

Remarks by
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THE CENTRAL BANK OF THE REPUBLIC OF TURKEY
at the
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ANKARA
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Dear shareholders and distinguished guests,

Institutional continuity is one of the most important ingredients of durable success. First of all, let me pay my respects in your presence to all former governors who have made contribution to the central bank and served this institution.

I wish to stress that everyone can be sure that I will make every effort to further the Bank's development as an institution as I fulfil the honourable duties I have recently taken on.

Dear shareholders,

A detailed account of economic developments and the activities of our Bank is given in our annual report for 1995 which has already been delivered to you. Instead of repeating these in my speech, let me share with you some thoughts and reflections about our Bank.

First, I have to state that the attainment of stable growth and lower inflation rates is at the top of every country's agenda. The pursuit of a consistent medium-term economic policy while implementing financial and structural measures will ensure the realization of this goal.

The formulation and implementation of such measures is a precondition for the proper functioning of market mechanisms.

The financial measures should be dynamic and responsive to market developments, and the structural measures should aim to increase the production base and productivity and ensure a healthy infrastructure in the medium-term.

We, as the Central Bank, are ready to provide major support to the realization of these objectives.

Dear Shareholders and Distinguished Guests,

At this point please allow me to summarize what kind of organization a Central Bank should be.

- The most important responsibility of a central bank is to **prevent inflation**. The maintenance of price stability is the very essence of an **independent central bank**. Independence does not mean that the bank will isolate itself from all other institutions and organisations, nor that it will act arbitrarily. Independence does mean that the central bank will contribute to the development of the government's financial and economic policies and will implement the economic program without concession.

Significant steps have been taken by our Central Bank in this area. The monetary programs it has designed and implemented in a regular fashion in recent years furnish an example of this. These programs, primarily aimed at curbing inflation, should be extended to become a part of our medium-term economic policies.

- Central banks are **credible, reliable, respectable** institutions. They are neither to be loved or hated, but respected. They are **transparent**.
- Even though they have the right to print money, central banks must be conscientious to exercise this power **responsibly**.
- The central bank is the source of the economic **stability** which is desirable in every country.
- The central bank is the institution that carries out modern and effective **supervision** over the structure and operations of the banking system.
- Central banks are inclined to be cooperative, constructive, and helpful. However, they become extremely uneasy and sensitive when they happen to be interfered with. The relationship between the State and the Central Bank has been established by both arrangement and tradition. Our aim is to promote and extend this cooperation and collaboration.
- Central banks are constantly modernizing their methods and equipment, and improving their instruments of monetary policy.

These characteristics define the kind of central bank in which I believe. I also believe I have the power and the responsibility to make such a Central Bank of the Republic of Turkey a future reality.

In addition, we live in a time when national borders are vanishing, when economies are becoming globalized, and when national monetary policies have taken on an international character. We do not have the power to prevent our Country and its Central Bank from taking part of these trends. The qualities I have briefly described are the *sine qua non* conditions for giving Turkey a contemporary central bank with an international identity and reputation.

Let me once more assure you that I will respond to the confidence you have placed in me by acting with determination to achieve these conditions, being aware of my power and the responsibility that goes with it.

I present my respects, and thank you all for listening.
