

Phillips curves and openness : New evidence from selected Asian economies

Abstract

This paper chooses three Asian countries (Japan, South Korea and Malaysia) as case studies to examine the relationship between the Phillips curve and openness. The justification for the choice of these countries is that Japan is a moderately open economy while Malaysia is a highly open economy. South Korea is in-between these two extremes. The main finding of the present study is that as a country opens up to global market by increasing the amount of imports, the slope coefficient of the Phillips curve becomes smaller. In other words, the findings suggest that the Phillips curve tends to be flatter in more open economies.