

# Overcoming Deflation: Theory and Practice

*Speech at Keio University in Tokyo*

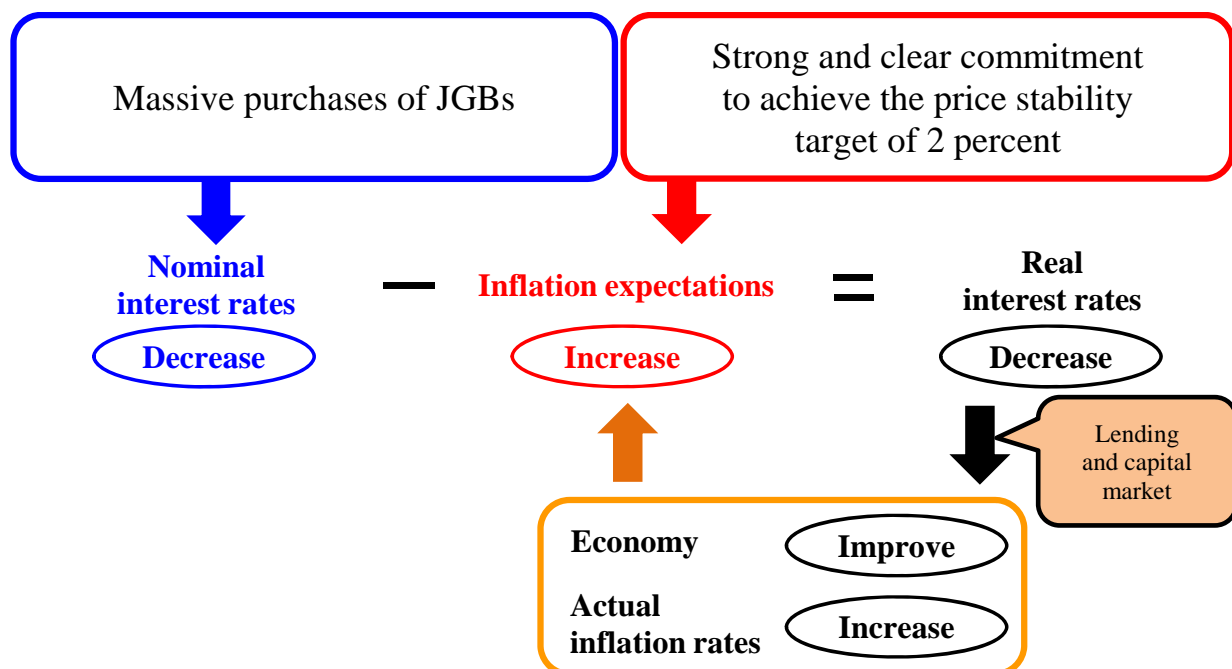
June 20, 2016

Haruhiko Kuroda

