Regional Dimensions of Monetary Policy in Indonesia
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ACADEMISCH PROEFSCHRIFT

ter verkrijging van de graad Doctor aan
de Vrije Universiteit Amsterdam,
op gezag van de rector magnificus
prof.dr. L.M. Bouter,
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door

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geboren te Palembang, Indonesië
Acknowledgements

Doing a PhD was not really something that had originally crossed in my mind, until my job at Bank Indonesia (BI) Jakarta (the head office) was transferred to the Makassar regional office. I spent more than three years there and, during that time, I also had the opportunity to do some business travelling quite intensively from the easternmost to the westernmost regions in Indonesia. In the course of these travels, I witnessed with my own eyes that there are substantial disparities among the regions. However, monetary policy itself is solely designed for national purposes. So I started to think about what would happen to the regions, and how they would respond to such a uniform policy: suppose BI would then increase interest rates and tighten the money supply for all the regions. The question of the interactions between the aggregate monetary policy and the disaggregate regional economy soon became something that buzzed around my brain, and became intriguing … and later I decided to apply for the PhD programme.

This thesis is the result of a period of four years spent as a PhD student at the Tinbergen Institute (TI) and the Department of Spatial Economics of the Vrije Universiteit (VU) Amsterdam. To produce this thesis, however, had involved a good deal of sacrifice, and has been a painstaking process. Thankfully, many helpful people, pleasant surroundings, a relatively familiar and conducive environment in Amsterdam (Holland) have also made my stay productive, valuable and enjoyable.

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