博士論文審査報告書

論文題目

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申請者

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学籍番号 4010S312-7

2016年 1月
1. Abstract of the Dissertation

Economic downturns put pressure on monetary policymakers to conduct countercyclical measures to stabilize output. To deal with such a problem, the timing of policy response is crucial. Unfortunately, literature on the speed of monetary policy response is scarce; thus, a widely agreed method to measure it or to determine what is defined as a “fast” monetary response has not yet been established. Furthermore, the potential contributions of fast monetary policy responses to mitigating recession severity has not yet been explored empirically. This thesis aims to fill the gap in the literature by examining quantitatively monetary policy responses in the past 390 recession episodes from 1964-2010 among 66 countries.

The author of the dissertation attempts to undertake the analysis in two steps. First, the author investigates whether and to what extent fast monetary actions are associated with shorter and shallower recessions. The author finds that a “fast” countercyclical monetary policy response is associated with shorter and shallower recessions. The author shows that this relationship holds even after controlling for other variables which are deemed to affect recession severity such as the fiscal policy response, financial crisis, the level of economic development and policy environment factors such as inflation targeting and exchange rate stability.

Second, the author examines what kind of macroeconomic factors or policy choices affect the implementation of a fast response. The author finds that policy choices such as financial openness, exchange rate stability, and inflation targeting as well as macroeconomic factors like large holdings of international reserves and external debt can affect the probability that policymakers will implement rapid countercyclical monetary policies.

2. Outline of the Dissertation and Summary of the Chapters

The chapter outline of the thesis is the following.

Chapter 1. Introduction
Chapter 2. Definition and Determination of the Monetary Policy Responsiveness
Chapter 3. Trends in Recessions Severity and Monetary Policy Responsiveness
Chapter 4. Recessions Severity and Monetary Policy Responsiveness
Chapter 5. Determinants of Rapid Monetary Actions
Chapter 6. Conclusion

Chapter 1 presents the background, motivations, and objectives of the study. The author recognizes the importance of the timing of countercyclical monetary policy responses, but the author finds that research on this issue is very scarce. The author undertakes this study in order to fill the gap. Specifically, the following two questions are addressed. First, are fast monetary actions associated with shallower and shorter recessions? Second, what kind of macroeconomic factors or policy choices affect the implementation of a fast response? The author also provides a review of related literature.

Chapter 2 proposes a definition of the speed of monetary policy response and the method of measuring it. The author defines the speed of monetary policy responses as the speed, in which monetary policy makers react to an economic downturn. To measure the
speed of monetary policy responsiveness, the author uses the short-term interest rate as an indicator. The author compares the timing of the actual countercyclical monetary response with the predicted timing, which is based on an estimation model to reflect preferences and past behavior of monetary policy makers. The monetary policy response is deemed as “fast (slow)” when the actual response is faster (slower) than a “typical” policy response (i.e., predicted timing).

Chapter 3 examines recession severity and monetary policy responses in industrialized countries, emerging market and non-emerging market developing countries to compare the frequency, depth, and duration of the recessions in these countries, and how responsive their policy makers were. The analysis reveals three stylized facts; (1) recessions in developing countries, both emerging and non-emerging market developing countries, are more frequent, deeper, and longer than those in industrialized countries, (2) developing countries are less likely to implement rapid monetary policy responses during a recession, and (3) rapid monetary policy responses are associated with shallower and shorter recessions.

Chapter 4 conducts an econometric analysis to examine whether recession severity can be mitigated with fast monetary responses while controlling for other factors, such as the level of economic development, the presence of a financial crisis, or the policy environment during the time of the recession. Specifically, the author conducts Tobit regressions, with the depth and length of recessions as the dependent variables and the variable for monetary policy responses as the main explanatory variable. The main findings are: (1) fast monetary policy response is associated with shallower and shorter recessions even after controlling for other factors, (2) these results hold whether the dependent variable is the speed of policy response or the timing of policy response.

