

Discrete Choice Models of Monetary Policy: Introducing the Tempered Ordered Probit Model*

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Abstract

We propose a *Tempered Ordered Probit* (TOP) model. Our contribution lies in not only explicitly accounting for an excessive number of observations in a given choice category - as is the case in the standard literature on inflated models; rather, we introduce a new econometric model which nests the recently developed *Middle Inflated Ordered Probit* (MIOP) models of Brooks, Harris, and Spencer (2012) and Bagozzi and Mukherjee (2012) as a special case, and further, can be used as a *specification test* of the MIOP, where the implicit test is described as being one of *symmetry* versus *asymmetry*.

Keywords: Monetary policy committee, voting, discrete data, ordered models, inflated outcomes.

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