Abel, A. B., 241	liberalization and, 250-51
Adachi Seiwa Shinkin bank, 108	Mexico and, 253
Adverse news, 112–13	South Korea and, 252–53
Aggregation, 15, 19–20, 158, 169	United States and, 254
credit crunch and, 23–24, 26	Balic, A., 104
equity issues and, 62	Bank examiners, 10–11, 104
exchange rate pass-through (ERPT) and,	Bank fragility
218–19	changes in deposits and, 43–44
Germany and, 21, 23–24	credit derivative indicator and, 33, 39–43,
monetary easing effects and, 167–77	56–58
money-focused policies and, 15–16	credit ratings and, 37, 39
solvency constraint and, 68–69, 73–74	criteria for, 39
stock market crises and, 62–63	daily indicators by bank, 46–51
Tankan Survey and, 24, 26	indicator correlation and, 52–55
utility and, 68–69	Japanese premium and, 14, 33, 39, 41, 46–
zero interest rate policy (ZIRP) and, 161–	52
64	LIBOR rate and, 40
Amakudari system, 11	nonperforming loans and, 36–37, 43–46
Andrews, D. W. K., 171	sources of, 33–36
Arai, Yoichi, 19–20, 157–81	stock prices and, 36–39, 43
Asian crisis, 252–53	three market indicators of, 39–43
Auerbach, A. J., 168	Banking, 7
Australia, 30	Basel Banking Committee and, 103
Autoregressive distributed lag (ARDL)	bond spreads and, 103
model, 257–58	capital-asset ratio and, 65
model, 257 – 50	capital crunch and, 21
Bailliu, J., 218, 232	commercial intermediation and, 64
	convoy system and, 12, 65, 106
Balance of payments autoregressive distributed lag (ARDL)	credit growth and, 91–92
model and, 257–58	
	credit ratings and, 37, 39
capital account liberalization and, 250– 51	cross-ownership and, 9–10
	Deposit Insurance Corporation (DIC) and, 43–44
current account peaks and, 249–50	exam effects and, 104
Dickey-Fuller tests and, 257	•
empirical evidence for, 248–54	Financial Supervisory Agency (FSA) and,
exchange rate and, 241–50	11, 13–14, 28, 65–66, 96, 160–61
Germany and, 252	Germany and, 21–27
Japan's imbalance and, 239–64	Glass-Steagall Act and, 9

Banking (cont.)	zero interest rate policy (ZIRP) and, 16-
government regulations and, 10-11 (see	17, 20, 157–64, 167–77
also Regulations)	Bank of Mitsubishi Tokyo, 48-49, 53
heterogeneity and, 80	Banking sector index (BINDEX), 36-38
indirect finance and, 8	Barseghyan, T., 64
inside information and, 130-33	Basis points, 40
instantaneous forward rate (IFR) curve	Basle Banking Committee, 21, 103
and, 186–89, 192, 194–95, 204	Benchmark equilibrium, 69–71, 242–44
iron triangle and, 2	Bernanke, B. S., 163, 167–69, 241
keiretsu system and, 8–10, 111, 129–31,	Botosan, C. A., 110
136–37, 152	Bradley, N., 104
liquidity and, 66	Bretton Woods system, 14–15, 218
loan classification and, 10–11, 44–46 (see	Bubbles, 63
also Loans)	asset price tests and, 82–86
long-term credit banks (LTCBs) and, 12– 13	bursts of, 13, 30, 36, 52
	land prices and, 92–94
lost decade and, 34	stock predictability and, 85–86
major categories of, 134–35	unit root tests and, 82–85
mergers and, 44, 46	voluntary disclosure and, 104–105
monetary policy background and, 14–20	Bussiere, M., 253
perfect foresight and, 76–82, 99n12	G 1 G W 100
Prompt Corrective Action system and,	Calomiris, C. W., 103
65	Calvo, G. A., 247
public bailouts and, 12–14, 71, 89–90	Campa, J. M., 217–18
secondary banks and, 129–54	Campbell, J., 82–84, 98
taxes and, 13–14	Canada, 113
voluntary disclosure and, 11, 103–25 (see	Capital crunch, 21
also Voluntary disclosure)	Capital flow. See International cash flow
weak capital base and, 35	Cargill, T., 1, 7, 9, 12, 20, 26, 35, 63
zaibatsu system and, 8–9, 13	Cheung, YW., 262
Banking Bureau, 10, 96	China, 239
Bank of Japan Act of 1942, 158	Choudhri, E. U., 218
Bank of Japan (BOJ), 15, 29, 178, 211	Cointegration, 170, 175, 177
aggregation effects and, 19-20	Gregory-Hansen test and, 171–74, 176
ERPT and, 218–19 (see also Exchange rate	Seo test and, 172, 174, 176
pass-through)	Collateralized debt obligation (CDO), 58
Financial and Economic Data and, 218-	"Comprehensive Measures to Accelerate
19	Reforms" (government report), 161
FSA special inspection and, 160-61	Consumer Price Index (CPI), 162, 165-67,
historical perspective on, 158-61	184
inflation targeting and, 18-19	Consumption
instantaneous forward rate (IFR) curve	output growth and, 89–91
and, 186-89, 192, 194-95, 204	Convoy system, 12, 65, 106
long-term forward (LTF) rate and, 189-	Cooke, T. E., 110–12
94, 196–97, 202	Credit crunch, 23-24, 258-60
monetary easing effects and, 16-19, 167-	Credit debt obligation (CDO), 58
77	Credit default swap (CDS), 57–58
policy duration effect and, 183-202	Credit derivative indicator
political economy and, 18–19	credit debt obligation (CDO) and, 58
printing money and, 260	credit default swap and, 57–58
super expansionary policies and, 161–67	credit derivative indicator and, 39–43
Y2K issues and, 165	description of, 41–42