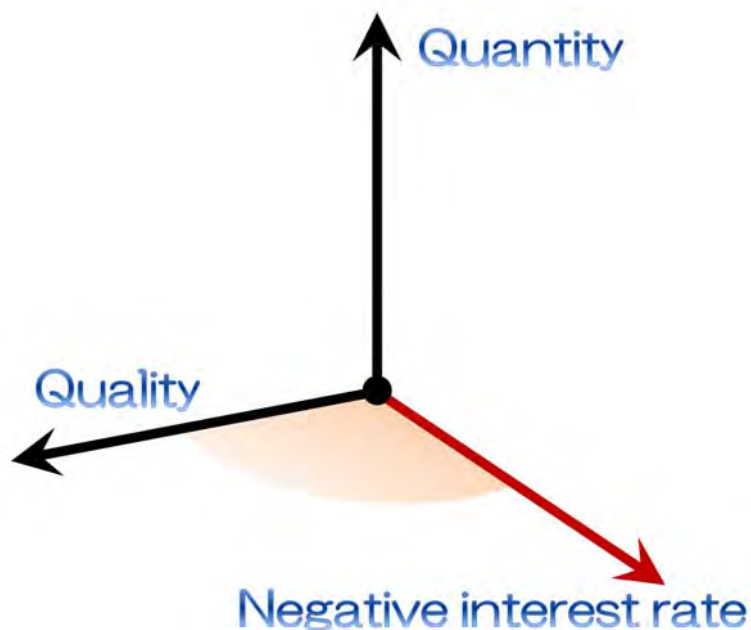
*Governor of the Bank of Japan*

Chart 1

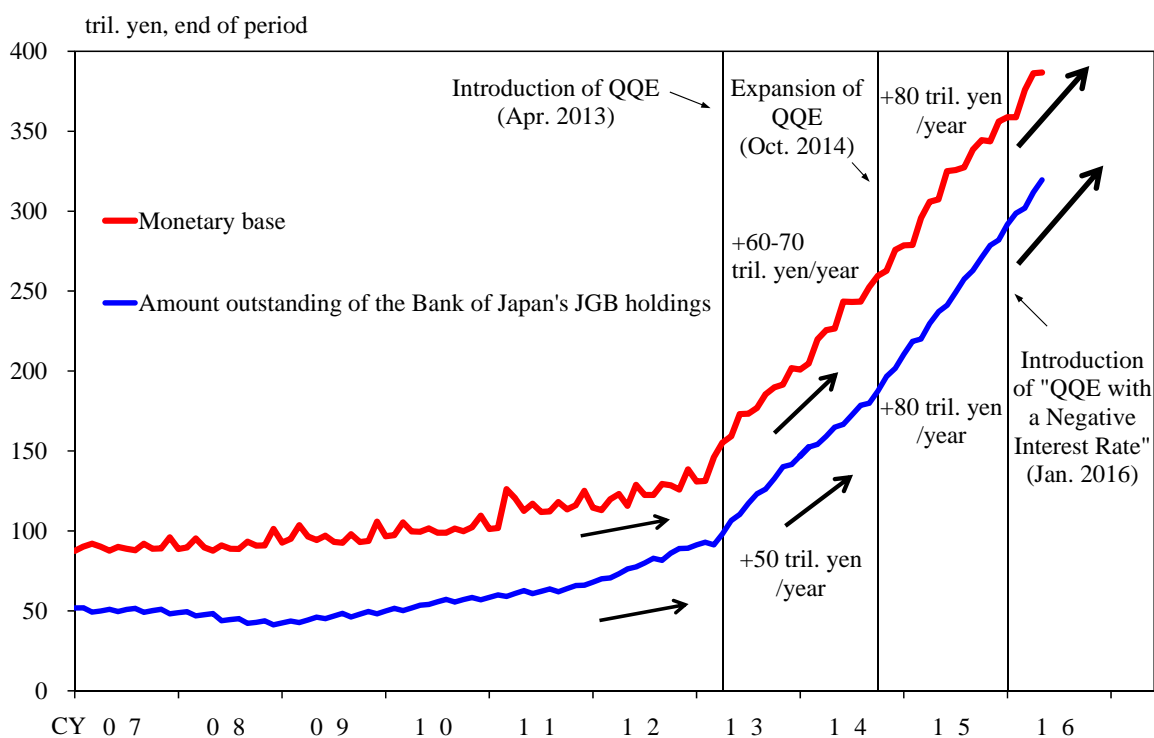
## Mechanism of Quantitative and Qualitative Monetary Easing (QQE)



