, 97
resilient economy in South Korea
IMF complimentary 278
resource-based, oil-exporting economies
Gulf region, high volatility inflation 25
resource misallocation (efficiency costs)
inflation costly 9, 14
restrictions on foreign investment in India at state and local levels 198, 200
Ricardo, David, nineteenth century economist 590
rise in inflation result 58, 408
risk management, in monetary policy 26–7
risk-taking on financial markets 28
risk underestimation of asset managers 28
RMB (renminbi) currency of choice for international transaction, China 120
pegging to US dollar 121
role of money in monetary policy, 1990s 25
role of money in New Zealand under inflation targeting 349
role of money, downgrading 19
rolling sample estimates of the coefficient on the one-period lagged rate of CPI inflation in Australia 1949, 94
China 136
Hong Kong 168
India 215
Japan 251
New Zealand 332
Philippines 368–75
Singapore 404
South Korea 295
Sri Lanka 436
Thailand 475
United States 512
Roman Catholic population, varied ethnicity
a political democracy Muslim autonomy in some islands 352
routine official interventions in foreign exchange market, end of, India 204
rule-based monetary policy 30, 32, 63, 600–601
Australia 77
China 150
India 205
major issue for Japan 259
such as inflation targeting, US 503
United States 496
rule-based, price-stabilizing monetary policy
developing countries 15
rupee convertible for current account transactions in 1994, 198
rupee pegged to US dollar until 1991, 197
rupee, Sri Lankan currency unit 428
rural-urban transfer of workers, China 113
Russia (Soviet Union) long historic ties with India
influence on India 191
Schwarz Bayesian Criterion (SBC) 63
Securities and Exchange Board, India 194
Securities Industry Act 1973, Singapore 395
self-sufficiency idea in India 191
seller concentration, Japan 241
seniority-based career advancement, Japan 233
service-oriented economy n Hong Kong SAR
tourism, retail trade, financial services 164
service-oriented market economy, Hong Kong SAR 158
services sector in Japan, three quarters of GDP 233
shareholders’ equity raising 248
sharp depreciation of the yen in Japan policy problem 269
shocks originating from external sources
monetary policy in New Zealand, ineffective 349
short-run adjustment of the economy 543–5
short-run causality 1
short-term interest rate 84, 325
demand management, India 203
instrument of monetary policy BOJ 243
New Zealand 340
short-term price rigidities 75
simple vector autoregressive analysis (VAR) 76
Singapore
collaboration with Islamic financial institutions across world 394
consolidation of local banks 393
deep and liquid fixed-income and equity markets 393
development of bond markets 393–4
dominant ethnic groups, Chinese, Malay and Indian 387
dominant religions, Buddhist, Christian, Muslim, Tao, ‘secularism’ 387
economic success story 416–20
economy, small and open exchange rate for price stability 396
ethnic and religious relations with Muslim-majority neighbours 388
exchange rate policy, monetary policy 396
‘financial hub’ of world 389–90
full political Independence in 1963
rapid economic growth, low inflation healthy balance-of-payments 416–20
internationalization of Singapore dollar, liberation of restrictions 393
locational advantages, between Malaysia and Indonesia 388
multi-ethnic, multi-religious population 387
official languages, Mandarin, English, Malay and Tamil 387
The evolution of central banking and monetary policy in the Asia-Pacific

political and strategic importance
World War II, British stronghold in Southeast Asia till 1942, 387
prominent international port and trade centre 387
promotion of asset management industry 393
quasi-market economy, strong government 389
recession 1985, policy response 398
self-governance, 1959, Lee Kuan Yew, PM 387, 389
small city-state, 63 islands 387
status as international financial centre 393
strategic relations with Western countries, bone of contention in Southeast Asian diplomacy 388
Singapore Stock Exchange first Islamic index (Lion 30), shariah compliant 394
Sinhalese-Buddhists in Sri Lanka Tamils, Muslims, Burghers-Christians 423
Smith, Adam, Wealth of Nations (1776) 590
social and political leadership, consensus-oriented
Japan 233
‘Socialist Market Economy’, economic reforms 119
socialist policy framework, Sri Lanka, social welfare policies 430
socio-political objectives as targets 197
sources of inflation, Australia
excessive wage growth, 1950s to 1980s 55
South Korea adverse effect of US-global financial crisis of 2008–09, 297
close relations with IMF, standby credit agreement with 285–6
dependence on imports of raw materials protectionist policies late 1960s, and 1970s 279
economy, major structural change 311
endowment of natural resources, limited 278
export-oriented development strategy 279
financial reforms in 1980s 311
independence after Japanese defeat in World War II 274
inflation targeting strategy for price stability 288
joining of OECD in 1996, 274
new products, consumer electronics, electrical machinery, household appliances, transport equipment 279
one of major economies of East Asia 274
one of poorest country in Asia until 1950s
significant structural change 278
repression by Japanese colonial regime, then war with North Korea, 1950–53, 274
Soviet Union breakdown in 1980s
Indian industrialization policy 190
move for India away from industrialization strategy 192
Soviet Union model domination of centrally planned growth and development, India 190
Spanish-American War (1898), Philippines 352
special lending schemes and window guidance
external financing in China, bank loans 123–4
Sri Lanka 1948, commodity-oriented economy tea, rubber, coconut products 424
fourth largest economy in South Asia economic and social progress 449
immigrants from Asia in Europe for three thousand years 429
increase in manufacturing output 425
major economic transition from civil war-torn economy to rapid economic growth 452
Index