indicator correlation and, 52-55 aggregate, 71-76 Japanese premium and, 46–52 corporate, 71-76 panel analysis and, 53-55 land prices and, 92–94 spread and, 46-58 perfect foresight and, 76-82 Credit ratings, 37, 39 solvency constraint and, 73-74 Shinkin banks and, 105-25 voluntary disclosure and, 110-11 Cross-ownership, 9-10 Eser, Zekeriya, 10, 129–55 Europe, 41, 108 Evergreening, 108–109, 129–30, 133, 137 Daiichi-Kangyo, 13 Darrough, M. H., 113 Exchange rate pass-through (ERPT), 212, Deflation, 1-2, 20 235 - 36bank fragility and, 33-34 aggregation and, 218-19 boomerang effect and, 263 alternative industry estimates and, 225cyclic effects of, 34–35 emergency countermeasures for, 7 Bretton Woods system and, 218 exchange rate pass-through (ERPT) and, data analysis of, 218-19, 232-34 213 - 34demand elasticity and, 213 inflation targeting and, 18-19 domestic inflation environment and, 213liquidity trap and, 211 long-term expectations of, 34 empirical model for, 219-25, 229-32 long-run estimates and, 223 output contraction and, 211 policy duration effect and, 184 maximization problem and, 213 yenyasu-yudo and, 211, 216 short-run estimates and, 222 Dekle, Robert, 10, 61–101 US imports and, 217-18 Deposit guarantees, 63 Exchange rates perfect foresight and, 76–82 balance of payments and, 241–48 Prompt Corrective Action system and, 65 benchmark model and, 242–44 regulatory forbearance and, 71-76 Bretton Woods system and, 14-15 Deposit insurance, 43-44, 62 current account peaks and, 249-50 devaluation and, 258-63 Deposit Insurance Corporation (DIC), 43financial imbalances and, 239-64 Depression economics, 7 flow market model and, 241-42 international cash flow and, 241-48 Devaluation boomerang effect of, 263 liberalization and, 250-51 intervention issues and, 262-63 monetary easing effects and, 169-70 of yen, 258-263 De Young, R. M., 103 Federal Reserve System Study Group on Dickey-Fuller tests, 171-72, 257 Disclosure, 103, 123 Financial imbalances. See also Balance of Dixit, A. K., 241 DKB, 48-49 payments Dodwell Marketing Consultants, 134 empirical evidence for, 248–54 international cash flow model and, 240-Economist, The, 260 Eggertsson, G., 168–69 Financial Reconstruction Commission, 11 Eichengreen, B., 253 Financial Services Agency, 11 Equilibrium, 63–64 Financial Statements of Shinkin Banks balance of payments and, 239-64 (FSSB), 114, 124n13 benchmark, 69-71, 242-44 Financial Supervisory Agency (FSA), 11, cointegration and, 170-77 13-14, 65, 96 heterogeneity and, 80 Prompt Corrective Action system and, perfect foresight and, 76-82 66 Equity, 61-62, 67 real property prices and, 28