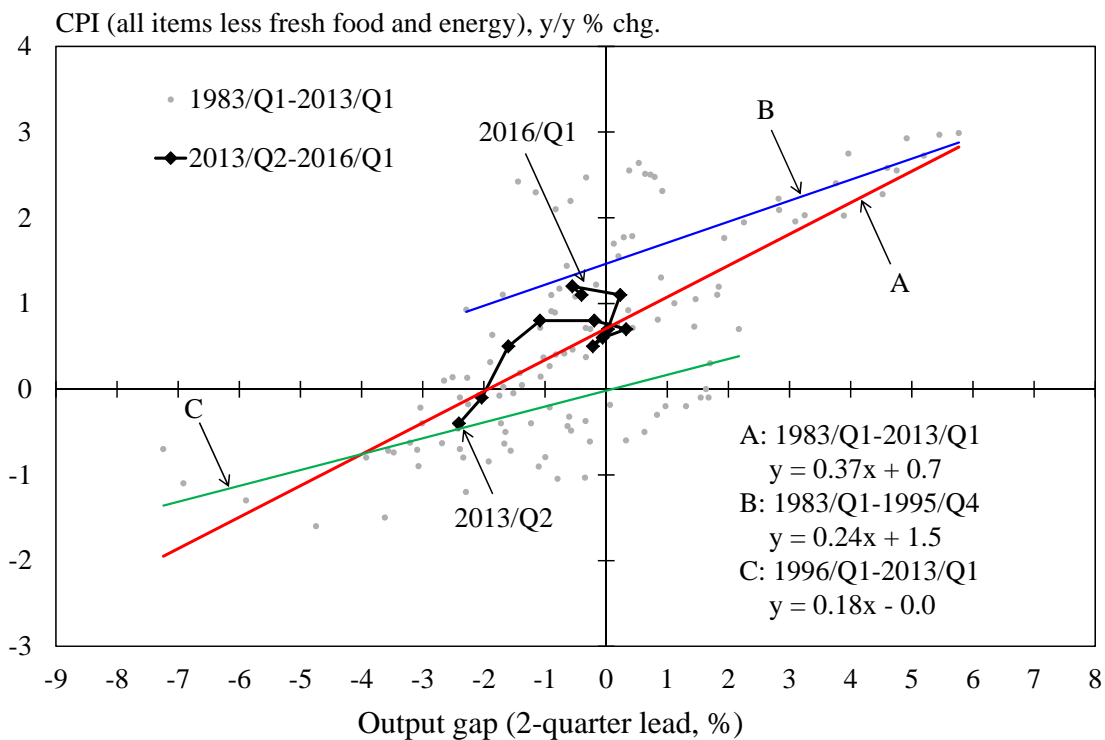
## Scope for Additional Monetary Easing in Terms of Three Dimensions



## Expansion in the Monetary Base and JGB Holdings

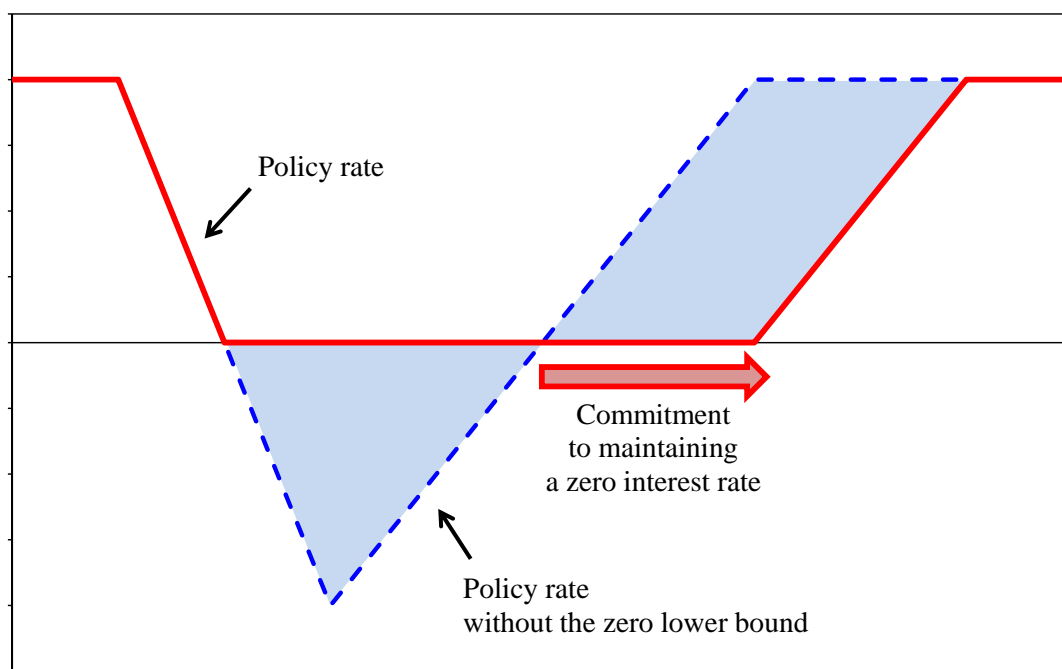


# Phillips Curve



Sources: Ministry of Internal Affairs and Communications; Cabinet Office, etc.

