

**THE CENTRAL BANK OF  
THE REPUBLIC OF TURKEY**

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# **INFLATION TARGETING EXPERIENCES**

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**England, Finland, Poland, Mexico,  
Brazil, Chile**

**ANKARA, 2000**

**THE CENTRAL BANK OF  
THE REPUBLIC OF TURKEY**

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**INFLATION TARGETING EXPERIENCES BASED  
ON THE “INFLATION TARGETING  
CONFERENCE” HELD BY THE CENTRAL BANK  
OF THE REPUBLIC OF TURKEY  
IN OCTOBER 19 – 20, 2000**

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**FOREIGN RELATIONS DEPARTMENT  
INTERNATIONAL ORGANIZATIONS DIVISION  
ANKARA, 2000**

This book is based on the texts supplied by the guest speakers of the “Inflation Targeting Conference” which was held in Ankara, Turkey, October 19-20, 2000, by The Central Bank of the Republic of Turkey. The views expressed in this book, which were presented in the above mentioned conference, are those of the authors and do not necessarily represent those of The Central Bank of the Republic of Turkey.

## **INFLATION TARGETING EXPERIENCES**

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# FOREWORD

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The inflation phenomenon is worldwide recognized to have negative effects on the economy. Turkey has been bearing this problem for the last 25 years. Actually, inflation has constituted a main concern for a lot of countries, and we still remember the two, three-digit rates.

However, most of the infected countries nowadays enjoy internationally acceptable levels of inflation rates. Central banks, as heads of monetary policies, have played an undeniable role in overcoming this problem. Adopting an explicit target for inflation and conducting the monetary policy in this context has been increasingly supported in the last decade. Industrialized countries were the initial implementers of inflation targeting, followed by a growing number of emerging market countries. Monetary policy aims to more or less the same objectives in all countries: e.g. maintaining sound macroeconomic fundamentals, preserving price stability. However, a discrepancy appears in the fact that central bankers in industrial countries focus on keeping inflation low, while our colleagues in many developing countries are still facing the challenge of bringing inflation down.

Our aim in organizing this “Inflation Targeting” conference was to contribute to a better understanding of the merits and difficulties involved in the inflation targeting monetary policy framework, through enhanced cooperation among central banks. I believe that we actually reached our goal. This conference has showed us that inflation targeting has colourful aspects and no single definition. However, there are still possibilities for some standardization.

I would like to extend my sincere thanks to the distinguished members of international organizations and central banks who agreed to make presentations and to share with us their expertise and experience. I also appreciate the efforts and contributions of our Bank’s Foreign Relations Department in organizing this international conference successfully and in compiling this book, which is apt to become a good reference for inflation targeting related issues.

Gazi ERÇEL  
Governor

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Note : Mr. Sandor VALKOVSKY, Economist from Department of Economics and Research of National Bank of Hungary made a presentation entitled “*Exchange Rate Based Disinflation in Hungary, 1995 – 2000*” in the Conference. However, upon request of Mr. Valkovszky, his presentation is not included in this book.