Financial systems	Great Stagnation, 1
bank intermediation and, 64	bank fragility and, 33–58
convoy system and, 12, 65, 106	cointegration and, 170–77
deposit guarantees and, 63, 65, 71–82,	depression economics and, 7
86–96	duration of, 5
institutional backgrounds and, 14–20	FSA special inspection and, 160–61
keiretsu system and, 8–10	historical perspective on, 2–8, 158–61
public bailouts and, 12–14	Japanese financial system and, 8–14
three characteristics of, 64–66	lessons from, 20–30
Financial Times, 13, 58	monetary easing effects and, 16-18, 167
Finland, 28	77
Flannery, M. J., 103	monetary policy during, 157-79
Flow market model, 241–42	structural effects of, 2
Fourier analysis, 200	ZIRP and, 16-17, 161-64 (see also Zero
Frankel, J. A., 251	interest rate policy)
Fuji Bank, 13, 48–49	Gregory, A. W., 171–74, 176
Fujii, Eiji, 19–20, 211–37	Grenville, S. A., 253
Fujiki, H., 183	Gross domestic product (GDP)
Fukui, Toshihiko, 19, 178	measurement. See Growth
Fukuyama, H., 107	Growth, 15, 157-58
-	aggregation effects and, 19-20
Gagnon, J. E., 218	balance of payments and, 239-64
Germany, 8, 13, 29–30	bank credit, 91–92
aggregate credit volume and, 21, 23-24	bank fragility and, 33–36
banking problems in, 21-27	cointegration and, 170-77
Basle Accords and, 21	Consumer Price Index (CPI) and, 162,
capital crunch, 21	165–67, 184
credit crunch and, 23-24, 26	consumption and, 89–91
growth in, 260	deposit guarantees and, 63, 65
monetary policies and, 241, 248–49, 252,	deposit insurance and, 62
260	Dickey-Fuller tests and, 171–72, 257
Glass-Steagall Act, 9	historical perspective on, 3–8
Globerman, S., 110	instantaneous forward rate (IFR) curve
Goldberg, L. S., 217–18	and, 186–89, 192, 194–95, 204
Government	international cash flow and, 242–44 (see
banking regulation and, 10–11	also International cash flow)
"Comprehensive Measures to Accelerate	long-term forward (LTF) rate and, 189–
Reforms" and, 161	94, 196–97, 202
cross-ownership and, 9	lost decade and, 34
deposit guarantees and, 71–76	monetary easing effects and, 16–19, 167
Financial Supervisory Agency (FSA) and,	77
11	Nelson-Siegel model and, 186–87, 190–
iron triangle and, 2	92, 202–204
perfect foresight and, 76–82 Prime Minister's Office and, 11	oil shock and, 3
public bailouts and, 12–14, 71, 89–90	policy duration effect and, 183–202 political economy and, 18–19
regulation and 10–11, 61 (see also	postwar, 8
Regulations)	recession and, 1–2
voluntary disclosure and, 103–104	regulatory forbearance and, 71–76
weak, 61	vector autoregressions and, 85–86, 94–
Granger model, 94	96
Great Depression, 20	Y2K issues and, 165