# Forward Guidance



## Progress in Academic Research on Monetary Policy Rules

### Standard Policy Measures

Consistent & Predictable Policy Actions



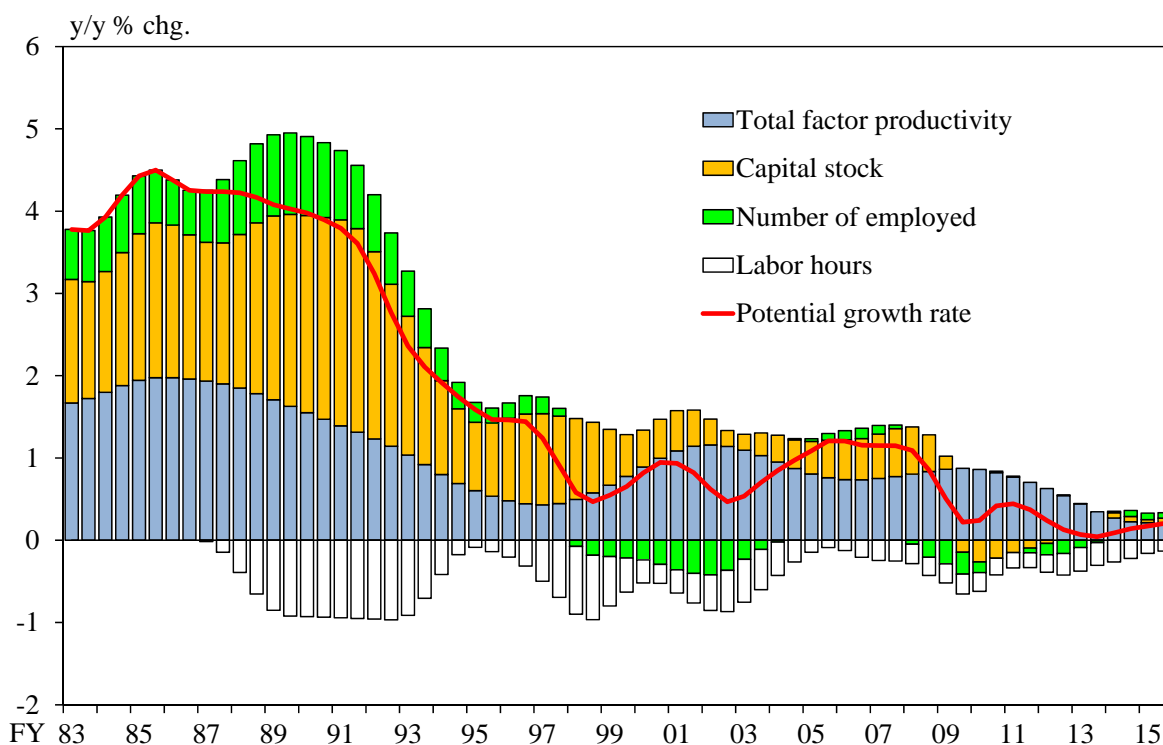
Increase in Policy Effectiveness

### Unconventional Policy Measures

Response to Various Uncertainties & Complexities

→ Aspects of Incomplete Contracts

## Potential Growth Rate



Note: The potential growth rate is estimated by the Research and Statistics Department, Bank of Japan. Figures for the second half of fiscal 2015 are those of 2015/Q4.

Sources: Cabinet Office; Bank of Japan; Ministry of Internal Affairs and Communications; Ministry of Health, Labour and Welfare; Ministry of Economy, Trade and Industry; Research Institute of Economy, Trade and Industry.