

Search



Home > Evolutionary and Institutional Economics Review > Article

Financial structure, financial instability, and inflation targeting

| Article | Published: 09 February 2016

Volume 13, pages 23–36, (2016) Cite this article



Evolutionary and Institutional

Economics Review

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 92 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

- > Store and/or access information on a device
- Personalised advertising and content, advertising and content measurement, audience research and services development

Accept all cookies

Reject optional cookies

The results of this paper demonstrate that inflation targeting stabilizes an economy in both competitive and oligopolistic systems.

This is a preview of subscription content, log in via an institution [2] to check access.

Access this article

Log in via an institution \rightarrow

Subscribe and save

Springer+

from €37.37 /Month

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 92 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Personalised advertising and content, advertising and content measurement, audience research and services development

Accept all cookies

Reject optional cookies

Monetary policy games, financial instability and incomplete information

Article 25 April 2016

stable growth: a theoretic approach

Article Open access

17 July 2019

Introduction

Chapter © 2024

Explore related subjects

Discover the latest articles, books and news in related subjects, suggested using machine learning.

Asian Economics

Economic Psychology

Economics

Economic History

Financial Crises

Financial Economics

Notes

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 92 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Personalised advertising and content, advertising and content measurement, audience research and services development

Accept all cookies

Reject optional cookies

Ninomiya (2007a) formulated a macrodynamic model that incorporates dynamic equations debt burden and inflation. The "lender's risk" of commercial banks has an important role in his model. However, he did not examine the effect of monetary policy. Ninomiya and Sanyal (2009) examined the effect of the inflation-targeting policy. However, they did not consider the financial structure.

- 4. Ninomiya (2007b) and Ninomiya and Tokuda (2012) also examined the financial instability and structural change in an open economy.
- 5. Dalziel (2002a) pointed out that the central banks no longer use the quantity theory of money, the cornerstone of monetarism, in practice. In other words, inflation targeting is not based on the quantity theory of money. Ninomiya

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 92 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Personalised advertising and content, advertising and content measurement, audience research and services development

Accept all cookies

Reject optional cookies

```
(\dot{W}/W) + (\dot{n}/n) = (\dot{W}/W) - \sigma {2}\).
```

- 10. At the steady-state equilibrium, $(\dot\{h\}/h = 0)$ and $(\dot\{K\}/K = \simeq)$. This, in turn, can give us $(\pi^{*}\} = \mu \simeq)$.
- 11. The equilibrium value of y is $(y^{*}) = \sigma/s$. This is the familiar Keynesian formula. This means that the equilibrium income is the product of the long run equilibrium investment and the Keynesian multiplier (1/s). This property is exactly the same as Asada (1991).
- 12. See Ninomiya (2007b) for details on this point.

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 92 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Personalised advertising and content, advertising and content measurement, audience research and services development

Accept all cookies

Reject optional cookies

Asada T (1991) On a mixed competition-monopolistic macrodynamic model in a monetary economy. J Econ 54(1):33–53

Article Google Scholar

Asada T (2006) Inflation targeting policy in a dynamic Keynesian model with debt accumulation: a Japanese perspective. In: Chiarella C, Flaschel P, Franke R, Semmler W (eds) Quantitative and empirical analysis of nonlinear dynamic macromodels. Elsevier, Amsterdam, Tokyo, pp 517–544

Chapter Google Scholar

Dalziel P (2002a) Triumph of Keynes: what now for monetary policy research? J

Post Kovnes Fron 24(4)-511_527

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 92 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Personalised advertising and content, advertising and content measurement, audience research and services development

Accept all cookies

Reject optional cookies

Lavoie M (2006) A post-Keynesian amendment to the new consensus on monetary policy. Metroeconomica 57(2):165–192

Article Google Scholar

Minsky HP (1986) Stabilizing an unstable economy. Yale University Press, New Haven

Google Scholar

Morishima M (1977) Walras' economics. Cambridge University Press, Cambridge, New York

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 92 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Personalised advertising and content, advertising and content measurement, audience research and services development

Accept all cookies

Reject optional cookies

Ninomiya K (2007b) Open economy financial instability. J Korean Econ 8(2):329–355

Google Scholar

Ninomiya K (2010) Financial instability in a macroeconomic model in the short and long run: a position and an evaluation of the post Keynesians' analysis of financial instability. Polit Econ Q 46(4):25–33 (in Japanese)

Google Scholar

Ninomiya K, Sanyal A (2009) A bubble without inflation. J Korean Econ 10(1):55-79

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 92 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Personalised advertising and content, advertising and content measurement, audience research and services development

Accept all cookies

Reject optional cookies

Romer D (2000) Keynesian macroeconomics without the LM curve. J Econ Perspect 14(2):149–169

Article Google Scholar

Rose H (1969) Real and monetary factors in the business cycle. J Money Credit Bank 1(2):138–152

Article Google Scholar

Ryoo S (2010) Long waves and short cycles in a model of endogenous financial fragility. J Econ Behav Organ 74:163–186

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 92 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Personalised advertising and content, advertising and content measurement, audience research and services development

Accept all cookies

Reject optional cookies

Article Google Scholar

Acknowledgments

The author is grateful to anonymous referees for the valuable comments. The author would like to extend his gratitude to the Grant-in-Aid for Scientific Research (23530325) from the Japan Society for the Promotion of Science and the Ishii Memorial Securities Research Promotion Foundation for the financial supports. Any remaining errors in this work are the responsibility of the author.

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 92 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Personalised advertising and content, advertising and content measurement, audience research and services development

Accept all cookies

Reject optional cookies

Given that $(a_{1} a_{2} - a_{3})$ is a smooth and continuous function with $(\alpha_{1} a_{2} - a_{3})$, we find at least one value (α_{0}) at which $(a_{1} a_{2} - a_{3} = 0)$ and $(\alpha_{1} a_{2} - a_{3})$ partial variesilon $(\alpha_{1} a_{2} - a_{3})$ partial variesilon $(\alpha_{2} a_{3} - a_{3})$. Furthermore, it also follows that $(\alpha_{2} a_{3} - a_{3})$.

One of the conditions of the Hopf bifurcation theorem is satisfied when $(a_{2} > 0)$ and $(a_{1} a_{2} - a_{3} = 0)$. The characteristic equation of dynamic system (\((S\))) has a pair of purely imaginary roots \((\lambda_{1} = \sqrt a_{2}) i\) and \((\lambda_{2} = -\sqrt a_{2}) i\) at \((\varepsilon = \sqrt a_{2})).

From the Orlando formation, we obtain

```
$ {1} a {2} - a {3} = - (\lambda {1} + \lambda {2} )(\lambda {2} +
```

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 92 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Personalised advertising and content, advertising and content measurement, audience research and services development

Accept all cookies

Reject optional cookies

```
\frac{{\left(a_{1} a_{2} - a_{3})}}{\left(a_{0} \right)} \le \frac{0}}} \ne 0$$
```

then

```
\frac{{\hat h_{1} }}{\langle varepsilon }|_{{\langle varepsilon } \in 0}}
```

From the above discussion, all of the conditions in which Hopf bifurcation occurs are satisfied at the point $(\varepsilon = \varepsilon_{0})$. Q.E.D.

About this article

Cite this article

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 92 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Personalised advertising and content, advertising and content measurement, audience research and services development

Accept all cookies

Reject optional cookies

Navigation

Find a journal

Publish with us

Track your research

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 92 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Personalised advertising and content, advertising and content measurement, audience research and services development

Accept all cookies

Reject optional cookies