yen devaluation and, 258-63 Interest rates, 1 ZIRP and, 16-17, 167-77 (see also Zero call money and, 19 interest rate policy) Consumer Price Index (CPI) and, 162, Gunther, J. W., 104 165-67, 184 deadweight costs and, 68 Hakura, D. S., 218 deflationary effects and, 34-35 (see also Hancock, D., 103 Deflation) Hansen, B. E., 171-74, 176 instantaneous forward rate (IFR) curve Hanwa Bank, 120 and, 186-89, 192, 194-95, 204 Harado, Kimie, 14, 33-60 Japanese premium and, 14, 33, 39, 41, 46-Hayami, Masaru, 19, 184 Hayashi, F., 64 long-term forward (LTF) rate and, 189-94, 196-97, 202 Hokkaido Takushoku Bank, 7, 12, 37-39, monetary easing effects and, 167-77 perfect competition and, 68 Hong Kong, 239, 262 Hooper, P., 217 policy duration effect and, 183-202 Horiuchi, A., 35, 96 solvency constraint and, 73-74 Hoshi, Takeo, 11, 19-20, 65, 131, 157-81 unit root tests and, 82-85 Household consumption, 89–91, 168–69 ZIRP and, 16–17, 20, 161–64, 167–77 (see Hsieh, C.-T., 169 also Zero interest rate policy) Hsu, R. C., 107 International cash flow, 240 Hull, J., 58 accomodating capital flow and, 247-48 Hutchison, Michael M., 1-32, 35, 63, 123, autonomous capital flow and, 247-48 174, 176-78 autoregressive distributed lag (ARDL) Hwang, C. Y., 113 model and, 257-58 benchmark model for, 242-44 Hyogo Bank, 37, 120 capital account liberalization and, 250-51 Ihrig, J., 218 Dickey-Fuller tests and, 257 Industrial Bank of Japan, 13, 48-49 exchange rate and, 241–48 flow market model and, 241-42 Industrial Groupings in Japan: The Anatomy of the Keiretsu (Dodwell Marketing model with international debt and, 244-Consultants), 134 47 Inflation simulation of, 241-48, 254-58 Bank of Japan targeting and, 18–19 International Swaps and Derivatives Consumer Price Index (CPI) and, 162, Association (ISDA), 57 165-67, 184 Investment, 34, 62. See also Risk deflation and, 212 (see also Deflation) credit derivative indicator and, 41-43 exchange rate pass-through (ERPT) and, output growth and, 89-91 213 - 34perfect foresight and, 76-82 instantaneous forward rate (IFR) curve vector autoregressions and, 85-86, 94-96 and, 186–89, 192, 194–95, 204 Ireland, 29–30 long-term forward (LTF) rate and, 189-Iron triangle, 2 94, 196-97, 202 Ito, Takatoshi, 1-60, 63 monetary easing effects and, 16–19, 167– Japan Company Handbook, 153n5 money-focused policies and, 15-16 Japanese government bonds (JGBs), 190, policy duration effect and, 183-202 zero interest rate policy (ZIRP) and, 161-Japanese premium, 14, 33, 39, 41, 46-52 Johansen, S., 172, 176 64 Inside information, 130-33 Jonan Shinkin bank, 111 Instantaneous forward rate (IFR) curve, Jung, T., 168