multi-ethnic, multi-religious country 423
per capita income, middle-income country since mid-1990s 423
stringent trade and exchange controls 424
westerly ‘headland’ of Bay of Bengal European colonial possession from sixteenth century 423
‘stability of a currency’s value’, price stability 117
stability tests
narrow money-demand function, more stable than broad money-demand function 178
stabilization policy, case against 590–91
stabilization strategy, New Zealand followed Keynesian paradigm 315
stable real exchange rate for competitiveness 185
stagflation 68
1970s, Australia 70
New Zealand, economic reforms under centre-left Labour government 317
standards of living fall in Japan 267
standing facilities, PBC, two for commercial banks 122–3
state banks and Indian banking system inefficiency 227
state banks dominant in Indian banking 194
State Council, South Korea policy deliberation body of government 283
state-owned banks, inefficient, China non-performing loans 115
state-owned businesses and enterprises privatization 45
state ownership of the banking system unresolved in India 205
states with separate legislative and administrative bodies United States 494
statutory liquidity requirement ratio phased reduction in, India 204
‘sterilization bonds’, China 123
Sterling Exchange Standard
currency board system variant of 160
stock market changes in India share pricing liberalization 194
strict inflation targeting (price stability) 550
structural change in India’s economy powering of poverty 191
structural reform, New Zealand 319–20
Japan, variables 254
New Zealand 336
Sri Lanka 439–43
Thailand 478
structuralist tradition, moderate rate of inflation 193
supply shocks 27, 31
effect on inflation 4
India, pegged exchange rate system 192
inflation volatility 575–7
surplus labour, massive pool, China 112
sustained current account deficits in US main factors 533
sustained expansionary monetary policy of US matter of concern across the globe 527
sustained inflation volatility 33
SVAR model for money, output and prices 585–7
identification and estimation 587–9
targeted and actual growth rates of monetary aggregates in China, 1994–2011, 131
target growth rate, for employment generation 117–18
tax advantage removal from holding foreign currency deposits 161
Taylor curve 11, 556–60
Taylor principle 8, 17, 25, 595–7, 599–600
for conduct of monetary policy 95
interest rate rule 590
The evolution of central banking and monetary policy in the Asia-Pacific

positive output gap 95–6
United States 504
technological innovation, Japan
lowering of relative prices of products 238
technological revolution benefit 237
technologies of macroeconomic management, advances
recommendations for less interventionist policy instruments 315
textiles, lumber, plywood, steel, metal products
South Korean exports 279
Thai currency, baht, pegged exchange rate system 457
Thai economy, decade-long boom, 1986–1995
exports growth, foreign-capital inflows from Japan, Taiwan, Hong Kong SAR 457
Thai economy, IMF-World Bank-supported structural adjustment programmes 462
Thai economy, non-oil producing effect of OPEC-induced global oil price shocks, 1970s 468
Thai economy, three major shocks, 2008–12
resilience under managed float exchange system 491
Thai financial system
heavy regulation and control historically 465
Thai floods of 2011, 491
Thai National Banking Bureau, 1940
operations 460
status of Ministry of Finance 460
Thailand, a constitutional monarchy 456
cultural influence from China and India 456
financial assistance from IMF location of early civilization, now multi-ethnic society 456
loss of confidence in baht 466
major industrializing economies in Southeast Asia 486
managed float exchange rate system 465
one of largest economies in Southeast Asia 456
population number 456
regional centre for trade, investment and finance 471
under Japanese occupation early in World War II 461
political instability recurrent 456
tools of open market operations in Japan 247
tourism, retail trade, financial services economy of Hong Kong 155
tradable products sector, Sri Lanka 432
trade and investment promotion 24
trade barriers high in India 205
trade liberalization measure, South Korea 281
trade-oriented economy, New Zealand exchange rate movements effect 325
trade protection barriers
tariff and non-tariff types 206
trade union militancy and industrial unrest 321
cost-push phenomenon, New Zealand 316
transitional (eclectic) monetary policy regime
Australia, 1985 to 1992–93, 64
transmission mechanisms of monetary policy 543–4
monetary policy under inflation targeting 75–6
Philippines 361–2
South Korea 291
Treasury bill rate in Hong Kong plotted against the Federal funds rate in the US, 1993, 170
Philippines and in the United States, 1976–2012, 370
Treasury bills 29
Treasury bills 182-day, Certificates of Deposit supporting monetary targeting, India 194, 202
Treasury bonds, reverse-repo operations, China 123
trend rate of inflation, small changes 83
two-pillar monetary system of European Central Bank (ECB) 287

