

A BRIEF HISTORY OF JAPANESE MONETARY POLICY IN TWENTY-FIRST CENTURY

Abstract

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ABSTRACT

The Bank of Japan (BOJ) has been a pioneer in innovative, interesting, and experimental monetary policy measures in its attempt to combat low inflation and deflation since the beginning of the twenty-first century. This paper will review the history of the BOJ's monetary policy in the twenty-first century and highlight the strategies that policymakers pursued in the context of the major macroeconomic conditions in Japan and the rest of the world. The source materials for the historical analysis will be monetary policy statements, minutes of monetary policy meetings, outlook reports, semi-annual reports on currency and monetary control, speeches by policymakers and other relevant documents available in English, and Japanese and global macroeconomic data. An historical analysis of the BOJ's monetary policy measures in the light of macroeconomic conditions in Japan and overseas enables a comprehensive and balanced assessment of both the innovations and the limitations of Japan's monetary policy in the twenty-first century.

KEY WORDS: Japanese monetary policy; Bank of Japan; unconventional monetary policy; deflation

JEL CLASSIFICATIONS: E40; E62; F30; N15