Jusen (housing) companies, 12

186-89, 192, 194-95, 204

Kamaishi Shinkin bank, 120 Shinkin banks and, 105–25 Kang, J.-K., 131 vector autoregressions and, 94-96 Kano, M., 107, 114, 119 voluntary disclosure and, 108-11 (see also Kashyap, A. K., 35, 65, 131 Voluntary disclosure) Kawai, H., 217 write-offs and, 70 Keiretsu system, 8–10 London interbank offered rate (LIBOR), secondary banks and, 129-31, 136-37, bank fragility and, 46-52 voluntary disclosure and, 111 credit derivative spread and, 46–52, 57– Kenen, P. B., 241 Keynes, J. M., 244 indicator correlation and, 52-53 Kiguchi, H., 104 Long-term credit bank (LTCB), 12-13, 37-Kimura, F., 217 Kimura, T., 170 Long-Term Credit Bank of Japan (LTCB), Kinyu Tosyo Consultant Sha, 114 37 - 39Kitasaka, S., 65 Long-term forward (LTF) rate, 189–94, Kletzer, Kenneth, 10, 61-101 196-97, 202 Knutter, K., 1 Lopez, J. A., 103 Lost decade, 1-2 Koizumi, Junichiro, 7, 161 Lundholm, R. J., 110 Krainer, J., 103 Krugman, P., 167-68 Kuttner, K. N., 170, 174 McCallum, B. S., 168 Kwast, M. L., 103 McCarthy, J., 218 Kyobashi Shinkin bank, 112 MacKinlay, A. C., 82-84, 98 Mann, C., 217 Meese, R., 264 Lang, M. H., 110 Leiderman, L., 247 Meltzer, A. H., 168 Lev, B., 113 Mexico, 253 Leverage, 112 Ministry of Agriculture, Forestry and Liberalization, 250-51 Fishery, 12 Lo, A., 82-84, 98 Ministry of Finance, 2 Loan-loss reserves, 61 bank examiners and, 10-11 Banking Bureau and, 10, 96 Loans bank fragility and, 33-58 "Comprehensive Measures to Accelerate classification of, 44-46 Reforms" and, 161 deadweight costs and, 68 convoy system and, 12, 106 equity issues and, 67 Financial Services Agency and, 11 evergreening of, 108-109, 129-30, 133, FSA special inspection and, 161 137 nonperforming loans and, 44-45 FSA special inspection and, 160–61 political economy and, 18 information assumptions and, 62 Prompt Corrective Action system and, inside information and, 130-33 interest rates and, 67-69 (see also Interest Shinkin banks and, 106 voluntary disclosure and, 11, 106, 108-Japanese premium and, 46–52 109, 112 land prices and, 92-94 Ministry of Trade, 2 LIBOR and, 41, 46–52 Mitsui-Sumitomo Financial group, 13, 49 nonperforming, 36-37, 43-46 (see also Miyao, R., 170 Nonperforming loans) Mizuho Bank, 49, 53 perfect foresight and, 76-82, 99n12 Moore, R. R., 104 productivity and, 66-69 Morck, R., 131 secondary banks and, 129-54 Morgan, D. P., 103

Mulder, C., 253 Consumer Price Index (CPI) and, 162, Müller-Plantenberg, Nikolas, 20, 239-64 165 - 67deflationary effects and, 34-35 (see also Nakamura, M., 131 Deflation) National Association of Shinkin Banks Deposit Insurance Corporation (DIC) (NASB), 105, 109, 112 and, 43-44 Neal, S. R., 58 duration effect and, 183-209 Nelson, C. R., 185-87, 190-92, 202-204 evergreening, 108-109, 129-30, 133, 137 Netherlands, 30 exchange rate pass-through (ERPT) and, Nikkei Needs Bank Loan database, 134 211 - 35Nikkei stock index, 13, 37, 92 Financial Supervisory Agency (FSA) and, Nippon Credit Bank (NCB), 13, 39, 89 Nonperforming bank loans, 36–37, 43–46 Glass-Steagall Act and, 9 evergreening and, 108-109, 129-30, 133, historical perspective on, 158-61 institutional backgrounds and, 14-20 137 FSA special inspection and, 160–61 intervention effects and, 262–63 land prices and, 92-94 iron triangle and, 2 perfect foresight and, 76-82 liberalization, 250-51 recovery from, 61 monetary easing effects and, 16–19, 167– Shinkin banks and, 105-25 77 vector autoregressions and, 94-96 political economy and, 18-19 voluntary disclosure and, 108-11 (see also Prompt Corrective Action system and, 65 Voluntary disclosure) super expansionary, 161-67 Nonstationarity, 85 transmission mechanism and, 19 Norway, 28 voluntary disclosure and, 105-25 window guidance, 14 Obstfeld, M., 168 Y2K issues and, 165 Ogawa, K., 65 yen depreciation and, 168, 258-63 Oil shock, 3 yenyasu-yudo, 211, 216 Okazaki Shinkin bank, 111 ZIRP and, 16–17, 20, 157 (see also Zero Okina, Kunio, 20, 170, 183-210 interest rate policy) Policy duration effect, 184, 208-209 Organization for Economic Cooperation and Development (OECD), 3, 5, 21, 232, empirical evidence on, 189-95 258, 260 indicators for, 183, 187-89, 192-202 Otani, A., 217 instantaneous forward rate (IFR) curve and, 186-89, 192, 194-95, 204 Pacific-Basin Capital Market Databases long-term forward (LTF) rate and, 189-(PACAP), 134 94, 196-97, 202 Peek, Joe, 10, 129-55 mechanism of, 185-86 Penman, S. H., 113 Nelson-Siegel model and, 186–87, 190– Phillips-Perron unit root tests, 84–85 92, 202-204 Ploberger, W., 171 wavelet analysis and, 192-202, 204-207 Policies, 157 Political economy, 18–19 aggregation effects and, 19-20 Ponzi scheme, 64 bailout and, 136-37 Portugal, 28 Bank of Japan Act of 1942, 158 Posen, A. S., 1, 170, 174 Basle Accords and, 21 Prescott, E., 64 Bretton Woods system and, 14–15, 218 Prices, 2, 5, 16, 157 capital account liberalization and, 250-51 aggregation effects and, 19-20 cointegration and, 170-77 asset, 34, 82-86 "Comprehensive Measures to Accelerate bank fragility and, 33-58

