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2011

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citation for published version (APA)

Ridhwan, M. H. A. (2011). *Regional Dimensions of Monetary Policy in Indonesia*. Tinbergen Institute/Thela Thesis.

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Regional Dimensions of Monetary Policy in Indonesia

ISBN 978 90 3610 234 6

Cover design: Crasborn Graphics Designers bno, Valkenburg a.d. Geul

This book is no. **499** of the Tinbergen Institute Research Series, established through cooperation between Thela Thesis and the Tinbergen Institute. A list of books which already appeared in the series can be found in the back.

VRIJE UNIVERSITEIT

Regional Dimensions of Monetary Policy in Indonesia

ACADEMISCH PROEFSCHRIFT

ter verkrijging van de graad Doctor aan
de Vrije Universiteit Amsterdam,
op gezag van de rector magnificus
prof.dr. L.M. Bouter,
in het openbaar te verdedigen
ten overstaan van de promotiecommissie
van de faculteit der Economische Wetenschappen en Bedrijfskunde
op woensdag 8 juni 2011 om 11.45 uur
in de aula van de universiteit,
De Boelelaan 1105

door

Masagus Muhammad Ridhwan

geboren te Palembang, Indonesië

promotoren: prof.dr. P. Nijkamp
prof.dr. P. Rietveld
copromotor: prof.dr. H.L.F. de Groot

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.

I am indebted to many people who have made contributions so I can finish my PhD timely and smoothly, and just a few is only possible to mention here. First, let me begin with my supervisors: Peter Nijkamp, Piet Rietveld, and Henri de Groot. I wish to convey my great appreciation and thank them for accepting my application to do a PhD at this university and providing warm hospitality as well. I have also benefitted from their thorough supervisions, where they challenged me with many thought-provoking ideas and some refreshing comments. Their detailed and critical readings of all chapters in this thesis have enabled me to improve the quality of my work, and finally it is completed. Furthermore, I also wish to thank the other members of the Promotion Committee, Jakob de Haan, Eelke de Jong, Hans Visser, Henry Sandee, and Harry Garretsen for their willingness to read and comment upon my thesis. Undoubtedly, their comments and suggestions have also brought helpful insights for the improvement of this thesis.

My first experience of living in Amsterdam would not have been so easy without Elfie's and Jenny's sincere help, especially their tireless efforts in dealing with housing and health insurance issues. I am very grateful for all their outstanding support to help me survive. At the TI, I also thank Jaap Abbring and all the staffs in Amsterdam office for helping me to arrange my courses and seminars during my PhD programme.

To all my colleagues at the Department of Spatial Economics, and moreover, to all my roommates in Masterpoint, I would like to express my high appreciation for their friendliness and help over the years. Special thanks go to Jan, Ferdinand, Sabir, Karima, Chris, and all Masterpoint "crews" in Room 4A 11-13 for their willingness to answer all

my questions, engaging in useful discussions, and generally providing indispensable inputs to my work. I am indebted to Ferdinand for being the first VU colleague that I came to know and for his willingness to pick me up at Schipol airport when I first came to Holland. I thank Jan again for translating the summary of this thesis into Dutch (*samenvatting*). I have also benefitted for helpful comments from Jos van Ommeren, Peter Mulder, and Gert-Jan Linders.

I wish to thank my ERSA summer school companions especially Gunther ‘the boss’, Lena ‘lennie’, Shanaka, and Ron ‘horne’ among others. Our trips will never be the same without you, mates! *Merci beaucoup* to Marie Daumal for hosting me during an excellent seminar in Paris.

Since my work is mostly involved with the Indonesian data, let me express my special appreciation to my Indonesian colleagues who provided me with the data: A. Majid Ikram, Rifki Ismal, Mas Riza Haryadi, and Feriati ‘Dina’ Nurdinasari from Bank Indonesia. Special thanks go to Yogi Vidyattama, and Fayota R. (BPS) for helping me by also providing the regional data.

To my Indonesian friends here, especially Agung, Dana, Syafiih, Fajran, Gibran, all KlapAdamers and PPI Amsterdam, I thank you all for making a lively and pleasant atmosphere here while we are in thousand miles away from home. I also thank Marthen Ndoen, Irma Hindrayanto, and Roos Andadari for sharing information about studying at the VU.

As I understand that studying abroad for a PhD level involves huge resources, I thank my employer – Bank Indonesia – for giving me this wonderful opportunity and providing me with the financial support. Immediately after completing this PhD, I am fully committed to devote all my knowledge and capacity to our institution in particular, and our nation as whole. I wish to extend my deepest gratitude to Bapak Bun Bunan Hutapea, Bapak Halim Alamsyah, Bapak Muliaman D. Hadad, Bapak M. Zaeni Aboe Amin, Bapak Adam Srihono, Bapak Ahmad Fuad, Bapak Perry Warjiyo, Bapak Budiman Kostaman, Bapak Lucky Fathul H., Bapak Boedi Armanto, Bapak Norman John, and *Bagian P3S* of the Human Resource Directorate in Bank Indonesia for their generous support, and for trusting me to conduct this study.

Finally, I thank my family for their prayers and continuous concern for me – Mama, Papa, Ibuk, my brothers, Husni, Iin and Erwin, and my sisters, Indah and Pipit. My highest appreciation and special thanks go to my wife, Idha, and my beautiful daughters, Nabila and Putri, for their love, perseverance, and cooperation during the difficult times and the stressful moments. Above of all, my praise to Almighty God for blessing me with good health, wisdom and foresight to undertake and complete this study.

Amsterdam, April 2011

Masagus M. Ridhwan