Chapter 5 analyzes whether and to what extent certain macroeconomic conditions and policies could affect the response of monetary policymakers to a recession by undertaking an econometric analysis based on an ordered probit model. The author finds that macroeconomic conditions and policies affect the response of policy makers. In particular, the author shows that monetary authorities pursuing higher exchange rate stability are more likely to implement fast countercyclical policies. Monetary policymakers adopting inflation targeting regime also tend to be more responsive during economic downturns, so are policymakers in more open financial markets. Finally, the author shows that holding a large external debt can impede the implementation of a rapid countercyclical policy response.

Chapter 6 presents the conclusions and limitations of the study. Major conclusions are: (1) fast monetary responses tend to lead to shallower and shorter recession, (2) macroeconomic conditions and policies affect the responses of monetary policy makers. The author lists several possible areas of future research, which include (1) an analysis of the optimal timing of monetary policy response, (2) effects of monetary responsiveness in the recovery phase of a recession, (3) potential repercussions of aggressive monetary policy responses during a recession.

3. Discussions of Oral Defense Examination

The examination committee conducted the oral defense examination on December 16, 2015 after carefully reading the dissertation. The examination lasted approximately two hours. Main points of the deliberation are as follows. Most of the comments from the examiners are
suggestions rather than questions. The examinee responded to them by expressing her interest in adopting these suggestions in her future work.

**Presentation of the study/major findings**

Recognizing the originality of this study, all the examiners expressed an opinion that the author should stress the study’s originality in the dissertation. In this regard, the examinee may relate her discussions to the existing/past literature and explain/discuss why this issue has not been analyzed in the past. The examinee indicated her intention to stress the originality of the study when she prepares articles based on the study to submit to academic journals.

One of the interesting findings in the study is that no response is better than slow response in terms of recession duration. Examiners wondered the reason behind this finding. Regarding this finding and the method of evaluation of policy response, they brought up two important observations. One is the gains and losses in different time frameworks. Specifically, one may find that no response may be good in the short run whereas it may be harmful in the long run, and vice versa for slow response. Another important point is that government interventions may cause distortions. In that case, no response could be better than slow response. The examinee agreed to contemplate on this issue in the future.

**Research framework**

One examiner wondered if the analysis conducted in the study can be applied to the situation where the economy falls into the liquidity trap, as was the case for many developed countries in the past. The examinee replied that liquidity trap cases are not included in the analysis, although liquidity trap is an important and relevant issue.

One examiner questioned the validity of an assumption that the short-term interest rate represents the stance of monetary policy. The examinee responded by arguing that there is a strong correlation between the short-term interest rates and policy interest rates.

**Econometrics issues**

Several issues were raised concerning econometric methods used in the study. First, the possibility of endogeneity was pointed by all the examiners. In the study, monetary policy response was treated as an exogenous factor that can affect the recession amplitude (the depth and length of a recession), but reverse causality is also a possibility. Second, selection bias is likely to be an issue because the sample consists only of the countries that experienced recessions. Third, inclusion of country dummies may be considered because some countries appear multiple times in the sample. Country dummies should reflect time-invariant characteristics of the sample countries. The examinee responded to these comments and suggestions by acknowledging them and by indicating her intention to deal with them in the future.

4. **Evaluation and the Result of Examination**

The examiners find that this dissertation makes a number of important and interesting contributions to the research of countercyclical monetary policy. According to the examiners, the most important contribution of the study is its originality in that the dissertation takes up the issue, which has not been examined rigorously before. Specifically, the author of the dissertation/examinee examines the importance of the timing or speed of countercyclical monetary policy responses in dealing with the recession. Furthermore, the author identifies
the factors that affect the speed of countercyclical monetary responses. The major findings of the research are summarized in sections 1 and 2 of this report, and therefore, they are not repeated here. The examiners are of the opinion that many findings from this study, which were obtained by conducting rigorous econometric analyses, are not only very important contributions in the academic literature but also very useful for the policy makers/advisors. Having recognized these important contributions that the dissertation makes, the examiners identified several issues that should be explored in the future research. Some of these issues are pointed out and discussed in section 3.

Considering the results of careful assessment of the submitted dissertation, whose summary is presented in sections 1 and 2 of this report, the oral presentation of the dissertation, and subsequent discussions, Committee members came to a unanimous decision that Rico, Jacinta Bernadette, the author of the submitted dissertation, should be granted a Ph.D.
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2016年 1 月 25 日