BINDEX, 36-38

Reforms" and, 161

Prices (cont.)	Prompt Corrective Action system and, 65
bubbles and, 82-86, 98-99 (see also	prudential, 61-62, 69-76, 86-96
Bubbles)	Shinkin banks and, 105–25
deflation and, 211 (see also Deflation)	three pillars of, 103
empirical tests and, 82-86	voluntary disclosure and, 105-25 (see also
exchange rate pass-through (ERPT) and,	Voluntary disclosure)
213–234	weak, 61–62
Federal Reserve Board and, 103	Reinhart, C. M., 247
German market and, 21–27	Risk
housing, 12	bank fragility and, 33-58
inflation and, 162 (see also Inflation)	credit derivative indicator and, 41-43
Japanese premium and, 33, 39, 41, 46–52	Deposit Insurance Corporation (DIC)
land, 92–96	and, 43–44
nonperforming loans and, 92-94	household, 67-69
panel analysis and, 53-55	indicator correlation and, 52-55
quantitative easing and, 16–18	perfect foresight and, 76–82, 99n12
real estate, 12	policy duration effect and, 183-202
real property, 28–29	Robinson, J., 241
secondary banks and, 130, 143, 145	Rogoff, K., 264
stock index, 36–39	Rosengren, Eric S., 10, 129–55
stock return predictability and, 85-86	
TOPIX, 36–38, 43	Sakura Bank, 13
unit root tests and, 82–85	Sasaki, Y., 21
vector autoregression estimates and, 94-	Savings, perfect foresight and, 76–82
96	Sazanami, Y., 217
yen depreciation and, 168, 258–63	Scharfstein, D., 131
Prime Minister's Office, 11	Scott, T. W., 113
Productivity, 3	Secondary banks
accumulable capital and, 61–62	bailout and, 136–37
bank lending and, 66–68	data analysis of, 134–53
cointegration failure and, 170–77	evergreening and, 129–30, 133, 137
exchange rate pass-through (ERPT) and, 213–34	firm exposure and, 139–40, 142, 144, 146–50
loans and, 66–69	firm variables and, 141–42
monetary easing effects and, 167-77	hypotheses for, 136–40
output growth and, 89–91	information resources of, 130–33
total factor, 89–91	keiretsu system and, 129-31, 136-37, 152
Prompt Corrective Action system, 65	main bank influence and, 131-33, 137-38,
	142–43, 152–53
Quantitative easing, 16–19	World War II era and, 131
_	Seo, B., 171-72, 174, 176
Real estate, 12, 92–94	Shareholders. See Investment
Recession. See Great Stagnation	Shimizutani, S., 169
Reform, 11	Shinkin banks, 44
Regulations	convoy system and, 106
capital-asset ratio and, 65	data analysis of, 114–23
convoy system and, 106	depositor discipline and, 108
deposit guarantees and, 71–76	description of, 107-108
evergreening and, 108-109, 129-30, 133,	hypotheses on, 111–16
137	keiretsu system and, 111
firm disclosure and, 103–104	location and, 111–15, 119–20
forbearance and, 71–76	market structure and, 113–14
inside information and, 130–33	profit maximization issues, 104–108