unemployment in advanced countries 316
Australia, mid 1970s 69–70
Hong Kong 164
New Zealand, 10 per cent peak in 1991–92, 317
unemployment rate and trend decline in Australia 81
New Zealand 317
(Okun’s Law, 1971) 542
Phillips curve relationship 543
Reserve Bank of Australia (RBA) 75 rise in New Zealand until 1993, 329
unemployment reduction, real wages cutting 71
unified exchange rate system, Sri Lanka
devaluation of rupee 432
unified floating exchange rate system from 1965, 284
unit root and co-integration test results for the Federal funds rate in the US 172
unit root test
China, 1980–2012, 134, 137
CPI inflation in Sri Lanka 437
Hong Kong 169, 178
real output as nonstationary 174
India 216
money-demand relationship 260
Philippines 376
results 133–5, 341
testing for co-integration 221
Singapore 399, 405, 412
South Korea 295, 296

Sri Lanka 445
Thailand 483, 476
United States 520
unit root test results for CPI inflation
New Zealand 333
Philippines 369
United States 513
United States budget deficits since 1980s
dollar, reserve currency across the globe 495
floating of Hong Kong dollar, sharp depreciation of in 1979–83, 160
GDP generation by services sector 494
government debt accumulation 495
inflation, high and volatile 495
mini-recession and dot-com bust 533
monetary and fiscal policies high relevance to other countries 495
major influence n Singapore economy 410
monetary policy and the global financial crisis 504–6
Treasury bill rate 143
under gold standard system 527
United States, Germany, United Kingdom, Switzerland and Japan monetary targets to anchor inflationary expectations 68
multi-ethnic immigrant society diverse cultures and religions 494
third largest country by land area population density 494
world’s largest market-oriented economy highest per capita income in world 494

urbanization in China, rapid 113
US-global financial crisis, 2007–09, 30, 458, 491, 497
independence of central banks, diminishment, global 13
South Korean escape 275
Thailand affected by 459

variables
cash rate, nominal effective exchange rate 76
real effective exchange rate, real output 76
vector error-correction (VEC) modelling framework 267
New Zealand 344
velocity of money 5, 32, 539, 597
instability 4
short-run volatility of 5
stationary or trend-stationary 4
volatile exchange rate 34,50
volatile inflation 10–11
India 206, 227
volatility of both inflation and real output 558
volatility of Hongkongese inflation
influence on real interest rate, real exchange rate and growth of real output to early 1980s 185
volatility of inflation
Singapore 420
volatility of output, lower 558
voter aversion to increased taxes 11
wage freeze, six-month, Australia 69
wage-indexation (implicit or explicit) 83
wage-price model, Tobin 543
Wages and Income Accord
with Australian Council of Trade Unions (ACTU) 48
wages and incomes policy 70
wartime conditions in Japan 239
Whitlam government, Australian (1972–75)
loss of control over fiscal policy 68
Whitlam government dismissal, Australia, 1975, 48
‘work reports’ to Standing Committee of National People’s Congress, China
from People’s Bank of China 118
world commodities, sharp rise in 329
World War II 46
yen appreciation and depreciation 1987–89, 243
yen depreciation, Japan 243
pressure on Japanese government not to depreciate, US and IMF 237
yen pegging against US dollar, Japan 241
zero-bound interest rate 27–30
zero nominal interest rate, Taylor rule 29
Zivot-Andrews test
breakpoint test results 135
null of a unit root 54
for the unit root, Philippines 366