regional differences and, 119-20 account deficit of, 248 size effects and, 110-12 balance of payments and, 254 voluntary disclosure and, 105-25 bank exams and, 104 Shiratsuka, Shigenori, 20, 170, 183–210, 217 bond spreads and, 103 Shirota, T., 217 East Asian lenders and, 239 Siegel, A. F., 185-87, 190-92, 202-204 exchange rate pass-through (ERPT) and, 217 - 18Singapore, 262 Singleton, W. R., 110 Glass-Steagall Act and, 9 Skinner, D. J., 110, 113 Japanese premium and, 41 Söderlind, P., 186 real property prices and, 28-29 Solvency constraint, 69, 73-74 total factor productivity and, 89-91 Sorescu, S. M., 103 trade balance and, 239 voluntary disclosure and, 109-10 South Korea, 239, 241, 252-53 Spain, 29–30 Unit root tests, 82-85 Spiegel, Mark M., 11, 103–27 Stiroh, K. J., 103 Vector autoregressions, 85–86, 94–96, 169– Stock market, 5 aggregate effects and, 62-63 Verrecchia, R. E., 113 bank fragility and, 33-58 Voluntary disclosure, 11 bubbles and, 12-13, 63 (see also Bubbles) adverse news and, 112–13 Federal Reserve Board and, 103 bank exam effects and, 104 return predictability and, 85–86 bubbles and, 104-105 Stroughton, N. M., 113 Canada and, 113 Stultz, R. M., 131 compulsory, 105, 113 Sumitomo Bank, 13, 53 data analysis of, 114-23 Supremum LM statistic, 171 disparity in, 104–105, 111–16 Svensson, L. E. O., 168, 186, 261 equity issues and, 110–11 Sweden, 28-29 evergreening and, 108-109, 129-30 government and, 103-104 Taiheyo Bank, 120 hypotheses on, 111–16 Taiwan, 239 keiretsu system and, 111 Takenaka, Heizo, 161 lawsuits and, 106 Tankan Survey, 24, 26 legal costs and, 110 Taxes, 13-14 leverage and, 112 solvency constraint and, 73-74 location and, 119-20 market structure and, 113-14 Taylor, J. B., 212, 214, 216–18, 220–21, 224– 25, 232-34 Ministry of Finance and, 106, 108, 112 Technology, 3, 13, 52, 90-91, 103 regional differences and, 119-20 Teoh, S. H., 113 Shinkin banks and, 105-25 Teranishi, Y., 168 size effects and, 110-12 Toho Sogo Bank, 120 United States and, 109-10 Tokyo interbank offered rate (TIBOR), 41, 189 - 90Watanabe, T., 168 TOPIX (overall stock price index), 36–38, 43 Wavelet analysis, 183–84 basic framework of, 204-207 Total factor productivity (TFP), 89–91 Toyo Shinkin bank, 119-20 filters and, 204-205 Tsutsui, Y., 107, 114, 119 Fourier analysis and, 200 multiresolution analysis and, 206-207 Ueda, K., 35, 93 policy duration effect indicators and, UFJ, 53 195 - 202Unemployment, 157 transforms and, 205-206 United Kingdom, 8-9, 30 yen swap spreads and, 196–200

zero interest rate policy and, 200-202

United States, 8, 30, 40, 251, 260

Westermann, Frank, 1–32 White, A., 58 Window guidance, 14 Won, 252 Wong, C. Y.-P., 262 Woodford, M., 168–69 World War II era, 9, 131

Y2K issues, 165, 194 Yamaichi Securities Company, 7, 12 Yamori, Nobuyoshi, 11, 103-27 Yen, 19–20. See also Inflation boomerang effect and, 263 demand elasticity and, 213 devaluation of, 168, 258-63 (see also Deflation) exchange rate pass-through (ERPT) and, 213 - 34intervention effects and, 262-63 printing more money and, 260 Yenyasu-yudo policy, 211, 216 Yield curve instantaneous forward rate (IFR) curve and, 186-89, 192, 194-95, 204 Nelson-Siegel model and, 186-87, 190-92, 202-204 policy duration effect and, 183-202 stabilization of, 185-86 wavelet analysis and, 192-207

Zaibatsu system, 8–9, 13 Zero interest rate policy (ZIRP), 16–17, 20, 157–58 cointegration and, 170–77 expansionary approaches and, 161–64 monetary easing effects and, 167–77 policy duration effect and, 183–202 wavelet analysis and, 200–202